CASE - Center for Social and Economic Research

Annual Report 2009
The year 2009 was marked by the global financial crisis which hit the entire world economy. This has been the most severe crisis of several decades with dramatic consequences for the world’s GDP, trade, financial system, public finances, and the entire social sphere. At the same time, it has provided economists with a new exciting topic for research and policy advising. CASE has responded to this unique intellectual challenge in its 2009 agenda. The year’s events, project involvement, and publications offered both analytical foundations for understanding the deep root of the crisis and practical recommendations for economic policy making in a global scale, in Europe and in emerging market economies. The two flag CASE academic events – 100th BRE-CASE Seminar in January 2009 and the CASE 2009 International Conference on “The Return of History: From Consensus Crisis” – addressed various aspects of the global financial and macroeconomic crisis.

On the other hand, the crisis squeezed funding opportunities on the research and technical assistance market, marked by the reduced institutional financial turnover compared to that of previous years. Rising above these challenges, CASE has managed to consolidate and further develop its strong position on the European and international markets. CASE strengths have grown particularly in the sphere of policy research, where its activity has been backed by other centres and institutes belonging to the CASE internal network.

Apart from crisis-related topics, CASE continued and initiated new projects in the thematic areas of European integration, European Neighbourhood Policy, external trade relations of the EU, public finance management, macroeconomic policy, innovation and knowledge-based economy, health and education, social policy, capacity building in public administration and civil society organizations, as well as many others. Geographically, CASE activities concentrated on the EU, EU candidate and potential candidate countries, neighbouring countries of the former Soviet Union, and on the Southern Mediterranean region, but it also increasingly focused on other emerging markets and developing economies. The international conference on "The EU Eastern Neighbourhood: Economic Challenges Ahead" organized in Brussels in March 2009 (with the purpose of summing up the FP6 funded project ENEPO) was the third major CASE academic event in the last year.

New challenges on the research and technical markets encouraged us to advance and speed up the restructuring of CASE’s international research network started in 2008 and broaden dissemination channels of various forms of CASE intellectual output. In particular, in 2009 we introduced the position of CASE Fellow and nominated 22 distinguished scholars with outstanding academic and professional track records for this position. They will serve as the core of a much bigger network of researchers and experts from Europe and other continents who are involved in designing and carrying out various CASE projects.

In 2009 CASE joined two leading international publication networks: Social Science Research Network (SSRN) and Research Papers in Economics (RePEc) which will facilitate worldwide dissemination of two headline CASE publication series – CASE Network Reports and CASE Network Studies and Analyses.
The agenda for 2010 looks no less ambitious: we will seek new project opportunities, diversify the range of potential donors and clients, continue building our international research and policy advising team, especially in the thematic areas where we expect new project opportunities, further improve international dissemination of CASE publications, and upgrade CASE’s external and internal communication channels.

CASE Management Board would like to thank members of CASE governing bodies, CASE researchers, experts and members of the support and administrative team for their contribution to CASE activity in 2009 and its successful record. The same concerns all our donors, clients and institutional project partners with whom we cooperated in 2009. We are looking for even closer cooperation in the coming year and many more which will follow.

Marek Dabrowski
CASE President

Sebastien Leclef
CASE Vice-President
CASE - Center for Social and Economic Research

**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, CASE drives 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, trade, social policy, public finances, macroeconomics, microeconomics and innovation.

**Mission**

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

**Activities**

CASE relies on its pool of internationally-recognized economic experts and 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.
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)
- CASE Advisors Ltd. (Warsaw, Poland)

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

**External Research Networks**

CASE is an institutional member of six external networks and 2 publication 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, coordinate 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.

Publication Network

Social Science Research Network (SSRN) - In late 2008, CASE joined the network 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 Network Reports, CASE Network Studies and Analyses and CASE-CEU Working Papers are featured in the SSRN database.

RePEc – Research Papers in Economics – In 2009 CASE decided to enhance its publications dissemination efforts by becoming a member of RePEc, a collaborative effort for the dissemination of research in economics. RePEc makes available a database of more than 800,000 publications ranging from working papers to journal articles to book chapters. By joining RePEc, CASE becomes one of the 11,500 institutional partners from around the world which contribute to building the database. CASE will work to make all of its CASE Network Reports and CASE Network Studies and Analyses publications available through the search engine by the summer of 2010.
**Key Institutional Efforts and Achievements in 2009**

**Developing the CASE research team**

In an effort to consolidate its network of researchers, in 2009 CASE introduced the CASE Fellows position. The CASE Fellow position creates and codifies a role for selected CASE senior researchers willing to devote time, energy and reputation to building the CASE network of experts and promoting CASE activities. The position accommodates and recognizes their accomplishments and facilitates their research activity goals. Throughout 2009, twenty-two researchers were nominated, and accepted the two-year Fellow position. The selected Fellows are a group of highly skilled CASE researchers with long-term experience working for international institutions around the world. CASE Fellows represent a wide range of economic expertise. Their specialisations range from macroeconomics and international trade to the economics of education and poverty reduction. Combined, CASE Fellows have worked and completed projects in all regions of the world, and produced hundred of publications throughout their vibrant careers. The CASE Fellow position improves CASE visibility and representation, and the expertise and accomplishments of CASE Fellows represent the reputation and growth of CASE as an institution. The newly established network of CASE fellows will help CASE acquire new projects and will publish research under the CASE name.

**Diversifying the CASE Research Portfolio and Reaffirming International Presence.**

With each year CASE continues to build and expand its expertise geographically. 2009 has been no exception; the year has seen the continuation of existing regional and multinational projects as well as the commencement of new ones.

Marked by projects such as: the EU Eastern Neighbourhood – Economic Potential and Future Development Project, the Public Financial Management Reforms in the CEE/CIS Regions project completed for UNICEF, the Economic Impact of a Free Trade Agreement between the European Union and the Russian Federation, or the ESCIRRU– Economic Consequences of Economic and Social Consequences of Industrial Restructuring in Russia and Ukraine projects, CASE continues to play a crucial role in providing an empirical basis for the formulation of policy towards the EU’s eastern neighbours.

CASE also remains a presence in research programmes within the European Union borders. In the project Key Competences and Teacher Education, teaching methods across Europe were evaluated. Similarly, in the realm of social policy, the ANCIEN - Assessing Needs of Care in European Nations project encompassed a pan-European analysis on long-term care (LTC) provisions in the EU member's states.

CASE research in Euro-Mediterranean relations under the Trade and Economic Integration in the Euro-Mediterranean Region project exemplifies CASE presence in the Middle East and North Africa region. In 2009 CASE also completed a project on the Quality of Public Finances to Support Growth in the EU's Mediterranean Partner Countries, and conducted another one comparing policy
regimes and reform options in Ukraine and Egypt.

The agenda of CASE 2009 International Conference (see below) and CASE participation in the Mid-term Evaluation of the EU's Generalised System of Preferences reflect the appetite to become an active participant of the global economic policy debate and further expand CASE professional activity beyond its previous geographical frontiers (the EU and its Eastern and Southern neighbourhood).

**Capitalizing on International Challenges and providing a high level forum for debate**

In the context of the global macroeconomic and financial crisis, CASE utilized its expertise to contribute to relevant global policy debate through its use of events, publications and project participation. Most importantly, CASE brought forth its contribution to the debate surrounding the financial crisis by organizing its biennial international conference. The “Return of History: From Consensus to Crisis” CASE International Conference brought together economists from around the globe to contribute to four crisis related panel discussions at which panellists presented and debated their most recent and relevant research. The conference is evidence of CASE’s propensity to consolidate high profile international debate and the value of its academic contribution to analyzing global questions. In follow up to the event several crisis related conference papers have been published in the CASE Network Studies and Analyses and CASE Network E-Briefs. More generally, E-briefs throughout the year have brought forth concise and poignant arguments which stir issues such as the crisis impact on global, European and various national economies or efficiency of the IMF intervention.

Continuing with the crisis theme CASE hosted experts to present individually on their perspectives of current economic outcomes. The keynote presentation of Charles Goodhart on The Financial Sector and the Crisis was the central point of 100th BRE-CASE seminar in January 2009, the oldest CASE ongoing project (since 1992). This event was followed by a series of financial crisis-related presentations at CASE Policy Research seminars -- of Leszek Balcerowicz and Andrzej Rzonca, Marek Dabrowski, Anders Aslund, Thomas Laursen and Mark Allen.

