



**CASE - Center for Social and
Economic Research**

Annual Report 2008

Letter from the Board

CASE is an international economic policy research and policy advising institution founded on the idea that evidence-based policy making is vital to the economic welfare of societies. 2008 presented a number of new policy challenges for the global community, Europe and emerging market economies. True to our institutional mission, we strove to contribute high quality research and unique insights to a specific set of policy debates in which we feel that we have the opportunity to make a difference.

From the onset of 2008, the United States, Europe and the world have come to face the effects of a full-fledged financial and macroeconomic crisis that has taken on a global nature as it unfolds. The challenges presented by this dreadful crisis are of a more indeterminate term and nature, opening the door to new research and technical assistance opportunities. As a think-tank with an international agenda, CASE has sought to address the topic via the publication of a number of analyses and short commentaries in addition to a series of seminar presentations focusing on the financial crisis. In 2009 we will pursue this field of interest, especially by continuing to breathe life into the idea of a series of e-briefs and other publications on the consequences of the financial crisis for the world economy, the EU and individual countries. We are off to a good start in 2009 in advancing issues such as international financial stability and the global economic and financial architecture onto our agenda.

In the shorter-term, our researchers contributed insights to key policy questions surrounding European Union trade policy, labour market policies, social policies and efforts to stimulate more innovation and

competitiveness in European economies. While remaining focused on our five core thematic areas of: (1) macroeconomics, monetary and fiscal policy and public finance, (2) EU external trade, European Neighbourhood Policy, EU enlargement, Euro-Mediterranean relations, European integration and economic policy in Europe, (3) labour markets, human capital and social policy, (4) innovation, competitiveness, entrepreneurship and corporate governance, and (5) reforms, growth and poverty reduction in developing and transition countries, we are also cognizant of new policy challenges facing Europe, including the economics of energy policy. We hope to develop and sustain the capacity to add an important voice to these debates as well.

In 2008 our expertise centered on Europe and the Commonwealth of Independent States. However, we intend to work on strengthening our focus on the Middle East and North Africa in 2009 through an increased number of advisory project applications. New projects that were initiated in 2009 have already demonstrated the success of pursuing our efforts towards this region.

Beyond our core research, our networking and communications activities remain central to our organizational development. From its inception, CASE has been an organization focused on building networks of institutions and individuals. On the institutional level we continue our membership of various European, Eurasian and Mediterranean research networks. We are now working in closer collaboration with our own network of associated institutions in post-Soviet countries. Committed to improving the dissemination of economic knowledge to better inform and nurture debate, we opted to become a



member of the Social Science Research Network, a US-based network dedicated to worldwide dissemination of research in the field of social science. We also continue to grow our networks of individual CASE scholars. Additionally, we have enhanced our communications activities in sustaining new initiatives born in 2007: the e-briefs series and the policy research seminars. Both are policy-oriented, accessible in English and online, and target a policy-making, media and business audience.

Financially, based on the initial support from the Third Sector Program co-financed by the Trust for Civil Society in Central and Eastern Europe and administered by the Stefan Batory Foundation, we have persistently progressed in growing our endowment. However, project funding continues to be the most important source of financing CASE operations.

Finally, 2008 saw a management transition at CASE, with a new Management Board, the creation of a Managing Director position and personnel changes in the CASE Supervisory and Advisory Council.

With best wishes,

Marek Dabrowski

Sébastien Leclef



Table of Contents

Letter from the Board	1
About CASE	4
Key Institutional Efforts and Achievements in 2008.....	7
Research Program in 2008.....	9
Ongoing Projects in 2008.....	17
Events and Media	20
Public Relations.....	25
Publications.....	26
CASE People	30
Financing of CASE Activities	36



About CASE

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

Mission

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

Activities

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

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

Values

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

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

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

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

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

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



Network

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

- CASE-Belarus (Warsaw, Poland)
- CASE-Kyrgyzstan (Bishkek, Kyrgyzstan)
- CASE Moldova (Chisinau, Moldova)
- CASE-Transcaucasus (Tbilisi, Georgia)
- CASE Ukraine (Kyiv, Ukraine)
- IPM-CASE Research Centre (Minsk, Belarus)
- Institute for the Economy in Transition (Moscow, Russia)

The network represents our continued efforts to increase the range and quality of economic information available to decision-makers and the public across the post-communist world, as well as to foster vibrant civil sectors in these societies.

Until June 2008, CASE owned a minority package of shares in CEDEWU Limited, a publishing company. These shares were sold in 2008. Additionally, CASE also has a commercial consultancy wing in the form of CASE-Advisors, a Warsaw-based limited liability company

External Research Networks

CASE is an institutional member of six external networks:

ENEPRI - The European Network of Economic Policy Research Institutes brings together leading economic policy research institutes from most of the European countries. The goals of the network are to foster the international diffusion of existing research, co-

ordinate research plans, conduct joint-research and increase public awareness of the European dimension of national economic policy issues. Since CASE joined ENEPRI in 2002, the network has become one of the primary avenues through which CASE participates in pan-European research projects focused on macroeconomic, labour market, health and social policy issues. ENEPRI is coordinated by the Brussels-based Centre for European Policy Studies (CEPS).

EUROFRAME - European Forecasting Research Association for the Macro-Economy brings together ten of the most respected economic forecasting and research institutes in Europe to produce annual forecasts and reports on the euro area and to organize annual conferences on Economic Policies in the European Union. The reports include economic forecasts, policy monitoring and coverage of special policy topics. CASE joined EUROFRAME in late 2007 after contributing to the EUROFRAME-EFN project from 2005 to 2007 commissioned by the Directorate General for Economic and Financial Affairs of the European Commission. The network is coordinated by the Economic and Social Research Institute (ESRI) in Dublin.

FEMISE - FORUM Euro-Méditerranéen des Instituts Économiques is a Euro-Mediterranean network which brings together more than 70 independent economic institutes from across the European Union and Middle East and North African regions to conduct socio-economic analysis of the Euro-Mediterranean Partnership. CASE joined FEMISE in October 2006 and began to actively participate in FEMISE activities in 2007. FEMISE is coordinated by the Institute for the Mediterranean in Marseille and the Economic Research Forum in Cairo.



ERAWATCH - is a European web-based service that supports evidence-based policy making in Europe and contributes to the realization of the European Research Area (ERA). The ERA aims to create a more coherent science and technology environment across the European Union through improved coordination of existing and future member states' national scientific and technology capacities. The overarching objective of this network covering 43 countries is to provide knowledge and a better understanding of national and regional research systems and of the environment in which they operate. CASE is an associate member of ERAWATCH. The network is a joint initiative of the European Commission's Directorates-General for Research and Joint Research Centre - Institute for Prospective Technological Studies (IPTS) in Seville, Spain, in collaboration with CORDIS.

ARETT - The Association of Russian Economic Think Thanks was created in 2002 in Moscow to bring together scientific and research institutes and not-profit organizations, as well as teams of researchers studying economic policy. CASE joined ARETT in the fall of 2004 as an observer.

PASOS - The Policy Association for an Open Society supports the development and strengthens the outreach and impact of its 31 member policy centres and five Associate Members. Since its establishment in 2003 in Prague, members provide policy advice to the

European and Central Asian decision-makers and international organisations on issues as diverse as human rights, economic development, legal reform, management of governmental reforms, social policy, education, health, religion, international co-operation, small enterprise development, public participation and public sector management. CASE joined in 2007.

GRUPA ZAGRANICA - Association of Polish Non-Governmental Organization is a group of 40 Polish organizations which are united by the international scope of their work and by their aim to educate and inform Europeans about the needs of people living in developing countries.

In late 2008, CASE decided to join the **Social Science Research Network (SSRN)** at the Basic Research Paper Series level in order to secure a wider distribution of its research results and increased its visibility at the international level. SSRN is devoted to the rapid worldwide dissemination of social science research and is composed of a specialized research network. CASE will be listed under the Economic Research Network, Economics Research Centers Papers. CASE Network Reports, CASE Network Studies and Analyses and CASE-CEU Working Papers will be featured in SSRN's e-Library and in various subject matter emails as well as on a CASE customized homepage. The membership will be activated in the spring of 2009.



Key Institutional Efforts and Achievements in 2008

Focusing Research Expertise on Europe, the Commonwealth of Independent States and Middle East and North Africa

In 2008 the geographical range of the CASE research program clearly demonstrates its recognized research expertise in Europe, CIS and MENA regions. An important part of our research and analytical efforts had a multi-country and supra-national dimension, confirming CASE's capacity and expertise to address global, regional and sub-regional policy issues as well as its specialization in cross-country comparative analyzes. Consolidating further CASE's recognized expertise in Europe and the CIS are two important cross-regional projects: the FP6-funded Structural Targeted Research Project on EU Eastern Neighbourhood: Economic Potential and Future Development (ENEPO) and Public Financial Management Reforms in the CEE/CIS Regions: Supporting UNICEF to Achieve Improvements in Outcomes for Children and Families. The first project examines the relations between the EU and the CIS in a variety of areas while the second is a comparative study of public financial management reforms in the Western Balkans, Eastern Europe and Central Asia regions.

