

**Ministry of Foreign Affairs
of Denmark**

DANIDA

**Resource Mobilisation for Development
Anti-Corruption and Domestic Resource Mobilisation Programme
2023 – 2026**

Research and Capacity Building for Domestic Resource Mobilisation

**The University of Copenhagen Development Economics Research
Group (UCPH-DERG) in partnership with the Global Trade Analysis
Project (GTAP)**

**Project Document
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1. Introduction

The present project document outlines the background, objectives and management arrangements for the partnership between the University of Copenhagen Development Economics Research Group (UCPH-DERG) ('implementing partner'), the Global Trade Analysis Project (GTAP) ('the associated partner' and jointly 'the project partners') and the Ministry of Foreign Affairs of Denmark (MFA) to advance the objectives of Denmark's 'Resource Mobilisation for Development. Anti-Corruption and Domestic Resource Mobilisation Programme 2023-2026' ('the overall programme').

The project document is an annex to the legal agreement between UCPH as the implementing partner and the MFA as the donor and constitutes an integral part hereof.

The project partners have been selected for support under the overall programme with funding amounting to DKK 9.9 million (nine million nine hundred thousand) during the period 1 September 2025 to 30 June 2027 from the unallocated funds of the programme and in line with recommendations of the appraisal of the programme to include research activities in the programme portfolio.¹

2. Background and project description

The 2030 Agenda for Sustainable Development sets out an ambitious agenda for the world community. Several of the Sustainable Development Goals (SDGs) recognise specifically the challenge of raising domestic revenue to finance public spending in a sustainable manner and combat poverty and inequality. These challenges are particularly salient for developing countries. A key target of SDG 17 is therefore to increase domestic resource mobilisation (DRM), including international support to developing countries to improve their capacity to efficiently, effectively and equitably raise taxes and other domestic revenues.

SDG 16 focuses on the promotion of inclusive societies with effective and accountable institutions, promoting trust in public institutions, and leaving no-one behind. Accordingly, the SDGs and the DRM agendas are strongly linked and intertwined with countries' capacity to offer better public services to end poverty (SDG 1), reduce inequalities (SDG 10), and ensure sustainable economic growth (SDG 8), including the creation of sustainable jobs in the formal sector, as well as supporting sustainable tax collection. These SDGs also put particular importance on the wellbeing of women and girls, who often suffer most from social and political exclusion and lack of protection.

Additionally, the Pact for the Future, agreed by UN Member States at the 'Summit of the Future' in September 2024 sets out recommendations for reforming the International Financial Agenda where the role of DRM figures prominently. DRM is also a central element in the expected outcome document from the 4th Conference of Financing for Development in Sevilla, Spain, in June/July 2025.

Finally, and specific to the African context, the Conference of African Ministers of Finance, Planning and Economic Development held in Addis Ababa from 12-18 March 2025 was dedicated to advancing the implementation of the agreement establishing the African Continental Free Trade Area (AfCFTA). This inherently involves revenue collection. While the volume of revenue generated at the border, including value added taxes, varies across countries in Sub-Saharan Africa (SSA), it is an important source of revenue across the sub-continent. Furthermore, corruption at the border is disconcertingly commonplace resulting in

¹ See Annex 2 for the partner assessment and Annex 6 for relevant supplementary materials including the CVs of the lead researchers.

significant revenue losses and corroding faith in institutions. The Director of GTAP was invited by the United Nations Economic Commission for Africa (UNECA) to speak at this event and took the opportunity to discuss this potential project with leading figures in UNECA. It was agreed that this project fits well with priorities for UNECA and that UNECA will engage. As the conference illustrates, UNECA has well-established links with ministries of finance, planning, and economic development throughout the continent.

The overall programme document of the *Resource Mobilisation for Development. Anti-Corruption and Domestic Resource Mobilisation Programme 2023-2026* is strategically anchored in the then Danish strategy for development cooperation ‘*The World We Share*’ as well as in the Addis Tax Initiative Declaration 2025. It highlights that Denmark will fight corruption and tax fraud and recognises tax revenue as a key funding source for social services and as essential in enhancing the legitimacy and stability of states. The most recent Danish strategy for development cooperation, ‘*A Changing World, Partnerships in Development*’ (June 2025), emphasises the significance of strengthening DRM to enable countries to finance development. Specifically, the strategy includes as an objective the strengthening of fair and progressive taxation to reduce dependency on external financing, combat illicit financial flows and corruption, and strengthen the social contract. The programme serves as a key vehicle for the implementation of this objective.

Scope of project

The project partners will implement the present project of research, evidence generation, and capacity building, with a specific thematic focus on economic activity and taxation at country borders given the important role of border activity as both an actual and potential source of revenue in low-income countries. The geographical focus of the project will be on sub-Saharan Africa (SSA), in line with Danish priorities. In SSA, the country border is the point of collection for tariffs and for value added taxes (VAT) levied on imports. It is also the point of rebate for VAT on exported goods and services. Cross-border fiscal issues are critical to socio-economic development. As noted, the volume of net revenue generated at the border (including VAT) is significant across the sub-continent; and simultaneously corruption at the border is commonplace, with negative implications for revenue and for trust in institutions.