**Increasing the scope and impact of CASE publications**

Recognizing CASE publications as a key institutional strength with the potential to reach our target audience and increase the advocacy power of our findings, throughout 2009 CASE has worked to increase the visibility and searchability of our publications. CASE has worked to reach this goal by increasing its involvement in academic search engine membership. The first achievement in this category in 2009 was to, after having become a member, make all CASE Network Studies and Analyses and CASE Networks available through the Social Science Research Network (SSRN). SSRN is a database covering a wide field of social sciences ranging from economics and financial economics to health economics and political science. The search engine is dedicated to rapid dissemination of academic works and makes over 276,500 working papers and over 227,300 downloadable full text documents freely available to everyone.
Having completed the process to become a fully active member of SSRN, CASE also began to pursue a new partnership with Research Papers in Economics, RePEc, a collaborative effort to disseminate research in economics. RePEc makes available a database of more than 800,000 publications ranging from working papers to journal articles to book chapters. By joining RePEc, CASE becomes one of the 11,500 institutional partners from around the world which contribute to building the database. CASE will work to make all of its CASE Network Reports and CASE Network Studies and Analyses publications available through the search engine by the summer of 2010.

Membership in these two very important academic networks will make the CASE publications more popular and easily available to the scientific community around the world.
In order to continue to support institutional development as well as the development of our senior scholars, CASE has been operating the Academic Excellence Support Program since 2006. The program enables CASE experts to undertake travel and conference attendance opportunities to improve the dissemination of research findings and increase the international visibility of the credentials of experts affiliated with CASE. The programme is open to all experts affiliated with the CASE research network and helps to co-finance participation in conferences and to advance already published research findings in international leading economic journals. The program is financed through an institutional development grant from PEKAO SA.
Research Program in 2009

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 world. The thematic areas of CASE research in 2009 revolved around the following topics:

- Trade Policy and Economic Integration
- Public Finances, Reform
- Social Policy, Labour, Migration
- Macroeconomic Policy and Forecasting
- Capacity Building and Education
- Microeconomics and Innovation

Our research activities are often completed in collaboration with teams of researchers based in different countries and different types of institutions such as universities, think tanks, and the private and public sectors. We utilize networks of daughter organizations, external network, consortiums, and other forms of partnerships to enhance our research products.

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. 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. Vice-President, Sebastien Leclef, with the assistance of a team of Program Officers is responsible for developing our research agenda, network, and pool of experts.

What follows is a brief overview of each of the six major thematic areas of CASE research in 2009 and CASE project activity within the thematic areas. Projects in the narrative descriptions are followed by a reference 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) Trade Policy and Economic Integration

Throughout 2009 the thematic area of Trade Policy and Economic Integration remained central to the research activities of the organization. As the European Union works to expand and improve its trade and economic relations with its major partners, especially with its Eastern and Southern neighbours, CASE continues to engage in questions of how to proceed with structuring policies and agreements to improve trade cooperation. Several studies essential to policy creation in this field were completed by CASE in 2009.
The multi-year ENEPO: EU Eastern Neighbourhood - Economic Potential and Future Development project (11), focused on relations between the EU and CIS in the spheres of economic and social development, trade, investment, labour movement, institutional harmonization and technical cooperation. The project completed by a CASE-led consortium under the 6th Framework Programme was brought to a close in the first half of 2009 at a CASE organized final conference in Brussels on March 18th 2009, and a series of regional seminars in Tbilisi, Kyiv, Chisinau, Moscow and Bishkek. Throughout the project CASE published more than 30 reports in its publication series, including CASE Network Reports and CASE Network Studies and Analyses as well as four CASE Network Policy Briefs.

CASE participation in a project aimed at transferring the experiences of Visegrad cooperation to the Western Balkans and the GUAM countries (Georgia, Ukraine, Azerbaijan, and Moldova) (36) also falls in line with the thematic area of European Neighbourhood Policy. The project promoted regional cooperation on the two external borders of the EU. The project encouraged countries within the region to resolve common problems in favour of strengthening the basis of democracy, partnership and economic and social development. CASE was contracted by the International Centre for Democratic Transition (ICDT) to participate in four regional workshops involving relevant stakeholders from the target regions. In 2009 the project held two meetings and workshops in Budapest in March and in Kyiv in October. The next meeting was held in Tbilisi in March, 2010. The Norwegian-EEA Financial Mechanisms provided funding for the project.

Beginning the next project in the thematic area of European Neighbourhood Policy, MEDPRO - Prospective Analysis for the Mediterranean Region, CASE commits to bringing scientific contribution to the formulation of EU policies vis-à-vis the MED11 countries, within the Union for the Mediterranean and the European Neighbourhood Policy in general. The MEDPRO project will assist the reform process by enhancing the level of information on the challenges and providing deeper insight into the policy options. CASE team will contribute to the thematic areas of energy and climate change mitigation, economic development, trade and investment, human capital, social protection, inequality and migration and overall scientific coordination of the project. The project will be funded through the EC 7th Framework Program and commence following a kick-off meeting in Brussels, April 14-15, 2010.

EU trade relations with the Southern Mediterranean neighbours were the focus of the Trade and Economic Integration in the Euro-Mediterranean Region (14) project commenced at a kick-off meeting in Brussels in January 2009. In follow up to the re-launch of the Barcelona Process in 2008 as the Euro-Mediterranean Partnership, CASE led the consortium (which involved the Brussels-based Centre for European Policy Studies (CEPS)) to explored Euro-Mediterranean trade relations in the context of the new recent developments of the Barcelona Process. The study took into account all existing regional integration agreements in both the north-south (EU-MED) and south-south (MED-MED) relations, and studied the potential effects of deeper trade integration between the 27 member states of the European Union and the 16 partners across the Southern Mediterranean and the Middle East. Interim results of the project were
presented at a conference in Marrakesh in July 2009 and final results were published as CASE Network Report No. 89. The project was commissioned by DG Trade of the European Commission.

CASE also explored the trade within the EU in 2009 by completing the one year study on the Quality competition on EU-15 markets in 1995-2006: general assessment and the position of CEE exporters (31). The study was supported by the Global Development Network through the Center for Economic Research and Graduate Education Economics Institute.

Looking east to Russia, CASE also analysed trade potential with this important eastern neighbour of the EU. Already having analysed the potential benefits of the hypothetical agreement in 2006-2007, this year CASE completed the project on the Economic, Social and Environmental Implications of a Free Trade Area Agreement between the European Union and the Russian Federation for DG Trade (9). The interim and final results of the project were presented at the working meeting in DG Trade in Brussels, in May and July 2009 respectively. This project was completed in collaboration with another member in the CASE network, the Moscow-based Institute for the Economy in Transition.

CASE also continues to address trade issues on a global scale. By joining a CARIS (University of Sussex) led consortium, CASE will evaluate EU’s Generalized System of Preference (24), EU’s central strategy to trade relations with developing countries. Through its Generalized System of Preferences (GSP) the EU seeks to promote sustainable development, where trade is seen as one of the essential elements in facilitating development both with regard to economic and social objectives. Given the central role of the GSP in EU’s strategy towards developing countries, it is exceedingly important to be able to use the most appropriate evidence to evaluate the effectiveness of the scheme. CASE has embarked on the study to assess the relative strengths and weaknesses of the approach, and to consider the implications of the preceding for the future formulation of strategy and policy in this regard. CASE is responsible for aggregating results as well as completing several case studies which span the globe.

(2) Public Finances, Reform

A particular link between the quality of public finances and economic growth has made the quality of public finances a key interest of the European Commission. In this context, in 2009 CASE both began and completed a DG ECFIN commissioned project, the Study on the Quality of Public Finances to Support Growth in the EU’s Mediterranean Partner Countries (31). CASE researchers investigated the challenges in this field as it applies to the EU’s partners in the Mediterranean region and analyzed the aspects of the quality of public finances that pose the biggest constraints on growth in the region.

Public finances were also central in a 2009 CASE study for UNICEF. In completing the project, Public Financial Management Reforms in the CEE/CIS Regions: Supporting UNICEF to Achieve Improvements in Outcomes for Children and Families (32), CASE experts mapped the trends in public financial
management reforms in 19 CEE/CIS and Balkan nations in order to arrive at a regional and sub-regional reports which will help UNICEF to upgrade its institutional capacity to conduct more effective and well targeted interventions in these areas.

In 2009, CASE continued to provide advisory and institutional capacity-building assistance in public finances in the CIS region. CASE experts completed the Support to Public Finance Management Capacity Building in Tajikistan (34) project, extended from 2008.

(3) Social Policy, Labour, Migration

Throughout 2009 CASE remained active in the realm of Social Policy, Labour and Migration both within the EU and externally.