Other cross-country projects also include FP6-funded Ageing, Health Status and Determinants of Health Expenditure (AHEAD), Knowledge-based Entrepreneurship: Innovation, Networks and Systems (KEINS), Adequacy of Old-Age Income Maintenance in the EU (AIM), as well as studies commissioned by the European Commission - Economic Aspects of the Energy Sector in CIS Countries (DG ECFIN) and Key Competences and Teacher Education (DG EAC). Three new EC-funded

projects related to the southern Mediterranean region were acquired at the end of 2008: 1) Global Food Price Shock and The Poor in Egypt and Ukraine: A Comparison of Policy Regimes and Reform Options (FEMISE network), 2) Study on the Quality of Public Finances to Support Growth in the EU's Mediterranean Partner Countries (DG ECFIN), and 3) Study on the Economic Integration in the Euro-Mediterranean Region (DG TRADE). These projects will be carried out in 2009 and serve to demonstrate CASE's increasing expertise in the Middle East and North Africa region.

Strengthening Network Activities

CASE works through many different networks. Much of our work is conducted by teams of researchers who are based across wide physical spaces – from Central Asia to the United States. We also rely on our internal network of daughter-organizations to carry out projects requiring expertise in post-communist countries. At a third level, CASE continues to participate actively in a range of pan-European and international research networks. Finally, CASE partners with other social and economic institutions in Europe to form consortia dedicated to realizing multi-year, large-scale and/or standard framework contract projects, a majority of which are financed by the European Commission. New in 2008 is the November declaration of intent to join ECOSTAT's initiative of creating a South-East European Research Institute Network. The Network will favour exchanges of experience and joined efforts in forming research teams to improve the evaluation and the design of government policy in South Eastern Europe.



Increasing the Visibility of CASE as a Public Policy Advocacy Center

Trying to bridge the gap between research and policy, CASE runs an Academic Excellence Support Program that seeks to provide financial incentives to affiliated CASE Network experts to promote their research findings in international conferences and leading economic journals. As mentioned in the previous achievement, CASE was invited to share its experience in building scientific networks at the November Budapest International Conference on the perspectives of sustainable economic growth in the countries of South Eastern Europe as well as at the European Development Days (Strasbourg, November 2008). Dissemination of economic knowledge and research results is a key component of our public policy advocacy activities. In 2008, CASE produced 46 publications, a rather stable number compared with 2007's record of 49, and showing by the same token the sustainability of this pillar of activities. In fact, CASE has widened its capacity to distribute its research output to a broader professional public in 2008 and to increase its visibility at the international level with a Management Board decision in favour of joining the Social Science Research Network (SSRN). The latter is dedicated to worldwide dissemination of social science research. CASE policy research seminars, BRE-CASE seminars (organized co-jointly with the very efficient

support of BRE-Bank SA) and bi-annual conferences are other successful outreach instruments built over the years to inform and encourage public debate.

Capitalizing on New Challenges Facing Europe

In last year's annual report, the need to capitalize on new policy challenges facing Europe was recognized. One of the challenges identified then was the economics of energy policy. 2008 saw the concretization of this objective and can be considered a rather successful year in this domain by the quality of output experts delivered as part of the Economic Aspects of the Energy Sector in CIS Countries project and ENEPO's fifth work-package (cooperation in the sphere of energy supply) rather than by the sheer number of projects undertaken under this theme. Particularly noteworthy by its impact, the first project has given rise to a series of conference and seminar invitations throughout the year to experts involved in the project, to a one-day conference co-organized with the EC Delegation in Russia, and to the publication of the final report in the European Economy, Economic Papers series of the DG ECFIN. The results of ENEPO research on EU-CIS energy cooperation are expected to be presented during the project's final conference in Brussels in 2009. We look forward to taking advantage of this opportunity to further showcase our expertise in this field.



Research Program in 2008

In conducting independent, high-quality research and analysis, CASE focused its research program on areas of importance to the European Union, to member-state governments and to Europe's partners to the East and South and across the developing work. The areas of focus in 2008 consisted of:

- Macroeconomics, Monetary and Fiscal Policy and Public Finance Management
- EU External Trade, European Neighbourhood Policy, EU Enlargement and Euro-Mediterranean Relations, European Integration, Economic Policy in Europe
- Labour Markets, Human Capital and Social Policy
- Innovation, Competitiveness, Entrepreneurship and Corporate Governance
- Reforms, Growth and Poverty Reduction in Developing and Transition Countries

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

Following the resignation of Malgorzata Jakubiak as vice president for research programs at CASE, Sebastien Leclef has stepped into this role. He is responsible for developing our research agenda, network, and pool of experts.

What follows is a brief overview of each of the five major thematic areas of CASE research. Within these narrative descriptions, each reference to a project is followed by a number which refers to further information about the project in the table following the narrative descriptions. The classification of a project under a specific theme is not exhaustive as projects often overlap with other research areas in which CASE focuses.



(1) Macroeconomics, Monetary and Fiscal Policy and Public Finance Management

The thematic area of macroeconomics, monetary and fiscal policy and public finance management was no exception in being central to our activities in 2008.

A two-year development assistance project on the Implementation of Advisory Service on Macroeconomic Management and Institutional Reforms in the Ministry of Economic Development of Azerbaijan was launched in September 2008 (24). This is one of the rare projects funded by a consortium of private sponsors, in this case: British Petroleum, Statoil, SOCAR, TPAO, Total, LUKoil, NICO, Chevron, ExxonMobil, ITOCHU, Devon, Amerada Hess, ENI, ConocPhillips and INPEX. CASE experts are in charge of providing advice and training services to the Azerbaijani Ministry of Economic Development's staff in order to improve their analytical and forecasting projection tools as well as their technical capacity to diagnose the national economic situation and elaborate adequate policy responses.

Also a fairly recent project is the study commissioned by UNICEF with the aim of mapping the trends in public financial management (PFM) reforms in 19 countries belonging to Central and Eastern Europe (Western Balkans and Eastern Europe) and Central Asia (CIS) regions. The final consolidated report is to be used as briefing material for UNICEF's headquarters staff as well as a reference on PFM issues. CASE is involved in this project in partnership with its daughter-organizations (33).

In a new and shorter project completed in 2008, a joint CASE and CASE Ukraine team developed the leading indicators of an early warning system for Ukraine to monitor and prevent economic and financial crisis (10). The project concluded with a closing conference in Kyiv on 8 December. This is one of the three projects financed under the 2008 Polish Aid Program of the Ministry of Foreign Affairs.

Ending in 2008 were two EuropeAID projects in which CASE was involved as part of a consortium. A project in Tajikistan (42) dealt with building the legislative and institutional capacity of the Public Internal Financial Control and Treasury Management Information System of the Tadjik Ministry of Finance. In Bosnia and Herzegovina (18), CASE was involved in facilitating the realization of economic and fiscal short- and medium-term priorities for the country's preparation for further integration with the EU.

In the area of transition countries, CASE experts continued analytical work on the ex-post evaluation of the impact of macro-financial assistance from the European Commission to transition countries, through a standing framework contract with DG Economic and Financial Affairs in partnership with ECORYS, a leading Dutch research consultancy, and Economisti Associati, an Italian Economic Consulting and Investment Advisory Company. 2008 saw work concluded on country studies for Albania (3) and Serbia and Montenegro (38).



While maintaining an agenda oriented toward the European policy-making level, the CASE macroeconomic team has continued publishing since 1999 the Polish Economic Outlook, a quarterly report that is consistently rated among the best independent forecasts for Poland (31).

Despite the end of European Commission financial support, CASE remained an active participant in the European Forecasting Network, where it contributed to the assessment of the euro area in 2008 along with

the other institutions involved in the EUROFRAME group.

Highly relevant in the context of unfinished European Monetary Union (EMU) accession in most of the EU NMS was the study commissioned by the National Bank of Poland (NBP) on the impact of accession to the euro on the comparative price level in the EMU. The analysis is based on the experience of selected EMU countries and the report was presented at a NBP workshop as well as at a CASE policy research seminar (14).

(2) EU External Trade, European Neighbourhood Policy, EU Enlargement and Euro-Mediterranean Relations, European Integration, Economic Policy in Europe

Following the completion of the 2004 and 2007 rounds of European Union enlargement, the central and eastern European economic space continues to undergo a profound transformation. New questions have come to the fore regarding how the EU should structure its economic and trade relations with the new neighbours of Belarus, Moldova and Ukraine, the scope for expansion of economic and trade relations with the Transcaucasus region and Central Asia, the similarities and differences between approaches to the eastern neighbourhood and to the southern neighbourhood, and, of course, how to manage the growing economic relationship with Russia. CASE engaged with these questions, seeking to illuminate debates and illustrate choices with research-based analysis and insightful publications.

In 2008, the key CASE project in this area remained ENEPO (15). This is a multi-year,

multi-institution project focused on the future of relations between the EU and the CIS in the spheres of trade, investment, labour movement, institutional development and technical cooperation. 14 different publications covering a wide-range of topics were published in CASE Network Reports and Studies and Analyses. A second workshop gathering all work-package coordinators was held in Warsaw on 11 and 12 April to discuss the progress of the research and present the papers prepared during the two first years of the project. The intermediate results of the project were presented at the Think and Act Conference in Istanbul (June 2008) and at the IConnectEU workshop in Brussels (October 2008), both being FP6-funded dissemination events. ENEPO has now entered its final year of activity in 2009, with a final conference held in Brussels on 18 March and a series of regional seminars in Tbilisi, Kyiv, Chisinau, Moscow and



Bishkek that took place during the first four months of 2009.

Beyond ENEPO, a CASE research team, working with respected macroeconomic analysis firm Global Insight, completed a year-long project assessing the impact of Free Trade Agreements between Armenia and the EU and Georgia and the EU (40). The results of these studies were delivered to the European Commission's Directorate General for Trade, published in CASE Network Reports, and a short commentary was released in CASE Network E-briefs No.08/2009 and No.09/2009. In addition, the section of the report related to the EU-Georgia FTA was presented at a roundtable organized in Tbilisi in early October by the Eurasia Partnership Foundation.

Building on a first study realized over 2006-2007 on the implications of a potential EU-Russia free trade agreement, CASE and the Moscow-based Institute for the Economy in Transition will seek to evaluate the economic impact and feasibility of an FTA in selected priority areas and assess its social and environmental impact on the EU and Russia. The study is commissioned by the European Commission's Directorate General for Trade,

with results and policy recommendations expected in July 2009 (41).

Separately, another CASE international research team completed a study on the role that the energy sector plays in the economies of the CIS countries and their relations with the EU. This is a timely study given the recurrent yearly gas disputes between Ukraine and Russia, which involves Brussels and European national capitals. The highly successful report was published in the European Economy, Economic Papers series of DG ECFIN and a number of related events, including a one-day conference at the premises of the European Commission Delegation to Russia in Moscow, surrounded the project's road tour. A CASE policy research seminar was also held on the topic (12).

On 9 September, a study on the economic and trade relations between the EU and the Western Balkans was presented during a session of the European Parliament's Committee on International Trade in Brussels, concluding that integration has proven to be a successful tool in support of economic development in the Balkans, and, to some extent, in stabilizing a politically-sensitive region (11).

(3) Labour Markets, Human Capital and Social Policy

Labour markets, human capital and social policy was the most active research area in terms of the total number of projects undertaken in 2008. Policy-makers in Europe continued to grapple with the challenges of reforming health, social protection and educational systems, and our researchers sought to assist them in this by providing high-quality analytical research and succinct policy

recommendations. The importance of this area has picked up especially with the effects of the financial crisis being felt on labour markets, with higher rates of unemployment in a majority of countries in Europe.

As participants in a broader consortium co-organized by the ENEPRI network of European public policy research institutes, CASE experts



are handling a part of the European Social Observatory project (19), which covers demographic trends, including the monitoring of developments in fertility, mortality and migration, as well as the implications of population developments for economic growth, quality of life, human resources development, the labour market, social protection, migration and household structures. The overall project analyses the interplay between demographic trends and social developments, with an eye toward the ensuing consequences and policy challenges.

This year saw the end of the important work carried since 2006 on aging, health, and social security in response to an increasing need to understand the policy implications of Europe's demographic decline undertaken under AIM – Adequacy of Old-Age Income Maintenance in the EU (2). A second team finished carrying out research on the current state of public health systems in Central and Eastern Europe through the AHEAD project (1), while the quality in and the equality of access to healthcare services in Finland, Germany, Greece, the Netherlands, Poland, Spain and the United Kingdom was investigated as part of a multi-partner project sponsored by the European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities (35). AIM and AHEAD were both ENEPRI-network research projects supported by the EC's Sixth Research Framework Programme.

Looking to the east of the EU, CASE researchers have continued to contribute to a study of the Economic and Social Consequences of Industrial Restructuring in Russian and Ukraine, known by the acronym of ESCIRRU (16). The project examines the underlying economic processes driving the restructuring of industry

in Russia and Ukraine, with a specific focus on particular regions where former military production has been converted to civilian production. Our view is that a deepened understanding of how the restructuring and civil conversion processes have affected the performance of the Russian and Ukrainian industrial sectors, coupled with insights into the socio-economic impact of these processes at the household level, is vital to enhancing the appropriateness of European policies toward these key eastern neighbours. This kind of project is also exciting for us because it crosses different research orientations, linking our efforts to contribute to a better understanding of economic developments in the neighbourhood countries with conceptual work in the area of social policy that builds on similar work done on EU member states.

The Preparation of the Strategy for Social Benefits Monetization Reform in Ukraine (32) and the Social and Economic Impact of Migration from Rural Areas in Moldova (39) were the second and third projects financed by the 2008 Polish Aid Program. Both ended in December with final conferences at which experts presented their findings. Some of these will be published in the CASE Network Studies and Analyses series in 2009. CASE Ukraine and CASE Moldova played an active and valuable part as partners in bringing these projects to a successful conclusion.

World Bank funding was secured at the very end of 2008 to provide consulting services on approaches toward the modernization of the social assistance system in Ukraine in order to better support and reach vulnerable groups of society. We look forward to providing updates on this joint CASE Ukraine and CASE project on



our website once it begins its activity in 2009 (4).

Within Poland, our researchers produced a series of vital reports in 2008 for different agencies of the Polish government. A number of reports describing the effectiveness of social policy power were brought to the attention of the Polish Ministry of Regional Development under the two-year Evaluation of the EQUAL Community Initiative for Poland in 2004-2006 (30). An evaluation study of the impact of the Cohesion Policy on the status of diversity and development of Polish regions was also handed to the same institution in 2008 (17). The study covers all cohesion policy instruments used in Poland in 2004-2006. Separately, another report analyzed the situation of trade unions in Poland (37) for the Polish Information and Foreign Investment Agency.

Education, research and youth constituted the focus of three research projects. One of these investigated the phenomenon of young researchers not coming back to Poland. The author's conclusions were published in a report with the support of the Foundation for Polish Science (28). A small team in its turn worked on the national report on the development and

state of adult learning and education in Poland (36) commissioned by the Polish Ministry of National Education for presentation at the UNESCO-led Sixth International Conference on Adult Education (CONFINTEA VI) in May 2009 in Brazil.

Continuing in the field of education, a pan-European research team examining Cross-curricular Competences and Teacher Education across the EU-27 held its kick-off meeting in January (9). The project assesses the extent to which key competencies for life-long learning, as defined by the European Parliament in its recommendation adopted in Lisbon in 2006, are being implemented in primary and secondary schools across the EU. The findings of the study will be presented to officials from the European Commission's Directorate General for Education and Culture when the project ends in 2009.

(4) Innovation, Competitiveness, Entrepreneurship and Corporate Governance

The ability of European enterprises to compete in a global economy remains an area of interest for policy-makers and an area of research focus for CASE. A CASE research team continues to work in earnest on the MICRODYN project, coordinated by the Vienna Institute for International Economics (27). This is a four-year, multi-institute research project focused on the competitiveness of European firms,

regions and industries and the potential for job-rich growth in a Europe situated firmly in the knowledge economy. In another study of the European knowledge-based economy, the success of KEINS (Knowledge-based Entrepreneurship: Innovation, Networks and Systems) resulted in the study of knowledge-based enterprises in Central and Eastern European countries (CEECs) being pursued



under AEGIS (Advancing Knowledge-Intensive Entrepreneurship and Innovation for Economic Growth and Social Well-Being in Europe), EU FP7 project due to start in January 2009.

Coordinated by the Centre for Research on Innovation and Internationalization at the Luigi Bocconi University in Milan, one of the insights of the project revealed that knowledge-based enterprises in CEECs tend to be knowledge-customizing firms rather knowledge-creating, thus contributing more to the diffusion of innovation than to innovation itself (26). MICRODYN and KEINS are supported by the EC's Sixth Research Framework Programme.