CASE kicked off its social policy research this year at a February meeting in Brussels marking the start of the ANCIEN (3) project. CASE joined a consortium led by CEPS, to carry out the three year FP7 project which examines all possible facets of the long-term care (LTC) provisions in the EU member’s states. Over the span of the project CASE experts will remain involved in three work packages covering the structure of LTC systems, the availability and choice of care, and the quality of LTC. Following consortium meetings in Barcelona and Vienna in 2009, CASE will present results compiled thus far in these fields in a workshop in Rome in March 2010.

At the end of 2009, CASE implemented the final stages of the ESCIRRU project. The project, Economic and Social Consequences of Industrial Restructuring in Russia and Ukraine (13), was carried out under the 6th Framework Programme of the European Commission. Its main focus was to examine the underlying economic processes and determinants driving the restructuring of industries in Russia and Ukraine, specifically focusing on regions where military production was converted to civilian production. CASE completed the ESCIRRU project as part of a consortium led by the German Institute for Economic Research (DIW), with six others partners, including The Central European University Budapest Foundation and the Kyiv School of Economics at the National University of “Kyiv Mohyla Academy”, among others. The research output has been presented at the final conference of the ESCIRRU project in Moscow, 29-30 October 2009.

Social Reform in Ukraine was explored through another angle by a project under the Polish Aid 2009 grant which CASE completed in cooperation with its daughter organization, CASE-Ukraine. The project worked to develop an effective mechanism for estimating the income of the Ukrainian society in order to support the authorities of Ukraine in improving the efficiency of the social welfare system. The official completion of activity under the Social reform in the country with high role of unobservable incomes: improving social assistance mechanisms in Ukraine (33) was marked by its final conference in Ukraine on November 27, 2009, titled “Farmstead income assessment for the purpose of social assistance policy”.

CASE has been working with its daughter organization CASE-Ukraine on another study which works to modernize the social assistance system in Ukraine (4). Experts from CASE and CASE Ukraine are designing, implementing and
evaluating a series of 9 pilot projects at a regional level to determine the type of social assistance programs which are most effective in reaching and supporting most vulnerable groups. The project is being carried out at the request of the Ukrainian Ministry of Labour and Social Protection and supported by the World Bank. Its final results are expected in April of 2010.

In another social policy project completed in 2009, CASE contributed to the evaluation of the Non-Governmental Organisations Fund set within the EEA and Norwegian Financial Mechanisms and operated by ECORYS Poland (26). The NGO Fund provides support of EUR 13 million to around 130 projects in the thematic area of equal opportunities and social integration. The study was completed along with Scanteam, a Norwegian consultancy, under the Monitoring Agent for the Financial Mechanism Office framework contract. CASE has participated in the framework contract since 2006.

(4) Macroeconomic Policy and Forecasting

Assessing macroeconomic policy and forecasting macroeconomic trends continued to be a forte of CASE through 2009.

CASE experts continued work in the area of complete ex-post evaluation of macro financial assistance operations by conducting studies on Moldova (16) and Georgia (15) in 2009. The studies were completed with ECORYS, a leading Dutch consultancy, under a framework contract for DG Economic and Financial Affairs. CASE completed earlier ex-post evaluation studies within the framework program, in the following countries: Albania, Serbia and Montenegro, Macedonia, Romania, Bosnia and Herzegovina, and Tajikistan.

In 2009 CASE experts conducted the Global Food Price Shock and the Poor in Egypt and Ukraine: a Comparison of Policy Regimes and Reform Options (20), a two year project in which CASE engaged local partners, CASE-Ukraine and ECES-Egyptian Center for Economic Studies. Sharing common characteristics such as large territories and populations and similar income levels; while differing in some key dimensions, for example, agricultural trade balance and subsidy schemes; the two nations proved to be ideal
candidates upon which CASE experts built a Computable General Equilibrium (CGE) model. The model developed by CASE contributes to the broader debate on ongoing food subsidy system reforms. The interim results of this project were presented at the Annual FEMISE Conference in Brussels in November 2009.

As the financial crisis reshaped the economic status of nations throughout the world, leaving many in a state of financial turmoil, CASE contributed to evaluation of the macroeconomic prospects and political challenges of the EU’s ten new member states in the process of euro zone accession. A project on the economic and political challenge faced by the ten new member states from Central and Eastern Europe of acceding to the Euro post financial crisis (8) was completed for the Open Society Institute in Sophia in the second half of 2009. The results of the study were discussed at two subsequent conferences in Sofia, Bulgaria in October and December 2009.

Throughout 2009, CASE provided advisory services in macroeconomic management at the government level to the Ministry of Economic Development (MoED) of Azerbaijan (1). Funded by a unique consortium on private donors, including Azerbaijan International Operating Company, BP Exploration (Shah Deniz) Co., BTC Co., SCPC Co. British Petroleum, Statoil, SOCAR, TPAO, Total LUKoil, NICO, Chevron, ExxonMobil, ITOCHU, Devon, Amerda Hess, ENI, CononPhillips and INPEX, the two year project will continue through 2010.

Due to its track record of excellence in macroeconomic modelling and analytical work, CASE continues to be regarded as a reliable source for macroeconomic forecasting. In 2009 CASE continued to be an active contributor to the Eurasia Group Emerging Market Stability Index (10), a project in which CASE has participated since 2001. Additionally, CASE continued to provide economic prognosis by publishing its quarterly Polish Economic Outlook (28) reports. Since the project was undertaken by CASE in 1999 the reports continue to be ranked among the best independent forecasts in Poland.

An expanding field of CASE projects is capacity building. In several of 2009 projects CASE has been able to share its know-how as a successful policy research and advising institution and knowledge in the development arena with other promising organizations.

2009 marked the second year of implementation of the Fostering Global Responsibility (18) project which CASE is carrying out in participation with the Overseas Development Institute (ODI) based in London, as well as several other partners in the CEE. The project works to build a development policy knowledge network to enhance NGO public outreach initiatives in EU new member states. Through a series of eight substantive round tables, the program seeks to integrate and strengthen the development objectives and strategies of NGOs in the region. In 2009 the project held the 2nd, 3rd, 4th and 5th Raising Awareness Roundtables of the project.
in Prague, Budapest, Bratislava and Warsaw. The sixth and seventh Round Tables in Prague in February 2010, and Budapest in March 2010, signifies the entry of the project into its final year.

Confronted with the problem that think tanks in the Balkan region only sporadically play a role in public policy making, on December 11-12, 2009 CASE provided a training seminar in Skopje to representatives from seven Western Balkan countries (Albania, Croatia, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia) to support institutional and individual capacity building (35). Senior CASE experts were contracted by the European Fund for the Balkans to carry out the training.

**Microeconomics and Innovation**

Involvement in the fields of microeconomics and innovation marked a large portion of CASE project activity in 2009. CASE addressed innovation, and research and development by engaging in a number of intriguing projects in this field.

In 2009, MICRODYN - Competitiveness in the Knowledge-Based Economy (23), entered its third year of operation. Supported by the 6th Framework Programme of the European Commission, the project deals with the competitiveness of firms, regions and industries in the knowledge-based economy, and with the possibilities for job-rich growth in Europe. In its 4 years of operation it attempts to tackle the issue of growth, employment and competitiveness in the knowledge-based European economy by exploring three interdependent levels of analysis: the enterprise level, the regional level and the industry level. CASE works within a consortium led by the WIIW - Vienna Institute for International Economic. The project has held three workshops throughout 2009, in Milan in February, Vienna in April, and Madrid in September.

With the MICRODYN project well underway, in early 2009 CASE attended the kick-off meeting of a new project focusing on innovation and the knowledge based economy. CASE began to implement a 3 year project which studies the interactions between knowledge, innovation, economic growth and social well-being in Europe. The project focuses on knowledge-intensive entrepreneurship as a necessary mechanism and as an agent of change mediating between the creation of knowledge and its transformation into economic activity. AEGIS - Advancing Knowledge-Intensive Entrepreneurship and Innovation for Economic Growth and Social Well-being in Europe (2) is supported by EC DG Research under the Seventh Framework Programme in a large consortium scientifically led by the Luigi Bocconi University in Milan.