Seven years down the road, the creation of a European Research Area (ERA) is a central pillar of the EU 'Lisbon Strategy' for growth and jobs. The subject has been particularly en vogue since 2 December with the adoption of a common European Research Area Vision for 2020 by the Council of the EU as foreseen by the Ljubljana Process of governance of ERA launched by the Commission and the Council on May 2008. As part of enhancing coordination of R&D policies and cooperation in research policies, CASE was contracted by the ERAWATCH Network to look at the status of research policies in Austria, Finland, Germany, Italy, the Netherlands, Poland and the United Kingdom in view of establishing a monitoring system to assess the evolution of national R&D policies and strategies toward

the European Research Area (29). Under a similar contract awarded by the same network in December of 2008 CASE researchers will investigate the degree to which regional policies contribute to the realization of the ERA in Poland (5). As the previous project, the European Commission, Directorate General for the Joint Research Centre is behind the initiative.

Within Poland, the same team completed its research on the impact of foreign direct investment (FDI) on research and development (R&D) activity, financed by the Polish Ministry of Science and Higher Education. The work looked at the stimulants and barriers to FDI into the R&D sector in Poland through qualitative and quantitative surveying of foreign R&D centers and cooperating companies and academic institutions. An accompanying analysis examined the factors stimulating or blocking spill over effects of FDI into the R&D sector to domestic companies and institutions (20).

Finally, CASE contributed to the special report on the development of the SME sector in Poland in the context of the country's fifth year membership in the EU (6). The report will center on the impact of joining the Union on Polish enterprises and will be published in May 2009 by the Polish Agency for Enterprise Development.

(5) Reforms, Growth and Poverty Reduction in Developing and Transition Countries

A multitude of projects ongoing in 2008 could fall under this section. However, their nature overlapping with other categories of this chapter, namely projects classified under the

macroeconomics, monetary and fiscal policy and public finance management category, only three projects are listed below despite this theme being an exciting and increasingly



crucial part of our overall activities. Indeed, we believe that we bring great value to technical assistance projects due to our linking of research outputs and personnel and by drawing on our vast institutional experience gained during the central European transition process.

2008 saw the launch of Fostering Global Responsibility: Building a Development Policy Knowledge Network to enhance NGO Public Outreach Initiatives in EU New Member States project (21). CASE and the Overseas Development Institute (ODI) have paired to conduct this two-and-half-year EuropeAID funded project aimed at promoting a better understanding of development challenges and at facilitating greater public support for development issues in the New Member States. Throughout eight roundtables that will foster exchanges and the creation of a knowledge network, non-governmental development organizations and leading development think-tanks based in Poland, the Czech Republic, Hungary and the Slovak Republic will partake in discussions and strategies to increase their voices on the international development agenda. The project's website (www.development-network.eu) offers a platform via which news, updates, progress and exchanges are communicated.

Another exciting project obtained at the end of the year is concerned with alleviating poverty in the face of a global surge in food prices via a comparison of policy regimes and reform options in Egypt and Ukraine (22). The one-year project is led in partnership with CASE Ukraine and ECES – Egyptian Center for Economic Studies and undertaken under the aegis of the FEMISE Network. The deliverable will be a study contributing to the food subsidy system reform debate. Using a computable general equilibrium model, the research team will generate a variety of food prices scenarios and subsidy schemes and analyze their economic and social implications for the poor in Ukraine and Egypt.

2008 saw CASE's contribution to a project on inflation in the Kazakh economy via the preparation and presentation of a paper on inflation processes in Poland and lessons for Kazakh policy-makers (25). Key conclusions and policy recommendations were summarized in CASE Network E-brief No.05/2008. The project was conducted under the auspices of the Kazakhstan Revenue Watch Program and the Soros Foundation – Kazakhstan.



Ongoing Projects in 2008¹

Title of Project		Financing Institution
1.	AHEAD - Ageing, Health Status and Determinants of Health Expenditure	European Commission: Sixth Framework Programme
2.	AIM - Adequacy of Old-Age Income Maintenance in the EU	European Commission: Sixth Framework Programme
3.	Albania: Ex Post Evaluation of Macro Financial Assistance Operations	European Commission: DG Economic and Financial Affairs
4.	Consulting services on the design, implementation and evaluation of social assistance pilot projects intended to demonstrate feasible approaches for the modernization of Ukraine's social assistance system	World Bank
5.	Contribution of policies at the regional level towards the realization of the European Research Area	European Commission: DG Joint Research Centre
6.	Contribution to the 2007-08 Report on the SME Sector in Poland	Polish Agency for Enterprise Development
7.	Country Strategy Turkmenistan	Polish Ministry of Foreign Affairs
8.	Country Strategy Venezuela	Polish Ministry of Foreign Affairs
9.	Cross-curricular competences and teacher education	European Commission: DG Education and Culture
10.	Development of the Early Warning Indicators of Economic Crises for Ukraine	Polish Ministry of Foreign Affairs (Polish Aid)
11.	Economic and Trade Relations with the Western Balkans	European Parliament
12.	Economic Aspects of the Energy Sector in CIS Countries	European Commission: DG Economic and Financial Affairs
13.	Emerging Markets Stability Index	Eurasia Group
14.	EMU and prices in Poland - analysis of the impact of accession to the euro area on the comparative price level	National Bank of Poland
15.	ENEPO: EU Eastern Neighbourhood - Economic Potential and	European Commission: Sixth Framework Programme

¹ A project is defined as ongoing if its actual implementation occurred in 2008. As a result, this list might slightly differ from the list of projects used to calculate financial amounts obtained from projects in the *Financing of CASE Activities* section of this report.



	Future Development	
16.	ESCIRRU - Economic and Social Consequences of Industrial Restructuring in Russia and Ukraine	European Commission: Sixth Framework Programme
17	Evaluation Study on the Impact of the Cohesion Policy on the Status of Diversity and Development of Polish Regions	Polish Ministry of Regional Development
18.	EU Fiscal Policy Support to Bosnia and Herzegovina	European Commission: EuropeAID
19.	European Observatory with the Aim to Inform the Social Policy Debate and to Provide Analytical Input for the Report on the Social Situation in the European Union	European Commission: DG Employment, Social Affairs and Equal Opportunities
20.	Foreign research centers located in Poland - analysis of the potential and impact	Polish Ministry of Science and Higher Education
21.	Fostering Global Responsibility: Building a Development Policy Knowledge Network to Enhance NGO Public Outreach Initiatives in EU New Member States	European Commission: EuropeAID
22.	Global Food Price Shock and The Poor in Egypt and Ukraine: A Comparison of Policy Regimes and Reform Options	European Commission (through FEMISE network)
23.	Impact of interest rates on taxable income in Poland: estimates based on a natural experiment	Polish Ministry of Science and Higher Education
24.	Implementation of Advisory Service on Macroeconomic Management and Institutional Reforms in the Ministry of Economic Development (MoED) of Azerbaijan	BP Exploration (Caspian Sea) Limited on behalf of a consortium of oil companies
25.	Inflation Targeting in Poland and EU Influence: Common Trends with Kazakhstan	Soros Foundation Kazakhstan; Batory Foundation
26.	KEINS - Knowledge-based Entrepreneurship: Innovation, Networks and Systems	European Commission: Sixth Framework Programme
27.	MICRODYN – The competitiveness of firms, regions and industries in the Knowledge-Based Economy: What room for job-rich growth in Europe	European Commission: Sixth Framework Programme
28.	Mobility of young Polish researchers	The Foundation for Polish Science
29.	Monitoring progress towards the European Research Area	European Commission: DG Joint Research Centre
30.	On-going evaluation of the Operational Programme “Community Initiative EQUAL for Poland in 2004 – 2006”	European Social Fund
31.	Polish Economic Outlook - Trends Analyses, Forecasts (PEO)	Fortis Bank Poland; PEKAO SA



32.	Preparation of the strategy for social benefits monetization reform in Ukraine	Polish Ministry of Foreign Affairs (Polish Aid)
33.	Public Financial Management Reforms in the CEE/CIS Regions: Supporting UNICEF to Achieve Improvements in Outcomes for Children and Families	UNICEF
34.	Quality competition on EU-15 markets in 1995-2006: general assessment and the position of CEE exporters	Global Development Network/ CERGE
35.	Quality in and equality of access to healthcare services	European Commission: DG Employment, Social Affairs and Equal Opportunities
36.	Report on the Education of Adults in Poland	Polish Ministry of National Education
37.	Report on Trade Unions in Poland	Polish Information and Foreign Investment Agency
38.	Serbia and Montenegro: Ex post Evaluation of Macro Financial Assistance Operations	European Commission: DG Economic and Financial Affairs
39.	Social and economic impact of migration from rural areas in Moldova. Support for Moldovan public administration.	Polish Ministry of Foreign Affairs (Polish Aid)
40.	Study on the economic feasibility, general economic impact and implications of Free Trade Agreements between the European Union and respectively Armenia and Georgia according to the European Neighbourhood Policy Action Plans	European Commission: DG Trade
41.	Study on the Economic Impact on Selected Priority Areas and on General Social and Environmental Impact of a Free Trade Area Agreement between the European Union and the Russian Federation	European Commission: DG Trade
42.	Tajikistan: Support to Public Finance Management Capacity Building	European Commission: EuropeAID
43.	The Economic and Political Challenges of Acceding to the Eurozone (Faced by the Ten New Member States from CEE)	Open Society Institute, Sofia



Events and Media

CASE pursues a range of events and activities designed to promote and disseminate the results of CASE research projects, foster debate on key socio-economic and policy issues and promote awareness and understanding of the role that sensible economic policy plays in the development of societies.