CASE conducted further research on the topic of innovation policy, by participating in two projects through the ERAWATCH Network. The Monitoring Progress towards the European Research Area (27), project which provides insight into the status of internationalisation of research policies in Europe and sets up a monitoring system to assess the evolutions of
national R&D policies and strategies towards its establishment. The establishment of a European Research Area (ERA) remains a central pillar of the EU’s Lisbon Strategy for growth and job creation. The finalized ERA Monitoring System provides complete information on: the degree of openness of national R&D policies; specific programmes and instruments used to promote the intra-European dimension of research activities; and bottom-up initiatives from research actors that contribute to the internationalisation of the European research landscape. In early 2009 CASE participated in another EC project completed under the ERAWATCH network. The project assessed the status of research policies in Austria, Finland, Germany, Italy, the Netherlands, Poland and the United Kingdom (12). CASE involvement in the project also assessed to which degree regional policies contribute to the realization of the European Research Area.

Maintaining its international research agenda, in 2009 CASE also independently completed a series of microeconomic and innovation studies within Poland. In Determinants of Firm Innovation (7) CASE explored the firm innovation levels in Poland by comparing them with level of education of workers and calculating how they limit overall growth. CASE also identified foreign direct investment in R&D activity in Poland and provided a capacity and impact assessment of these activities under the Foreign Research and Development Centres project of the Polish Agency for Enterprise Development (PARP) (17).

Micro enterprises in Poland in the broader context of the European Union were the subject of a 2009 study on the Condition of the Small and Medium-Sized Enterprise Sector in Poland in 2007-2008 (6). This project was also completed for the Polish Agency for Enterprise Development.

Displaying the range of projects in which the organization has the capacity to be involved, in 2009 CASE also began to conduct a four month privately funded study for the Athenasoft Company, which created a methodology for measuring mean prices of inputs within one industry, the construction industry (22).

Glancing ahead into 2010, CASE will remain active in the field of innovation as it joins a Birmingham University consortium to carry out the two year SERVICEGAP project to produce a comprehensive study on the impact of market services on aggregate economic growth in the EU and its comparative performance relative to competitor regions, especially the US. The kick-off meeting in Birmingham, April 21-22 will launch the initiative.
### Ongoing Projects in 2009

<table>
<thead>
<tr>
<th>Title of Project</th>
<th>Financing Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. ANCIEN - Assessing Needs of Care in European Nations</td>
<td>European Commission: 7th Framework Programme</td>
</tr>
<tr>
<td>4. Consulting Services on Approaches for the Modernization of the Social Assistance System in Ukraine</td>
<td>World Bank (contracted by the Ministry of Labour and Social Protection, Ukraine)</td>
</tr>
<tr>
<td>5. Contribution of policies at the regional level towards the realization of the European Research Area</td>
<td>European Commission: DG Joint Research Centre, Institute for Prospective Technological Studies, ERAWATCH network</td>
</tr>
<tr>
<td>7. Determinants of firm innovation development and human capital</td>
<td>Polish Agency for Enterprise Development (PARP)</td>
</tr>
<tr>
<td>8. Economic and Political Challenge Faced By The Ten New Member States from Central and Eastern Europe of Acceding to the Euro in a &quot;post-Lehman Brothers' World”</td>
<td>Open Society Institute - OSI Sofia</td>
</tr>
</tbody>
</table>

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.
<table>
<thead>
<tr>
<th>Areas</th>
<th>Description</th>
<th>Funding Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.</td>
<td>Emerging Markets Stability Index</td>
<td>Eurasia Group</td>
</tr>
<tr>
<td>13.</td>
<td>ESCIRRU - Economic and Social Consequences of Industrial Restructuring in Russia and Ukraine</td>
<td>European Commission: DG Research and Development: (6th Framework Programme)</td>
</tr>
<tr>
<td>14.</td>
<td>EUROMED - Trade and Economic Integration in the Euro-Mediterranean Region</td>
<td>European Commission:, DG Trade</td>
</tr>
<tr>
<td>17.</td>
<td>Foreign Research and Development Centres Located in Poland: Impact and Capacity Assessment</td>
<td>Polish Ministry of Science and Higher Education</td>
</tr>
<tr>
<td>18.</td>
<td>Fostering Global Responsibility: Building a Development Policy Knowledge Network to Enhance NGO Public Outreach Initiatives in EU New Member States</td>
<td>European Commission: EuropeAid</td>
</tr>
<tr>
<td>19.</td>
<td>Gender pay gap in unregistered employment in Poland</td>
<td>Global Development Network (CERGE grant)</td>
</tr>
<tr>
<td>22.</td>
<td>Methodology for measuring price in the construction sector</td>
<td>Athenasoft</td>
</tr>
<tr>
<td>No.</td>
<td>Project Title</td>
<td>Funding/Lead Body</td>
</tr>
<tr>
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</tr>
<tr>
<td>23.</td>
<td>MICRODYN - Competitiveness in the Knowledge-Based Economy</td>
<td>European Commission: DG Research (6th Framework Programme)</td>
</tr>
<tr>
<td>25.</td>
<td>Mobility and migration in the age of transformation - methodological challenges (Migration Methodology)</td>
<td>Norwegian-EEA Financial Mechanisms</td>
</tr>
<tr>
<td>27.</td>
<td>Monitoring progress towards the European Research Area</td>
<td>European Commission: DG Joint Research Centre, Institute for Prospective Technological Studies, ERAWATCH network</td>
</tr>
<tr>
<td>28.</td>
<td>PEO - Polish Economic Outlook - Trends Analyses, Forecasts (PEO)</td>
<td>Bank PKO SA</td>
</tr>
<tr>
<td>29.</td>
<td>PISA - Comparative Analysis of the results of the Programme for International Student Assessment based on semi-parametric matching methods and hierarchical linear models</td>
<td>Polish Ministry of Science and Higher Education</td>
</tr>
<tr>
<td>32.</td>
<td>Quality of Public Finances to Support Growth in the EU's Mediterranean Partner Countries</td>
<td>European Commission, DG Economic and Financial Affairs</td>
</tr>
<tr>
<td>33.</td>
<td>Social reform in the country with high role of unobservable incomes: improving social assistance mechanisms in Ukraine</td>
<td>Polish Ministry of Foreign Affairs: (Polish Aid 2009)</td>
</tr>
<tr>
<td>34.</td>
<td>Support to Public Finance Management Capacity Building in Tajikistan</td>
<td>European Commission: EuropeAid</td>
</tr>
<tr>
<td></td>
<td>Think and Link institutional and individual capacity building</td>
<td>European Fund for the Balkans</td>
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<td>--------------------------------</td>
</tr>
<tr>
<td>35.</td>
<td>Transferring the Experiences of Visegrad Cooperation to the Western Balkans and the GUAM Countries</td>
<td>Norwegian-EEA Financial Mechanisms</td>
</tr>
</tbody>
</table>
CASE hosts a series of events which promote awareness and understanding of the implications of global economic policy by disseminating research results and project achievements, as well as fostering debate on key socio-economic issues.

CASE experts have presented their research results internationally at a number of events throughout 2009, including: the Annual Meeting of the Association for Comparative Economic Studies in San Francisco in January, the Tenth Annual GDN Conference on “Natural Resources and Development” in Kuwait in February, a conference on "IMF Governance, Interactions with Member Countries & IMF Trade Policy Issues” organized by the IMF Independent Evaluation Office and InWEnt in Berlin in February, the 8th Conference Leontief Readings: Economics and Law in Saint-Petersburg in February, the International Atlantic Economic Conference in Rome in March, the 10th Annual International Conference of the High School of Economics in Moscow in April, the EUROFRAME 2009 Conference in London in June, the European Economics and Finance Society 2009 Conference in Warsaw in June, the 4th International Symposium On Economic Theory, the Policy and Applications in Athens in August, the Conference on “Civil Society in the Republic of Kazakhstan” in Almaty in November, the Annual FEMISE Conference in Brussels in November, the International Conference on Europe and North Cyprus Relations in Famagusta in November, the Working Group Meeting of the OECD Eurasia Competitiveness Program in Warsaw in November, the Conference on Networked Regionalism versus Institutional Regionalism: Managing Complexities in Regional Cooperation and Global Governance in Singapore in December, and many others.

There have also been international conferences, workshops and seminars organized within projects where CASE experts presented their research findings. These events include the following: MICRODYN (events - Milan, Vienna and Madrid), ESCIRRU (event - Moscow), FP7 ANCIEN (events - Barcelona and Vienna) and Public Financial Management Reforms in the CEE/CIS Regions (regional seminars in Issyk-Kul, Kyrgyzstan, and Istanbul, Turkey).

Apart from participation in external conferences, CASE has organized and co-organized a number of events throughout 2009 to advocate research results and promote capacity building. CASE has continued to organize events under the Fostering Global Responsibility Project by implementing four Raising Awareness Round Tables in Prague, Budapest, Bratislava and Warsaw. In conclusion to the ENEPO: Eastern Neighbourhood Economic Potential and Future Development project, CASE organized the final conference at the CEPS premises in Brussels where project participants presented the key project results. The March event stimulated debate on the European Neighbourhood Policy with other recognized academicians, specialist, policy makers and diplomats from EU institutions and diplomatic missions. The conference hosted more than 70 participants and demonstrated the significance of these findings in contributing to public debate and policy formulation.
Apart from advocating findings, another series of CASE events seeks to foster international socio-economic debate. The “Return of History: From Consensus to Crisis” CASE 2009 International Conference was held in November. Similar to previous international conferences organized in Warsaw in 1999, 2002 and 2005 and in Kyiv in 2007, the event serves to demonstrate the ability of CASE to contribute to dialogue on key international questions. By organizing the international conference every two years CASE is able to utilize its track record of expertise, and its high level network of experts and friends of CASE, in order to address the changing global socio-economic climate. The 2009 international conference was no exception in accomplishing this goal.

In two other CASE Seminar series, CASE addresses current economic questions more frequently. Through the CASE Policy Research Seminars, CASE has welcomed international experts in Warsaw to discuss their outlook on global issues. In 2009, Policy Research Seminar debated issues such as the outcomes of the post-crisis stimulus response to the changing structure of post-crisis international governance.

Under BRE-CASE Seminar series, in 2009 CASE organized the 100th edition of this longest standing CASE event. The 100th BRE-CASE Seminar hosted Charles Goodhart, Professor of Banking and Finance, and Monetary Economics at LSE, and former member of the Monetary Policy Committee, Bank of England, to discuss the Financial Crisis and the Future of the Financial System. A number of other seminars within the series have continued to stimulate intriguing economic discussion throughout 2009.

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

*Fostering Global Responsibility: Building a Development Policy Knowledge Network to Enhance NGO Public Outreach Initiatives in EU New Member States*

In 2009, in cooperation with the Overseas Development Institute (ODI), CASE implemented 4 Round Tables within the second year of operation of the Fostering Global Responsibility Project. The Round Tables took place in the Visegrad capitals, engaging international development experts and representatives of international organizations as speakers, and representatives of local development NGOs (NGDOs) as participants. Divided into more specific thematic areas, each Round Table promoted a greater goal of encouraging the understanding of the development challenges, facilitating greater public support in New Member States for poverty reduction efforts, and contributing to more strategic and evidence-informed policy dialogue and engagement for international development issues.


The Prague Round Table took place at the beginning of the Czech Presidency of the European Union, which was the first Visegrad country to preside over the EU. Following earlier EU wide developments such as the evaluation of aid effectiveness and financing for development, the second Round Table
engaged FoRS - Czech Forum for Development Co-operation and the British Overseas NGOs for Development (BOND UK), as well as NGDO participants from Visegrad countries to discuss a coordinated V4 EU Election Manifesto, an appeal of the Visegrad countries to the candidates of the 2009 European Parliament Elections for improving the European strategy for international development. The appeal is based on one proposed by CONCORD (the European confederation of non-governmental organizations working in international development, emergency relief and development education).

**Budapest, Round Table III, Topic: Financial Crisis and its impact on development cooperation, 23-24 April 2009**

The third Round Table completed under the Fostering Global Responsibility Project engaged 25 NGDO participants in a discussion about the global economic crisis, its impact on the developing world and implications for development cooperation policy and implementation in Visegrad countries. The conference, led by CASE, HAND - Hungarian Association of NGOs for Development and Humanitarian Aid - and CASE Moldova in cooperation with ODI identified opportunities and challenges for the engagement of NGOs in new member states in the field of financial crisis and its impact on development cooperation, and strengthened the capacities of NGDOs in the field of policy brief writing, planning and monitoring.

**Bratislava, Raising Awareness Round Table IV, Topics: Climate change and its impact on development countries, 25-26 June 2009**

The Round Table in Bratislava was organized by a consortium of CASE and MVRO - Slovak Nongovernmental Development Organizations Platform - to equip participants with knowledge on climate change, possible impacts on developing countries and on negotiations towards Copenhagen agreement. Participants discussed the opportunities and challenges for the engagement of Visegrad NGDOs in the issue. The conference also included a training component in which participants drafted a media toolkit and outlined new methods of media engagement relevant for development practitioners. Speakers from ODI, UNDP, and the Centre for Transport and Energy trained 24 participants representing project partners as well as Slovak NGDOs and media.

**Warsaw, Round Table V, Topics: Policy Coherence for Development (PCD) in Visegrad Countries, 29-30 October 2009**

The fifth Round Table in Warsaw focused on Policy Coherence for Development (PCD) by integrating viewpoints from the European level and the local levels. Trainers from the European Centre for Development and Policy Making (ECDPM), the Sustainable Society Initiative, CONCORD (the European confederation of relief and development NGOs) and BBO Netherlands, a Dutch NGO providing advocacy support, strengthened the knowledge and skills of 26 NGDOs representatives in the field of advocacy and lobbying, evaluation of the project progress and advised on project decision-making. The audience was comprised of project partners, Polish NGDOs and Polish governmental representatives.


A conference to share final results and conclude the ENEP0 project was held in Brussels in March of 2009. The conference focused on the future economic challenges to be faced by the CIS and on the policies that can foster their economic and institutional development and their closer integration with the EU. Conference results showed that the potential benefits of cooperation outweigh its costs. About 70 academics, policy makers,
representatives of the civil society and the media attended the event.

The final stage of implementation of FP6 ENEPO project also involved 5 seminars in Tbilisi, Kyiv, Chisinau, Moscow and Bishkek aimed at disseminating the results of this project locally.

**Skopje: Think and Link - capacity building seminar, 11-12 December 2009**

On December 11-12th, 2009 CASE provided the Think and Link - capacity building seminar in Skopje, Macedonia for a group of think tanks representatives originating from seven Western Balkan countries (Albania, Croatia, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia). During 4 workshop style training blocks held over 2 days, the training concentrated on practical issues facing rising think tanks in the region.

**Kyiv: Farmstead income assessment for the purpose of social assistance policy, 27 November 2009.**

On November 27, 2009 CASE held a “Farmstead income assessment for the purpose of social assistance policy” seminar in Kyiv, Ukraine. The conference marked the completion of the 2009 Polish Aid funded project titled, Social reform in the country with high role of unobservable incomes: improving social assistance mechanisms in Ukraine, which was implemented by CASE and CASE – Ukraine. CASE and CASE Ukraine experts presented their diagnosis of the current system of homesteads’ income estimation for the purpose of social assistance, reviewed relevant international experience from the point of view of possible implementation in Ukraine, and provided recommendations for Ukraine.

**CASE Public Events**

**2009 CASE International Conference, “The Return of History: from Consensus to Crisis” Falentyna Centre, Warsaw, November 20-21, 2009.**

In line with tradition, in 2009 CASE organized its Biennial International Conference. The two day event addressed the most crucial economic questions of 2009, namely those that have to do with the way the world has been reshaped due to the financial crisis.

The Return of History: From Consensus to Crisis CASE 6th Biennial International Conference took place on 20-21st of November 2009 at the Falenty Conference Centre near Warsaw. The conference hosted two days of high level debate which brought together more than 50 experts from all over the world to discuss the global financial and macroeconomic crisis. Among other participants were members of international press, academics, policymakers, and members of the business community.

CASE welcomed David Robinson, Deputy Director of the Western Hemisphere Department at the IMF and Jacek Rostowski, Finance Minister of Poland as the key note speakers at the conference. Robinson discussed the role of global imbalances played in the crisis and how they will continue to impact
recovery while Rostowski commended the world’s response to the global financial crisis for avoiding a major shift back to protectionist policies.

The role of counter fiscal monetary policy, lessons for monetary policy and financial regulations, energy security of Europe, and the financial crisis in transition and developing economies, were the four themes covered by the conference sessions. Each session was led by the session chairmen and included speakers and several commentators to draw connections between the varied perspectives of the panel members. Panellists presented research and publications in the respective topics. Expert presentations addressed topics such as the role of China and its policy responses during the crisis, development obstacles in the CIS, and Liquefied Natural Gas (LNG) usage and projections for increasing energy security. Each session enjoyed a lively round of questions from the audience.

The conference was supported by a number of generous sponsors including: UNDP, U.S. Embassy in Warsaw, Credit Information Bureau (BIK), Citibank Handlowy Poland and Polkomtel S.A.