In 2008, the one-day Moscow workshop on “The Economic Aspects of the Energy Sector in CIS Countries” co-hosted by CASE and the EC Delegation to Russia was undoubtedly the event with the most striking impact in terms of findings dissemination and range of experts. The results of the final report presented to the European Commission and published in the European Economy, Economic Papers series of the DG Economic and Social Affairs n.327, were the subject of intensive debate. The importance of this event cannot be underestimated as it served as a springboard to other invitations for some CASE experts. Particularly noteworthy are Wojciech Paczynski’s presentations on “The Fiscal and Monetary Management in CIS – Challenges Related to Energy Resources Wealth and Energy Sector Transformation” on 19 September at the European Central Bank and on “The Energy Sector in the CIS: Policy Challenges and the Importance for the EU” on 22 September during a CASE policy research seminar.

Prior to the workshop, but as part of this project, Marek Dabrowski was invited to present on “The Key Macroeconomic Issues Related to the Energy Sector in the CIS” during the 9th International Academic Conference of the Higher School of Economics on “Economic Modernization and Globalization” in Moscow

from 1 to 3 April. Moreover, the results of this project along with those of the EU-Russia Free Trade Agreement study (2006-2007 project) were outlined by Mr. Dabrowski at the 16 July Conference on “In Search of the European Interest: EU Policies on Russia from 1991 to the Present” organized by the European Commission, DG RELEX and the French Ministry of Foreign Affairs in Brussels as well as at the 8-9 September Workshop on “US and European Policies toward Russia” organized by the Atlantic Council of the United States and the Center for International Relations in Warsaw.

2008 also saw the kick-off meeting and the first roundtable of a new 30-month project on Fostering Global Responsibility: Building a Development Policy Knowledge Network to Enhance NGO Public Outreach Initiatives in EU New Member States financed by EuropeAID and coordinated by CASE and the Overseas Development Institute (ODI). Both events focused on raising awareness of development issues - especially as they relate to the Millennium Development Goals - among Non-Governmental Development Organizations in the Visegrad countries. Eight roundtables are planned in the life of this project with the final objective of meliorating these organizations’ outreach capacity to national policy-makers and the public.

Equally important was the second workshop held as part of ENEPO, a multi-dimensional and interdisciplinary project led by CASE and covering the European Union’s relation with the countries of the Commonwealth of Independent States. The event allowed to evaluate the project’s progress and preliminary conclusions. CASE also pursued its



collaboration with the EUROFRAME group despite the end of EU support in preparing an annual assessment of the euro area and in supporting the annual one-day conference.

December saw the final seminars of three projects financed by the Polish Ministry of Foreign Affairs under its 2008 Polish Aid Program and carried out by CASE in collaboration with its daughter-organizations in the respective countries. Ukraine was targeted twice and Moldova once.

This year, we continued to produce the BRE-CASE seminar series, and we remain thankful to BRE Bank for its generous and visionary

support. Similarly, the tradition of the quarterly press conferences preceding the release of the Polish Economic Outlook, an initiative generously funded by Fortis Bank Polska SA and Bank Pekao SA, was maintained. We also pursued and built on our efforts of last year to create a Warsaw event which would serve as a platform for prominent economists to foster high level debate on key economic policy issues, in addition to informing the public. CASE policy research seminars totaled nine events in 2008.

What follows is a detailed look at our 2008 events calendar.

Key project-related events organized or co-organized by CASE

WARSAW: EU Eastern Neighbourhood: Economic Potential and Future Development (ENEPO), 2nd Workshop – 11 and 12 April

The work-package coordinators of the project were offered an opportunity to discuss the progress of the research and present the papers prepared during the two first years of the project. Topics included the development gap between the EU and CIS countries, the impact of technical assistance to the CIS, the investment climate, trade relations and cooperation in the energy sector, and different aspects of the EU relations with its eastern neighbours.

WARSAW: Fostering Global Responsibility: Building a Development Policy Knowledge Network to Enhance NGO Public Outreach Initiatives in EU New Member States Kick-Off Meeting – 14 and 15 April

CASE and ODI – Overseas Development Institute are conjointly carrying this new 2008 project meant to last 30 months and aimed at fostering new linkages between development organizations from new and old member states. The kick-off meeting was mainly concerned with administrative issues and allowed the various representatives of partner organizations to share their expectations about the project.

MOSCOW: The Economic Aspects of the Energy Sector in CIS Countries – 27 June

Held on the premises of the EU Delegation in Moscow and co-hosted by CASE, this one-day final conference closed the official “road tour” in disseminating the final report commissioned by DG ECFIN as part of the nine-month project “The Economic Aspects of the Energy Sector in CIS Countries”. The report was published in the European Economy, Economic Papers series of the DG ECFIN. Topics included key



macroeconomic aspects related to the energy sector in the CIS countries, the role of the CIS in the EU's energy supply, as well as strategies and policy options for energy sector development in the CIS region.

WARSAW: Fostering Global Responsibility: Building a Development Policy Knowledge Network to Enhance NGO Public Outreach Initiatives in EU New Member States RoundTable I – 6 and 7 November

The Warsaw Roundtable provided the participants with empirical and critical insights into the Millennium Development Goals (MDGs) and poverty reduction policies, strengthening the New Member States (NMS) development practitioners' understanding of those issues and their position as credible dialogue partners for decision-makers and the public. It also served as a steppingstone to the project future directions as participants decided on upcoming activities to capitalize on their freshly acquired knowledge.

KYIV: Development of the Leading Indicators for Economic Growth Cycles in Ukraine – 8 December

CASE and CASE Ukraine joined hands to organize a seminar as a prologue to the final report on Composite Leading Indicators for Ukraine: An Early Warning Model, a project financed under the 2008 Polish Aid Programme of the Ministry of Foreign Affairs of the Republic of Poland. The seminar focused on defining macroeconomic and structural

indicators (leading indicators) and the methodology used to assess them in assessing the risk of economic crises in Ukraine.

CHISINAU: The Impact of Migration on the Rural Sector of the Republic of Moldova: Social and Economic Aspects – 11 December

Another outcome of a project financed by the Polish Ministry of Foreign Affairs in 2008, this seminar supported the final conclusions of the project under the same title. Experts from CASE, CASE Moldova and CBS-AXA Ltd., a company specializing in social survey studies, summarized the findings of the survey conducted as part of this project and recommended policies.

KYIV: Scenarios of Social Privileges and Benefits Monetization – 11 December

Last in a series of projects financed by the 2008 Polish Aid Programme, the seminar supporting the project on the Preparation of the Strategy for Social Benefits Monetization in Ukraine gathered experts and came about as a joined effort of CASE and CASE Ukraine. The seminar served as a forum to express the preliminary conclusions of the reports drafted within this project on the Russian experience in implementing social benefits monetization reform, the current rules and implementation process in housing benefits in Poland, housing benefits policies in CEE and the approaches to reforming services privileges in Ukraine.



CASE Public Events

CASE POLICY RESEARCH SEMINARS

CASE policy research seminars are Warsaw events that seek to foster high-level debate on key economic issues by featuring prominent economists. This CASE seminar series is relatively new as it was first initiated in October 2007 and is part of CASE's activities aimed at informing and encouraging public debate. The seminars are accessible online.