**CASE Policy Research Seminars**

CASE Policy Research Seminars are events hosted at CASE which seek to engage participants in a high level debate on key economic issues by featuring prominent economist and experts. The series was initiated in October of 2007 and has since engaged and encouraged public debate. Participation in the event is also available via online conference.

**Nr. 1:** Fiscal Stimulus: Is It A Good Answer to the Danger of Global Recession?, Leszek Balcerowicz and Andrzej Rzonca, 13 January 2009

**No. 2:** Global Financial Crisis: Understanding the Fundamentals, Marek Dabrowski, 1 July 2009

**No. 3:** Financial and Political Crisis in Ukraine, Anders Aslund, 6 June 2009

**No. 4:** The Impact of the Global Financial Crisis on Central and Eastern Europe, Thomas Laursen, 1 July 2009

**No. 5:** Global Macroeconomic and Financial Governance in a Post-Crisis World, Mark Allen, 12 October 2009

**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 18-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. The BRE-CASE seminar series was kicked-off in 2009 by the 100th event in the series and continued to stimulate public debate through five following sessions.
<table>
<thead>
<tr>
<th>Nr. 100</th>
<th>The financial crisis and the future of the financial system</th>
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<tbody>
<tr>
<td>Nr. 101</td>
<td>Anti-crisis initiatives of central banks</td>
</tr>
<tr>
<td>Nr. 102</td>
<td>How to enter the Euro zone successfully</td>
</tr>
<tr>
<td>Nr. 103</td>
<td>The integration of Polish financial markets five years after its entry into the European Union</td>
</tr>
<tr>
<td>Nr. 104</td>
<td>New challenges in bank management in the time of crisis</td>
</tr>
<tr>
<td>Nr. 105</td>
<td>The credit crunch in Poland?</td>
</tr>
</tbody>
</table>
**Public Relations**

CASE carries out an active communications strategy designed to stimulate socio-economic dialogue, and inform the public about CASE initiatives and the results of the projects it implements. CASE communications strategy utilizes the website, media relationships, e-mail notifications and CASE publications to connect to our target audience of academics, policy makers and members of the international business community.

The CASE website (www.case-research.eu) is the main mode of communicating information about the CASE mission, upcoming events and activities, recently completed projects and the latest publications. The website is run in both English and Polish and is updated regularly. CASE website traffic continues to increase internationally, in 2009 compared with 2006, visitations from countries with international policymaking capitals such as the United Kingdom and Belgium increased drastically. The website has been and will remain a key medium for the communication of CASE activity and outputs; for this reason modernizing the website has been outlined as a priority within the 2010 communications strategy. Planning for the transition is already under way. The new website design will aim to improve website searchability and navigation in order to facilitate user interaction.

CASE keeps select audiences current with institutional happenings by disseminating the bi-monthly newsletter. The newsletter is sent to more than 12,000 recipients globally; and gives the latest information on new publications, forthcoming and recent events, as well as information about research and advisory project activities.

CASE network E-briefs, short and easier to read than our full length reports, hope to attract the attention of broader audiences, for example busy policy makers and the media. CASE has also begun to distribute E-briefs through email notifications in 2009; the effort may be considered a great success as the number of subscribers continues to climb each month. Among other disseminated publications are the Polish Economic Outlook reports which are a refreshing glance of quarterly economic projects often utilized by media. As previously discussed, within the 2009 communications strategy, CASE has expanded its publication dissemination efforts through academic search membership with the Social Science Research Network (SSRN) and the Research Papers in Economics (RePEc). Throughout 2010 CASE will enhance dissemination efforts yet again by becoming a member or Europe’s World, an independent Europe-wide policy journal, for which planning has already begun.

CASE events in 2009 served as outreach by welcoming the public participants and drawing the interest of the media. In organizing the “Return of History: From Consensus to Crisis” International Conference, CASE formed partnerships with both international and local media which helped to publicize the event. CASE Policy Research Seminar speakers often also attract members of the press and conduct interviews post presentation. Additionally, media outlets often seek CASE expertise outside these events. CASE affiliated expert articles have been published in 2009 in the LSE/UNDP Development and Transition Newsletter, the World Finance Review, EurActiv, and the Financial Times.
CASE helps to disseminate knowledge by transforming its project research findings and other activity outcomes into publications. CASE produces several publication series. In 2009, a total of 51 CASE publications were released. Additionally, CASE experts remain the editors and co-authors of various books published by international publishing houses as well as articles in international journals, some of their publications are considered then CASE external publications.

**CASE Network Reports**

The reports popularize the results of select CASE and CASE Network research projects. In 2009, eight CASE reports were produced in electronic format and published in English.

**Nr. 83:** Sabit Bagirov, Leonid Grigoriev, Wojciech Paczynski, Vladimer Papava, Marcel Salikhov, Michael Tokmazishvili, “Energy Trade and Cooperation Between the EU and CIS Countries”

**Nr. 84:** Joseph Francois, Miriam Manchin, “Economic Impact of a Potential Free Trade Agreement (FTA) Between the European Union and the Commonwealth of the Independent States”

**Nr. 85:** Vladimir Dubrovskiy, Inna Golodniuk, Janusz Szyrmer, “Composite Leading Indicators for Ukraine: An Early Warning Model”

**Nr. 86:** Aziz Atamanov, Matthias Luecke, Toman Omar Mahmoud, Roman Mogilevsky, Kseniya Tereshchenko, Natalia A. Tourdyeva, Ainura Uzagalieva, “Income and Distribution Effects of Migration and Remittances: an Analysis Based on CGE Models for Selected CIS Countries”

**Nr. 87:** Jean Gordon, Gabor Halasz, Magdalena Krawczyk, Tom Leney, Alain Michel, David Pepper, Elzbieta Putkiewicz, Jerzy Wisniewski, “Key Competences in Europe: Opening Doors For Lifelong Learners Across the School Curriculum and Teacher Education”

**Nr. 88:** Maryla Maliszewska, Irina Orlova, Svitlana Taran, “Deep Integration with the EU and its Likely Impact on Selected ENP Countries and Russia”

**Nr. 89:** Rym Ayadi, Luc De Wulf, Moez El Elj, Michael Gasiorek, Ahmed Ghoneim, Javier Lopez Gonzalez, Selen Guerin, Peter Holmes, Hammad Kassal, Maryla Maliszewska, “Economic Integration in the Euro-Mediterranean Region”

**Nr. 90:** Marek Gora, Grzegorz Kula, Oleksandr Rohozynsky, Magdalena Rokicka, Anna Ruzik, “Social Security, Labour Market and Restructuring: Current Situation and Expected Outcomes of Reforms”
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 2009, 22 titles were produced.

Nr. 378: Arne Melchior, “European Integration and Domestic Regions: A Numerical Simulation Analysis”

Nr. 379: Arne Melchior, “East-West Integration and the Economic Geography of Europe”

Nr. 380: Balazs Egert, “Dutch Disease in Former Soviet Union: Witch-Hunting”

Nr. 381: Irina Sinitsina, “Experience in Implementing Social Benefits Monetization Reform in Russia. Literature Review.”


Nr. 388: Dimitrov Veliko, “Cost of Institutional Harmonization in the ENP Countries”

Nr. 389: Eugene Hristev, Georgeta Mincu, Maya Sandu, Mateusz Walewski, “The Effects of Migration and Remittances in Rural Moldova”

Nr. 390: Ewa Balcerowicz, Marek Peczkowski, Anna Wziatek-Kubiak, “The Innovation Patterns of Firms in Low and High Technology Manufacturing Sectors in the New Member States”


Nr. 392: Mateusz Walewski, “Innovation, Labour Demand and Wages in Poland. Some Introductory Results Using Micro-macro Data”

Nr. 393: Wojciech Grabowski, Krzysztof Szczygielski, “Are Unit Export Values Correct Measures of the Exports' Quality?”

Nr. 394: Ewa Balcerowicz, Marek Peczkowski, Anna Wziatek-Kubiak, “Differentiation of Innovation Behaviour of Manufacturing Firms in the New Member States. Cluster Analysis on Firm-Level Data”

Nr. 395: Anders Aslund, “The East European Financial Crisis”


Nr. 397: Marek Gora, Oleksandr Rohozynsky, “Restructuring and Social Safety Nets in Russia and Ukraine - Social Security Influence on Labour Mobility: Possible Opportunities and Challenges”
CASE - Center for Social and Economic Research

CASE - Annual Report 2009


Nr. 399: Dmytro Boyarchuk, Liudmyla Kotusenko, Katarzyna Pietka, Roman Semko, Irina Sinitsina, “Agriculture Income Assessment for the Purpose of Social Assistance: the Case of Ukraine”

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 and/or recent socio-economic events. In 2009, the series was edited by Ewa Blaszczynska and produced 12 publications.

Nr. 01/2009: Julius Horvath, “2008 Hungarian Financial Crisis”

Nr. 02/2009: Alina Kudina, “How to improve the investment climate in the CIS?”

Nr. 03/2009: Aziz Atamanov, Roman Mogilevsky, “Technical Assistance to CIS Countries”

Nr. 04/2009: Wojciech Paczynski, “CIS gas for Europe - the transit issue”

Nr. 05/2009: Arne Melchior, “Europe's recent transition: growth, convergence and regional disparities”

Nr. 06/2009: Anders Aslund, “Gazprom's New Weakness Offers Opportunity”


Nr. 08/2009: Alexander Chubrik, “Global Economic Crisis and Belarus: A Look Back”

Nr. 09/2009: Michaela Pospisilova, Ben Slay, “The Baltic Conundrum”

Nr. 10/2009: Simon Johnson, “Replacing the International Monetary Fund”

Nr. 11/2009: Charles Wyplosz, “No, the central banks didn't do it”

Nr. 12/2009: Marek Dabrowski, “From fiscal stimulus to fiscal crisis”

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

This is a quarterly report published since 1999 and financially supported by Bank PEKAO SA. Compiled by a team of three experts, the reports present economic indicators, analyses and forecasts for the Polish economy. Four PEO reports were produced in 2009. Since the beginning of 2007 PEO has been published in English and only in electronic format. The release of the quarterly reports is often accompanied by a press conference.

1/2009: Special Feature – Deflation Scare – Not in Poland

2/2009: Special Feature: L, U, V or W for The Shape of Recovery to Come

3/2009: Large Fiscal Deficits – Curse #1

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 mainly written in Polish. 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. Five publications were printed in 2009:

Nr. 100: Charles Goodhart, “Financial Crisis and the Future of the Financial System”

Nr. 101: Mateusz Morawiecki, Jerzy Pruski, “Działalność antykryzysowa banków centralnych” (Anti-crisis initiatives of central banks)

Nr. 102: Jakub Borowski, Dariusz Filar, “How to successfully enter the Eurozone” (How to enter the Euro zone successfully)

Nr. 103: Łukasz Koterwa, Andrzej Raczkoski, Jacek Socha, Jadwiga Zareba, “Financial Market Integration - 5 years of Polish membership” (The integration of Polish financial markets five years after its entry into the European Union)

Nr. 104: Maciej Meder, Michał Obloj, Dominik Ogonowski, Witold Skrok, “Nowe wyzwania w zarządzaniu bankami w czasie kryzysu” (New challenges in bank management in the time of crisis)

Nr. 105: Andrzej Bratkowski, Jarosław Myjak “Credit crunch w Polsce?” (The credit crunch in Poland?)

Selected Journals and External Publications:

CASE experts and CASE affiliated researchers also publish works externally. In 2009 several publications have been published in external locations.


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

Chairwoman
Ewa Balcerowicz

Vice Chairwomen
Barbara Blaszczyk
Stanisława Golinowska

Members
Rafal Antczak (until 31.12.2009)
Tadeusz Baczko
Marek Dabrowski
Leszek Balcerowicz
Władysław Brzeski
James Cabot
Krzysztof Chmielewski
Andrzej Cylwik
Anna Fornalcyk (until 05.01.2010)
Wojciech Goralczyk
Piotr Kozarzewski (until 13.05.2009)
Richard Woodward
Przemysław Wozniak
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.

*On December 16th, CASE Advisory Council Member Yegor Gaidar passed away*
Management Board

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

President
Marek Dabrowski

Vice President
Sebastien Leclef
In 2009 CASE introduced the Fellow position creating and codifying the role for selected CASE senior researchers willing to devote time, energy and reputation to building the CASE network of experts and promoting CASE activities. Throughout 2009, twenty-two researchers were nominated, and accepted the two-year Fellow position. They are listed below along with the areas of expertise.

<table>
<thead>
<tr>
<th>CASE Fellows</th>
<th>Expertise:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marta Castello-Branco</td>
<td>international macroeconomics, economics in transition</td>
</tr>
<tr>
<td>Alexander Chubrik</td>
<td>macroeconomics, private sector development</td>
</tr>
<tr>
<td>Luc De Wulf</td>
<td>sectoral policies/reform, trade, customs reform, macroeconomics, public finance</td>
</tr>
<tr>
<td>Ahmed Ghoneim</td>
<td>macro- and microeconomics, international trade, institutional economics, economics of the EU</td>
</tr>
<tr>
<td>Itzhak Goldberg</td>
<td>microeconomics, financial sector, socialist transition, privatization, investment climate, productivity, innovation</td>
</tr>
<tr>
<td>Iraj Hashi</td>
<td>microeconomics, governance reforms, industrial competitiveness, innovation and firm performance, SME policy</td>
</tr>
<tr>
<td>Elena Jarocinska</td>
<td>political economy, fiscal federalism, public economics, labour economics, institutions</td>
</tr>
<tr>
<td>Camilla Jensen</td>
<td>multinational firms and economic development and growth, mergers and acquisitions and industrial change, comparative economic systems and economic history, international trade, regional development, trade in services</td>
</tr>
<tr>
<td>Alina Kudina</td>
<td>macroeconomics, energy</td>
</tr>
<tr>
<td>Maryla Maliszewska</td>
<td>international trade</td>
</tr>
<tr>
<td>Roman Mogilevsky</td>
<td>macroeconomics, fiscal and social policy, foreign trade, agricultural economics</td>
</tr>
<tr>
<td>Marianne Schulze-Ghattas</td>
<td>macroeconomics, emerging market finance</td>
</tr>
<tr>
<td>Irina Sinitsina</td>
<td>comparative macroeconomic studies of transition economies, social policy and poverty reduction</td>
</tr>
<tr>
<td>Cyrus Sassanpour</td>
<td>macroeconomics, macroeconomic modeling, economics of oil producers, public finance</td>
</tr>
<tr>
<td>Roman Mogilevsky</td>
<td>economic forecasting, statistical and data analysis, economic policy</td>
</tr>
<tr>
<td>Name</td>
<td>Expertise</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Irina Tochitskaya</td>
<td>Expertise: economics and trade policy instruments, foreign direct investments, energy sector development, SME/Enterprise development, regional and economic development</td>
</tr>
<tr>
<td>Mateusz Walewski</td>
<td>Expertise: labour market, employment, social policy, economics of transition</td>
</tr>
<tr>
<td>Richard Woodward</td>
<td>Expertise: Industrial privatization, Knowledge-Based Economy, SME enterprise and local economic development</td>
</tr>
<tr>
<td>Przemyslaw Wozniak</td>
<td>Expertise: macroeconomics, inflation, monetary policy</td>
</tr>
<tr>
<td>Canan Yildirim</td>
<td>Expertise: banking in transition, corporate governance, insurance, market of EU and Turkey, International capital flow</td>
</tr>
</tbody>
</table>
Office (as of 31 December, 2009)

Managing Director
Mireille Hazenbosch

Secretariat
Anna Maciazek

Communications
Anna Madalinska

Research Programs
Elena Diaconu
Haik Zakrzewski

Development and Transition Assistance Program
Monika Kusmierczyk
Aart Jan Riekhoff

Publications
Anna Maciazek
Eva Blaszczynski
Gleb Shimanovich
Irina Makenbaeva
Paulina Szyrmer
Elizabeth Rivard

BRE-CASE Seminars Coordinator
Krystyna Olechowska

Finance
Agnieszka Jablonska
Agnieszka Kazmierczak
Armin Teske

IT Specialist
Michal Dabrowski

2009 Interns
Eva Jansky
Marta Kowalska
Luigi Della Sala
Katya Ivanova
Niccolo Durazzi
Agnieszka Labanowska
Kateryna Ruskykh
Participants of CASE Projects 2009

Branka Andjelkovic
Patricia Augier
Sabit Bagirov
Ewa Balcerowicz
Dmytro Boyarchuk
Marta Castello Branco
Alexander Chubrik
Leonor Coutinho
Marek Dabrowski
Luc De Wulf
Roman Dolata
David Dyker
Michael Emerson
Santiago Florez
Michael Gasiorek
Ahmed Ghoneim
Stanisława Golinowska
Marek Gora
Michal Gorzynski
Peter Griffin
Leonid Gregoriev
Gabor Halasz
Mireille Hazenbosch
Peter Holmes
Olga Izryadnova
Małgorzata Jakubiak
Maciej Jakubowski
Camilla Jensen
Kakhaber Keladze
Nodar Khaduri
Liudmyla Kotusenko
Magdalena Krawczyk
Maciej Krzak
Alina Kudina
Grzegorz Kula
Vaja Kvariani
Javier Lopez Gonzalez
Elżbieta Majchrzowicz
Maryla Maliszewska
Izabela Marcinkowska