Nr.1: The Current State of the Russian Economy – 25 January
Presenter: Dr. Yegor Gaidar (Institute for the Economy in Transition)

Nr.2: Global Financial Instability: Sources and Systemic Solutions – 9 April
Presenter: Professor Lucjan T. Orłowski (Sacred Heart University)

Nr.3: The Emerging Aversion to Inequality: Evidence from Poland 1992-2005 – 4 June
Presenter: Dr. Irena Grosfeld (Paris School of Economics and National Center for Scientific Research)

Nr.4: Moldova: Reform, European Integration and Transnistrian Conflict Resolution – 3 July
Presenter: Dr. Kalman Mizsei (European Union)

Nr.5: Rising Food Prices: Causes and Responses – 7 July
Presenter: Luca Barbone (World Bank)

Nr.6: Convergence in the Baltics: From Boom to Bust? – 3 September
Presenter: Dr. Christoph Rosenberg (International Monetary Fund)

Nr.7: Energy Sector in the CIS: Policy Challenges and the Importance for the EU – 22 September
Presenter: Wojciech Paczynski (CASE)

Nr.8: The Risk Management Approach of the Federal Reserve System – A Model for the European Central Bank? – 20 October
Presenter: PhD Candidate Magdalena Malinowska (University of Cologne)

Nr.9: Euro and Prices: the effect of entering in the EMU on the comparative price level? – 19 November
Presenter: Dr. Przemysław Wozniak (CASE)

BRE BANK-CASE SEMINARS

BRE-CASE seminars focus on the development of financial markets and the banking sector and the most important issues facing the economies of Poland, Europe and the world. The seminars have a 17-year tradition and are co-organized with, and generously supported by BRE Bank SA through the BRE Bank Foundation. Seminar proceedings are published in a joint CASE and BRE Bank publication series. Six meetings took place in 2008:



Nr.94: Public Finance Reform in Poland – 7 February

Panellists: Maciej Krzak (CASE), Marek Gora (CASE), Agnieszka Szymicka (Warsaw School of Economics)

Nr.95: Inflation: do we have a new problem? – 6 March

Panellists: Mateusz Szczurek (ING Bank Slaski SA), Przemyslaw Wozniak (CASE), Dariusz Filar (National Bank of Poland)

Nr.96: Turmoil on the World Market and the Financial System in Poland – 3 April

Panellists: Jerzy Pruski (National Bank of Poland), Wieslaw Szczuka (BRE Bank SA), Stanislaw Kluza (Polish Financial Supervision Authority)

Nr.97: Situation in Health Care Finance in Poland – 12 June

Panellists: Christoph Sowada (Jagiellonian University Medical College), Anna Ruzik (CASE), Andrzej Cylwik (CASE-Advisors), Agnieszka Sowa (CASE; Jagiellonian University Medical College), Stanislaw Golinowska (CASE; Jagiellonian University Medical College)

Nr.98: New Basel Accord - Basel II – 11 September

Panellists: Wieslaw Thor (BRE Bank SA), Lukasz Witkowski (BRE Bank SA), Lukasz Bystrzynski (PricewaterhouseCoopers)

Nr.99: Development of Transborder Banking and Competitiveness in the Polish Banking Sector – 11 December

Panellists: Jadwiga Zareba (CASE), Jacek Czabanski and Pawel Galuszynski (White & Case), Tadeusz Parys (Polish Financial Supervision Authority)

PRESS CONFERENCES

Four press conferences were organized to publish the results of the quarterly Polish Economic Outlook report financially supported by Bank PEKAO SA and Fortis Bank Polska SA.



Public Relations

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

The CASE website (www.case-research.eu) is the main mode of communicating information about upcoming events and activities, recently completed projects and the latest publications. The website is run in both English and Polish and is update regularly. In 2008, the website received 332,901 visits, a 5.7% increased over last year.

CASE's bi-monthly newsletter, which is received by an average 10,000 recipients globally, gives the latest information on new publications, forthcoming and recent events, as well as information about research and advisory project activities.



Publications

CASE helps to inform public opinion through the dissemination of research findings in the form of publications. CASE experts are editors and co-authors of various books published by international publishing houses as well as articles in international journals. In addition, CASE produces several of its own publication series. In 2008, a total of 46 publications were produced.

CASE NETWORK REPORTS

The reports popularize the results of select CASE and CASE Network research projects. In 2008, six CASE reports were produced in electronic format and published in English.

Nr. 77: Stanisława Golinowska, Ewa Kocot, Agnieszka Sowa, "Development of Scenarios for Health Expenditure in the New EU Member States: Bulgaria, Estonia, Hungary, Poland and Slovakia"

Nr. 78: Stanisława Golinowska, Ewa Kocot, Agnieszka Sowa, "Scenarios For Health Expenditure in Poland"

Nr. 79: Maryla Maliszewska (ed.), David Dyker, Michael Emerson, Michael Gasiorek, Peter Holmes, Malgorzata Jakubiak, Andre Jungmittag, Vicki Korchagin, Alina Kudina, Giorgi Pertaia, Evgeny Polyakov, Andrei Roudoi, Sviltana Taran, Michael Tokmazishvili, "Economic Feasibility, General Economic Impact and Implications of a Free Trade Agreement Between the European Union and Georgia"

Nr. 80: Maryla Maliszewska (ed.), David Dyker, Michael Emerson, Michael Gasiorek, Peter Holmes, Malgorzata Jakubiak, Andre Jungmittag, Vicki Korchagin, Alina Kudina, Evgeny Polyakov, Andrei Roudoi, Sviltana Taran, Gevorg Torosyan, "Economic Feasibility, General Economic Impact and Implications of a Free Trade Agreement Between the European Union and Armenia"

Nr. 81: Irina Sinitsina (ed.), Aziz Atamanov, Alexander Chubrik, Irina Denisova, Vladimir Dubrovskiy, Marina Kartseva, Irina Lukashova, Irina Makenbaeva, Magdalena Rokicka, Michael Tokmazishvili, "The Development Gap Between the CIS and EU"

Nr. 82: Rainer Schweickert (ed.), Thorsten Drautzburg, Andrea Gawrich, Inna Melnykovska, "Institutional Convergence of CIS Towards European Benchmarks"

CASE NETWORK STUDIES AND ANALYSES

These analyses publicize the results of both research and advisory projects and are intended to have the character of a "working papers" series. In 2008, 20 titles were produced (only electronic version), out of which 18 in English and 2 in Russian language.

Nr. 358: Lucjan T. Orlowski, "Monetary Policy Rules for Convergence to the Euro"

Nr. 359: Vladimir Borgy, Xavier Chojnicki, "Labor Migration: Macroeconomic and Demographic Outlook for Europe and Neighbourhood Regions"

Nr. 360: Irena Grosfeld, Claudia Senik, "The Emerging Aversion to Inequality: Evidence from Poland 1992-2005"

Nr. 361: Elena Jarocinska, "Are Intergovernmental Grants Tactical? The Evidence from Russia"



Nr. 362: Elena Jarocinska, "Testing Models of Distributive Politics in Multiparty Systems: The Case of Spain"

Nr. 363: Imke Kruse, Florian Trauner, "EC Visa Facilitation and Readmission Agreements: Implementing a New EU Security Approach in the Neighbourhood"

Nr. 364: Alexander Chubrik, Dmitrij Kruk, Wojciech Paczynski, Elena Rakova, Gleb Szimanowicz, Irina Tochistskaya, "Основные тенденции и прогноз развития экономик государств-членов ЕврАзЭС на среднесрочную перспективу (2007-2010 гг.)" (Medium-Term [2007-2010] Economic Trends and Growth Forecasts in the Member States of the Eurasian Economic Community – EurAsEC)

Nr. 365: Marcin Kaczmarek, Wojciech Kononczuk, Marek Menkiszak, "CIS Countries' Interests vis-à-vis the European Union and Its Eastern Policy"

Nr. 366: Xavier Chojnicki, Ainura Uzagalieva, "Labor Migration from East to West in the Context of European Integration and Changing Socio-political Borders"

Nr. 367: Umut Korkut, "Eager, Pragmatic or Reluctant: Can Common Finno-Ugric Ethnic and Linguistic Links Substantiate Intra-EU CFSP Co-operation?"

Nr. 368: George Dura, "The EU and Its Member States: Pursuing Diverse Interests in the CIS Region"

Nr. 369: Aziz Atamanov, Roman Mogilevsky, "Technical Assistance to CIS Countries"

Nr. 370: Malgorzata Jakubiak, Alina Kudina, "The Motives and Impediments to FDI in the CIS"

Nr. 371: Svitlana Taran, "Non-Tariff Barriers in Selected CIS Countries"

Nr. 372: Lucjan T. Orłowski, "Stages of the Ongoing Global Financial Crisis: Is There a Wandering Asset-Price Bubble?"

Nr. 373: Marek Dabrowski, "Развитие стран СНГ после выхода из трансформационного кризиса" (Growth in CIS Countries Following the Transition Crisis)

Nr. 374: Arne Melchior, "Regional Inequality and Convergence in Europe, 1995-2005"

Nr. 375: Marek Dabrowski, "Policy Challenges Faced by Low-Income CIS Economies"

Nr. 376: Magdalena Rokicka, "Gender Gap in the CIS Region"

Nr. 377: Thierry Balzacq, "The External Dimension of EU Justice and Home Affairs: Tools, Processes, Outcomes"

CASE NETWORK E-BRIEFS

This CASE publication series is the newest addition to the regular publication series. Since its beginning, e-briefs have only been published in English and are short commentaries reflecting the views of experts on the results of recent or ongoing research projects or/and hot topics. In 2008, the series was edited by Ewa Blaszczyńska and count 10 publications.