Małgorzata Markiewicz-Bogov
Roman Mogilevsky
Dagmara Mycielska
Jarosław Neneman
Wojciech Paczynski
Archil Panchulidze
Wojciech Pander
Marek Peczkowski
Katarzyna Pietka
Daniela Popa
Artur Prokopek
Elżbieta Putkiewicz
Oleksandr Rohozynsky
Magdalena Rokicka
Anna Ruzik
Marcel Salikhov
Cyrus Sassanpour
Milan Scasny
Roman Semko
Elena Siegmann
Irina Sinitsina
Oxana Sinyavskaya
Joanna Siwinska
Agnieszka Sowa
Krzysztof Szczygelski
Janusz Szyrmer
Irina Tochitskaya
Irena Topinska
Cezary Trutkowski
Vilmos Vass
Petru Veverita
Yaroslav Volkov
Nadejda Volovik
Mateusz Walewski
Barbara Warzybok
Jerzy Wisniewski
Richard Woodward
Przemysław Wozniak
Anna Wziatek-Kubiak
Financing of CASE Activities

Revenues in 2009 totalled PLN 5,559,379.34 and consisted of revenue for statutory activity, operational and financial revenue, while costs totalled PLN 5,219,433.63 resulting in a financial surplus of PLN 339,945.67, out of which PLN 56,908.39 reflected surplus on current activities and PLN 283,037.28 – Endowment’s net interest and investment income (see below).

The bulk (92.9%) 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 = 2.8503 PLN; 1 EUR = 4.1082 PLN

CASE Profit and Loss Account 2009:

<table>
<thead>
<tr>
<th></th>
<th>PLN</th>
<th>EUR</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total Revenue for 2009:</td>
<td>5,559,379.34</td>
<td>1,353,239.70</td>
<td>1,950,454.11</td>
</tr>
<tr>
<td>2. Total Costs for 2009:</td>
<td>5,219,433.68</td>
<td>1,270,491.62</td>
<td>1,831,187.48</td>
</tr>
<tr>
<td>3. Financial surplus total</td>
<td>339,945.67</td>
<td>82,748.08</td>
<td>119,266.63</td>
</tr>
<tr>
<td>3.1. surplus on current activities</td>
<td>56,908.39</td>
<td>13,852.39</td>
<td>19,965.76</td>
</tr>
<tr>
<td>3.2. Endowment’s net interest and investment income</td>
<td>283,037.28</td>
<td>68,895.69</td>
<td>99,300.87</td>
</tr>
</tbody>
</table>

Breakdown of total revenue:

<table>
<thead>
<tr>
<th></th>
<th>PLN</th>
<th>EUR</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Revenue for statutory activity:</td>
<td>5,163,166.75</td>
<td>1,256,795.37</td>
<td>1,811,446.78</td>
</tr>
<tr>
<td>1.1. Project-based funding</td>
<td>5,003,166.75</td>
<td>1,217,848.87</td>
<td>1,755,312.33</td>
</tr>
<tr>
<td>1.2. Institutional Support</td>
<td>160,000.00</td>
<td>38,946.50</td>
<td>56,134.44</td>
</tr>
<tr>
<td>2. Operational revenue</td>
<td>89,656.99</td>
<td>21,823.91</td>
<td>31,455.28</td>
</tr>
<tr>
<td>3. Financial revenue</td>
<td>306,555.61</td>
<td>74,620.42</td>
<td>107,552.05</td>
</tr>
<tr>
<td>Total revenue</td>
<td>5,559,379.34</td>
<td>1,353,239.70</td>
<td>1,950,454.11</td>
</tr>
</tbody>
</table>

Sources of Financing

CASE 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 total revenue (90%) and amounted to PLN 5,003,166.75 in 2009.

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 totalled PLN 160,000.00 in 2009.
Project-based funding and institutional support together constituted revenue for statutory activities that totalled PLN 5,163,166.75 in 2009. These funds were obtained from the following sources (as a % of the total).

<table>
<thead>
<tr>
<th>Sources of Financing</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. European Commission</td>
<td>58.17%</td>
</tr>
<tr>
<td>2. International Organizations (UN agencies, World Bank, etc.)</td>
<td>10.97%</td>
</tr>
<tr>
<td>3. Public Sector Sources</td>
<td>5.79%</td>
</tr>
<tr>
<td>4. Private Sector Sources</td>
<td>24.32%</td>
</tr>
<tr>
<td>5. Non-governmental sector sources</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

European Commission funding provided the greatest portion of revenue as in the previous years. In contrast to 2008, private resources ranked second over public funds in 2009 constituting 24% of the funding received for statutory activities (see the figure below). While the share of private funds more than doubled from 2009, the share of funding from international organizations rose from less than one percent to representing close to 11% of revenue in 2009.

The importance of public funding decreased substantially in 2009, declining by 14 percentage points to represent just 5.79% of the revenue for statutory activity. Likewise, the contribution of NGO sources also experienced a decline.
Institutional support in 2009 came to a total of PLN 160,000. This was 2.9 % of total CASE revenue. Funding was received from PEKAO SA and Rabobank Poland SA. CASE Management Board decided to use these funds mainly to co-finance projects such as the Fostering Global Responsibility: Building a Development Policy Knowledge Network to Enhance NGO Public Outreach Initiatives in EU New Member States and the Polish Economic Outlook. The funds were also used to support publication activity, CASE Policy Research seminars and CASE participation in conferences.

<table>
<thead>
<tr>
<th>Institutional Support:</th>
<th>PLN</th>
<th>EUR</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PEKAO SA</td>
<td>100,000.00</td>
<td>24,341.56</td>
<td>35,084.03</td>
</tr>
<tr>
<td>2. Rabobank Poland SA</td>
<td>60,000.00</td>
<td>14,604.94</td>
<td>21,050.42</td>
</tr>
<tr>
<td>Total revenue</td>
<td>160,000.00</td>
<td>38,946.50</td>
<td>56,134.44</td>
</tr>
</tbody>
</table>
In 2009, 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 research and development assistance projects. The endowed funds will accumulate indefinitely and their proper use is ensured by the Endowment Regulations that set out clear rules for fundraising, investing and using endowed funds. They were additionally strengthened and clarified by the Decision No. 10/2009 of the CASE Management Board of December 22, 2009 which, among others, suspended using the interest and investment income for current CASE statutory activities until the value of Endowment’s assets will reach the threshold of EUR 2 million.

Earlier on, CASE Management Board decided (Decision No.5 of July 31, 2009) to transfer PLN 280,000 of accumulated profits of the previous periods to CASE Endowment, meeting in this way fulfilling all CASE’s financial obligations assumed under the endowment agreement signed with the Trust for Civil Society in Central and Eastern Europe in 2004 (with later amendments).

As of 1 January 2009, the CASE endowment came to a total of PLN 2,202,251.65. In the course of the year it recorded a net increase of PLN 563,037.28, and by the end of the year it reached the level of PLN 2,765,558.93 (EUR 673,180.20 or USD 970,269.42). The net income earned on the endowment’s investment activity in 2009 (interest income plus increase of valuation of the Investment Fund minus exchange rate differences) amounted to PLN 283,037.39, which overcompensated for the losses incurred in 2008 due to the financial crisis.

<table>
<thead>
<tr>
<th>Changes in the value of Endowment in 2009</th>
<th>PLN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stocks at the beginning of 2009</td>
<td>2,202,521.65</td>
</tr>
<tr>
<td>2. Increases due to:</td>
<td>576,233.64</td>
</tr>
<tr>
<td>2.1 own means of CASE</td>
<td>280,000.00</td>
</tr>
<tr>
<td>2.2 Interests</td>
<td>52,344.28</td>
</tr>
<tr>
<td>2.3 Valuation of Investment Fund</td>
<td>243,889.36</td>
</tr>
<tr>
<td>3. Decrease due to:</td>
<td>13,196.35</td>
</tr>
<tr>
<td>3.1 Foreign exchange differences (valuation)</td>
<td>13,196.35</td>
</tr>
<tr>
<td>7. Stock at the end of the year</td>
<td>2,765,558.93</td>
</tr>
</tbody>
</table>