Nr. 01/2008: Piotr Kozarzewski, "Will Private Businesses in Belarus Support Market Reforms?"



Nr. 02/2008: Stanisława Golinowska, Ewa Kocot, Agnieszka Sowa, "Development of Scenarios for Health Expenditures in the Accession Economies: Bulgaria, Estonia, Hungary, Poland and Slovakia"

Nr. 03/2008: Stanisława Golinowska, Ewa Kocot, Agnieszka Sowa, "Scenarios For Health Expenditures in Poland"

Nr. 04/2008: Lucjan T. Orlowski, "Recent Turmoil in Financial Markets - Sources and Systemic Remedies"

Nr. 05/2008: Przemysław Wozniak, "Kazakh Inflation- Brief Observations and Recommendations"

Nr. 06/2008: Mateusz Walewski, "How to counteract shadow employment in Poland?"

Nr. 07/2008: Marek Dabrowski, "The Global Financial Crisis: Causes, Channels of Contagion and Potential Lessons"

Nr. 08/2008: Maryla Maliszewska (ed.), David Dyker, Michael Emerson, Michael Gasiorek, Peter Holmes, Malgorzata Jakubiak, Andre Jungmittag, Vicki Korchagin, Alina Kudina, Giorgi Pertaia, Evgeny Polyakov, Andrei Roudoi, Sviltana Taran, Michael Tokmazishvili, "Free Trade Agreement Between The European Union and Georgia: How Feasible Is It?"

Nr. 09/2008: Maryla Maliszewska (ed.), David Dyker, Michael Emerson, Michael Gasiorek, Peter Holmes, Malgorzata Jakubiak, Andre Jungmittag, Vicki Korchagin, Alina Kudina, Evgeny Polyakov, Andrei Roudoi, Sviltana Taran, Gevorg Torosyan, "Free Trade Agreement Between The European Union and Armenia: How Feasible Is It?"

Nr. 10/2008: Leszek Balcerowicz, Andrzej Rzonca, "A Non-Stimulating Stimulus?"

POLISH ECONOMIC OUTLOOK: TRENDS, ANALYSES, FORECASTS (PEO)

This is a quarterly report published since 1999 and supported financially by Bank PEKAO SA and Fortis Bank Polska SA. A team of three experts presents economic indicators, analyses and forecasts for Poland's economic development. Four PEO were produced in 2008. Since the beginning of 2007 PEO has been published in English and only in electronic format. Each quarterly release is accompanied by a press conference.

1/2008: Special Feature – Latest Convergence Program

2/2008: Special Feature – Is The Zloty Too Strong?

3/2008: Special Feature – Resilience of the Polish Economy

4/2008: Special Feature – Is There Room for a Fiscal Stimulus?

BRE BANK-CASE SEMINAR PROCEEDINGS

The BRE Bank-CASE series is the oldest regular publication series, with the first issue published in 1992. Each edition contains the essays and presentations of the latest seminar organized by BRE Bank and CASE. This publication series is in Polish only. The BRE-CASE seminars span various topics and current issues in both the Polish and global economies with the majority focusing on the development of financial markets and the banking sectors. Six were printed in 2008:



Nr. 94: Reforma finansów publicznych w Polsce
(Public Finance Reform in Poland)

Nr. 95: Inflacja - czy mamy nowy problem?
(Inflation: do we have a new problem?)

Nr. 96: Zaburzenia na światowych rynkach a
sektor finansowy w Polsce (Turmoil on the
World Market and the Financial System in
Poland)

Nr. 97: Stan finansów ochrony zdrowia
(Situation in Health Care Finance in Poland)

Nr. 98: NUK - Nowa Umowa Kapitałowa (New
Basel Accord - Basel II)

Nr. 99: Rozwój bankowości transgranicznej a
konkurencyjność sektora bankowego w Polsce
(Development of Transborder Banking and
Competitiveness in the Polish Banking Sector)

POST-CONFERENCE-PUBLICATION:

Anders Aslund and Marek Dabrowski (eds.), "Challenges of Globalization: Imbalances and Growth", Peterson Institute for International Economics Press, July 2008 (the selection of papers presented at the CASE 2007 International Conference on "Winds of Change: The Impact of Globalization on Europe and Asia" organized in Kyiv on March 23-24, 2007).

SELECTED JOURNAL ARTICLES

Marek Dabrowski, "Economic Relations Between the EU and CIS", *Problems of Economic Transition*, 50 (12), pp.46-70, April 2008.

Wojciech Maliszewski, "Credibility of Inflation Targets in Poland", *Comparative Economic Studies*, 50 (3), pp.494-510, September 2008.

Lucjan T. Orłowski, "Advancing Inflation Targeting in Central Europe: Strategies, Policy Rules and Empirical Evidence", *Comparative Economic Studies*, 50 (3), pp.438-459, September 2008.

Marek Dabrowski, "The Global Financial Crisis: Causes, Anti-Crisis Policies and First Lessons", *CESifo Forum*, 9 (4), pp.28-32, Winter 2008.



CASE People

The Supervisory Council

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



Chairman
Marek Dabrowski (to 30 June 2008)



Chairwoman
Ewa Balcerowicz (from 1 July 2008)

Vice Chairwomen

Barbara Błaszczak
Stanisława Golinowska

Members

Rafał Antczak
Tadeusz Baczek
Marek Dąbrowski
Leszek Balcerowicz
Władysław Brzeski
James Cabot (from 1 January 2009)
Krzysztof Chmielewski
Andrzej Cylwik
Anna Fornalczyk
Wojciech Goralczyk
Piotr Kozarzewski
Richard Woodward
Przemysław Wozniak



The Advisory Council

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



Chairman
Anders Aslund

Members

Vittorio Corbo
Fabrizio Coricelli
Georges de Menil
Yegor T. Gaidar
Daniel Gros
Irena Grosfeld
Simon Johnson
Lucjan T. Orłowski
Vladimer Papava
Jeffrey Sachs
Susan Schadler (from 22 October 2008)
Krassen Stanchev
Nicholas Stern
Jan Svejnar
Stanislaw Wellisz
Wing Thye Woo
Charles Wyplosz



Management Board

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



President (to 30 June 2008)
Ewa Balcerowicz



Vice President (to 30 June 2008)
James Cabot



President (from 1 July 2008)
Marek Dabrowski



Vice President (to 31 October 2008)
Malgorzata Jakubiak



Vice President (from 1 November 2008)
Sebastien Leclef



Office (as of 31 December, 2008)

Managing Director
Mireille Hazenbosch

Secretariat
Anna Maciazek

Research Programs
Pasquale D'Apice
Dominika Jakubowska
Beata Matysiewicz

Development Assistance Programs
Monika Kusmierczyk
Aart Jan Riekhoff

Communications
Murielle Asselin
Aleksandra Harasimiuk

Publications
Eva Blaszczyński
Anna Maciazek

BRE-CASE Seminars Coordinator
Krystyna Olechowska

Finance
Agnieszka Jabłońska
Agnieszka Kazmierczak
Armin Teske

LAN Administrator
Michał Dąbrowski

Interns in 2008
Anselm Karitter
Tomasz Pietrzak
Magda Cizkowicz
Justin Caliguri



Researchers and Experts Participating in 2008 Projects

Branka Andjelkovic	Jadranka Kaludjerovic	Julia Popova
Azis Atamanov	Marcin Kaczmarek	Tomasz Potkanski
Muhammadi Babaev	Kakhaberi Kheladze	Sergey Prikhodko
Sabit Bagirov	Jeff Knezovich	Artur Radziwill
Ewa Balcerowicz	Anna Kolesnichenko	Jerzy Radziwill
Emmanuel Bergasse	Joanna Konieczna	Elena Rakova
Vladimir Borgy	Wojciech Kononczuk	Oleksandr Rohozynsky
Dmytro Boyarchuk	Katarzyna Kopczewska	Magdalena Rokicka
Sergio Carrera	Wojciech Kopczuk	Andrei Roudoi
Xavier Chojnicki	Vicki Korchagin	Anna Ruzik
Eugene Christev	Umut Korkut	Marcel Salikhov
Alexandr Chubrik	Adam Kozierekiewicz	Maya Sandu
Beata Ciezka	Magdalena Krawczyk	Rainer Schweickert
Ajoy Datta	Maciej Krzak	Gleb Shimanovich
Marek Dabrowski	Alina Kudina	Sergey Sinelnikov
Sergey Drobyshevsky	Grzegorz Kula	Irina Sinitsina
Vladimir Dubrovskiy	Matthias Luecke	Oxana Sinyavskaya
George Dura	Tom Leney	Renata Sobolewska
David Dyker	Agata Loskot	Agnieszka Sowa
Michael Emerson	Irina Lukashova	Karoly Attila Soos
Balazs Egert	Elzbieta Majchrowicz	Wendelin Sroka
Hans-Peter Fussel	Irina Makenbaeva	Krzysztof Szczygielski
Michael Gasiorek	Maryla Maliszewska	Janusz Szyrmer
Stanislawa Golinowska	Izabela Marcinkowska	Paulina Szyrmer
Inna Golodniuk	Malgorzata Markiewicz	Svitlana Taran
Marek Gora	Beata Matysiewicz	Irena Tochitskaya
Jean Gordon	Arne Melchior	Michael Tokmazishvili
Michal Gorzynski	Marek Menkiszak	Vania Tomeva
Peter Griffin	Alain Michel	Irena Topinska
Leonid Grigoriev	Georgeta Mincu	Roman Topor Madry
Miroslaw Gronicki	Roman Mogilevsky	Krzysztof Trzcinski
Gabor Halasz	Boris Najman	Ainura Uzagalieva
Mireille Hazenbosch	Marjan Nikolov	Vitaliy Vavryshchuk
Vyacheslav Herasimovich	Irina Orlova	Mateusz Walewski
Peter Holmes	Nermin Oruc	Fredrik Wilhelmsson
Małgorzata Jakubiak	Agnieszka Paczynska	Jerzy Wisniewski
Nicola Jones	Wojciech Paczynski	Richard Woodward
Andre Jungmittag	Katarzyna Pietka	Przemyslaw Wozniak
Krzysztof Jaszczolt	Ivan Poltavets	John Wright
Camilla Jensen	Evgeniy Polyakov	Anna Wziatek-Kubiak
Pavel Kadotchnikov	Richard Pomfret	Katarzyna Zawalinska



2008 CASE Research Scholarship

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

In 2008, and with the continuing generous support of ING Bank Slaski, Krzysztof Szczygielski and Malgorzata Jakubiak respectively defended with success their doctoral thesis on 16 October and 5 November on “Horizontal and vertical product differentiation in the Polish manufacturing market between 1995-2004 as a response to changes in the competitive environment” (Krzysztof Szczygielski) and on the “Role of trade and foreign direct investment in transmission of technology to Poland” (Malgorzata Jakubiak).

2008 CASE Academic Excellence Support Program

Aware that disseminating the findings of research and making visible the credentials of experts affiliated to CASE is as crucial as research itself in order to impact on policy-making, CASE has been running the Academic Excellence Support Program since 2006. The program is opened to all experts affiliated with CASE’s internal network and helps to co-finance participation to conference and to advance already published research findings in international leading economic journals.

In 2008, the amount allocated to the program was used towards training and covering travel costs to conferences. All expenses have been covered by the income on investments of endowment assets achieved in 2007.



Financing of CASE Activities

Revenues in 2008 totaled PLN 6,184,292.81 and consisted of revenue for statutory activity, operating and financial revenue. The bulk (91.4%) of funds came from revenues for statutory activity. Revenues in EUR and USD were calculated according to yearly average exchange rates of the National Bank of Poland: 1 USD = 2.4092 PLN; 1 EUR = 3.5166 PLN

Breakdown of total revenue:	PLN	EUR	USD
1. Revenue for statutory activity:	5,652,659.64	1,607,421.84	2,346,280.77
1.1. Project-based funding	5,472,659.64	1,556,236.03	2,271,567.18
1.2. Institutional support	180,000.00	51,185.80	74,713.60
2. Operating revenue	93,308.03	26,533.59	38,729.88
3. Financial revenue	438,325.14	124,644.58	181938.05
Total revenue	6,184,292.81	1,758,600.01	2,566,948.70

Sources of Financing

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

1. Project-based funding – these are funds obtained by CASE for the implementation of specific projects (both non-profit and for-profit) as described earlier in the Annual Report. These funds constituted the majority of CASE's current statutory revenues (96.82%) and totaled PLN 5,472,659.64 in 2008.

2. Institutional support – these are general donations granted to CASE by different institutions to be used according to CASE statutory goals subject to the discretion of CASE Management. These funds totaled PLN 180,000.00 in 2008.

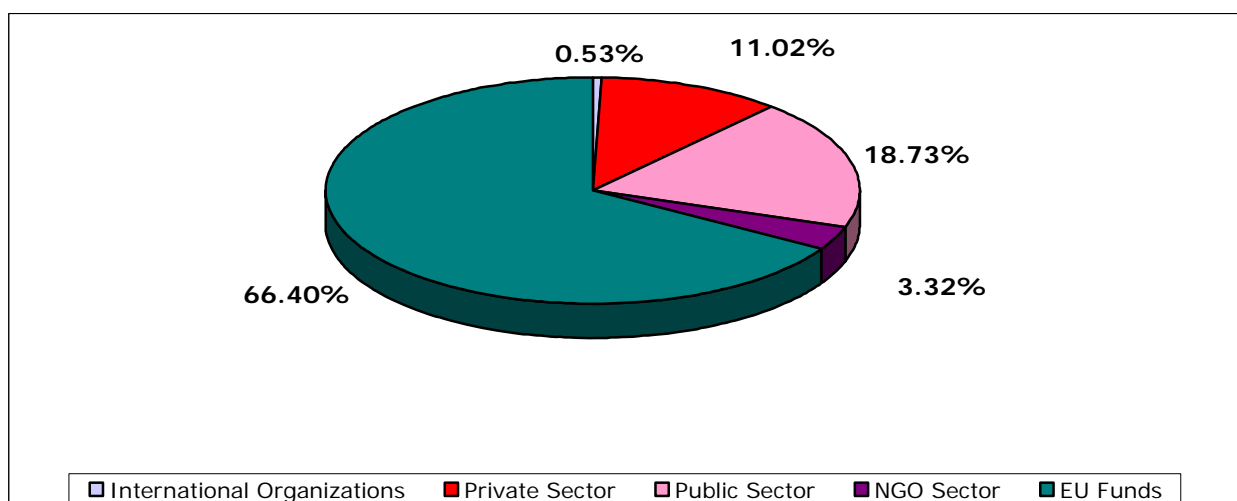
In addition, in 2008 CASE raised funds for its endowment as discussed below.

Project-based funding and institutional support together constituted revenue for statutory activities that totaled PLN 5,652,659.64 in 2008. In terms of financing sources, these funds were obtained from the following institutions (as a % of the total).

1. European Commission	66.40 %
2. International Organizations (UN agencies, World Bank, etc.)	0.53 %
3. Public sector sources	18.73 %
4. Private sector sources	11.02 %
5. Non-governmental sector sources	3.32 %



European Commission funding dominated in 2008, as was true a year earlier, though it accounted for a smaller portion of the CASE budget (48.93%). The public sources rank second, constituting 19% of the funding received for statutory activities (see the Figure below). The importance of this source decreased substantially in 2008, reflecting 2006 level (19.6%). With little fluctuations from 2007, grants from private sources amounted to 15% and ranked third in CASE financing.



Institutional support in 2008 came to a total of PLN 180,000. This was 3.18% of CASE statutory revenue and was received from PEKAO SA, Rabobank Poland SA and Fortis Bank Polska SA. CASE Management Board decided to use these funds mainly for co-financing research projects, publication activities, and for subsidizing the participation of CASE experts in conferences and trainings.



Endowment

In 2008, CASE continued to build its endowment in order to strengthen its long-term financial stability and independence and improve its capacity to carry out large-scale EU research projects. While income from endowment investments may be used for financing current statutory activities, the endowed funds will accumulate indefinitely. Their proper use is ensured by the Endowment Regulations that set out clear rules for fundraising, investing and using endowed funds, while outstanding experts in the area of finance have been appointed members of the Investment Committee to advise CASE management on investment strategies.

As of 1 January 2008, the CASE endowment came to a total of PLN 2,356,905.07. In the course of the year it recorded a net decrease by PLN 189,625.77, and by the end of the year it reached the level of PLN 2,167,279.30. The income earned on investment in 2007 was used in 2008 for the institutional development of CASE. As the consequence of investment loss recorded in 2008 (due to stock market collapse) this source of financing CASE statutory activities will not be available in 2009.

<i>Changes in the value of Endowment in 2008</i>	<i>PLN</i>
1. Stock at the beginning of the year	2,356,905.07
2. Increases due to:	79,574.00
Disposal of CEDEWU shares	53,500.00
Dividends from CASE Advisors and CEDEWU	26,074.00
3. Decrease due to:	269,199.77
Use of the investment income of 2007 in 2008	95,124.90
Losses incurred by investment	174,074.87
4. Stock at the end of the year	2,167,279.30