Governance of the project

The project partners, led by two prominent development economists², have extensive professional networks and top-level international research and policy experience in these areas of research, policy and practice; and the project activities are designed explicitly to complement in an effective manner the activities of other partners of the Danish anti-corruption and DRM programme. Thus, the present project aims to reinforce the overall programme by adding independent high-quality university-based efforts, evidence generation, and analysis in the nexus between research, policy and practice as well as relying on long-term trusted and proven collaboration and partnerships that go beyond the networks of other partners, furthering synergies with additional stakeholders in ongoing reforms and DRM efforts.

² [Professor Channing Arndt](#) is the Director of GTAP and [Professor Finn Tarp](#) the Coordinator of UCPH-DERG. During the past three decades they have collaborated extensively across numerous countries in the Global South and have held senior positions not only at their present institutions but also in IFPRI and at UNU-WIDER. They have jointly produced a significant body of high-quality and high impact research and policy literature in the areas in focus here, including for example a jointly edited Routledge volume entitled [Taxation in a Low-Income Country](#) funded by Danida and numerous journal articles and other book volumes. See Annex 6 for their CVs.

To help prioritize efforts and to assure strong linkages with partners on the sub-continent, this effort will form a small advisory panel. Three people have agreed to serve on the panel.

- Elizabeth Gavin is a Senior Economist in the Fiscal Affairs Department of the International Monetary Fund. She has long experience with revenue issues in Africa and plays a leading role in the collection of data on revenue on the continent and beyond.
- Stephen Karingi is the Director of the Macroeconomics, Finance and Governance Division in UNECA. He has been a major force in helping to establish African Continental Free Trade Area, and he is keenly aware of the importance of the border in revenue collection.
- Jane Nalunga is the Executive Director of the Southern and Eastern Africa Trade Negotiations Institute, which is a non-government organization seated in Uganda. She is an expert in trade, tax, and investment.

Composition of project

The activities, which the project partners are to pursue, will consist of two interacting components. In the **first** component, they will study current behaviour and issues with a focus on corruption at the border, social preferences, and dynamic effects of moving from informality to formality. While other programme partners also address these issues, the project partners of the present project will add research-based evidence to the knowledge generated by the programme overall. The **second** component aims at informing policy decisions on how to raise revenue as efficiently and equitably as possible and pave the way for transition to reduced reliance on the border for revenue in both the near and the long term.

Through three integrated sub-components the second component will strengthen simulation of alternative trade/tax policies, with a focus on revenue collection at the border:

- (i) improvement and expansion of the *public finance data* in GTAP with SSA as the focus facilitating future work of relevance to African governments,
- (ii) development and delivery of *training for modelling* using evidence-based general equilibrium techniques³ such that relevant individuals and institutions in SSA, including tax administrations, are better enabled to conduct informative analytics, and
- (iii) *research* to shed light on the issues associated with revenue mobilisation in the context of the implementation of the AfCFTA.

The geographical focus of the studies in component 1 will be on Ethiopia, Kenya, Tanzania and Uganda. The selected countries provide good opportunities for generating and applying knowledge within the relatively short time span of the project by building on previous studies and working through established local partnerships. Thus, the countries have been focal points for successful research by UCPH-DERG, and they further have experience with GTAP. Component 1 aims to study behaviour in a longer-term perspective using modern analytical tools and methods benefitting from UCPH-DERG staffs' long-term ongoing research collaborations aligned with partner country priorities and strategies, on the one hand, and research- and

³ Computable general equilibrium (CGE) models are a class of economic models that use actual economic data to estimate how an economy might react to changes in policy, technology or other external factors.

policy-networks established and developed over more than three decades, on the other. Accordingly, these five studies will provide additional tangible analytical input and support to development partnerships, including the tax administrations in these countries, facilitating evidence-based policy making, where existing evidence is extremely scarce.

As for the three sub-components of component 2, the public finance data element has broad geographical scope encompassing all countries in SSA represented in the GTAP database, which cover [nearly all African economies](#). The training and research sub-components will engage more directly with tax and trade authorities in the four countries in focus in component 1. This does not exclude broader participation in courses from other countries. The research programme will include regional elements.

Results from component 1 will inform all three sub-components of component 2 and vice-versa. The programme will strive for strong relevance to tax administrations in SSA and to provide substance to the evidence generated by other activities supported by Denmark in the DRM area.

The implementing partner (UCPH-DERG) will lead on the first component while the associated partner (GTAP) will principally pursue the second. The directors of each component have as noted a long history of successful research collaboration and policy impact at the highest international level. This tradition will continue with expertise from both institutions brought to bear when and where relevant, independent of the component. For further detail on the two components please refer to Annex 1.

The project partners will engage with the MFA, the Danish embassies in the four countries, and the other partners of the overall programme for consultations and advice as appropriate on matters of common interest to ensure that potential synergies are explored, that existing work streams are considered, and that the potential for the research to inform both practical and policy work is released. In the preparation of the project, Danish embassies have expressed support to the project, seeing the project as offering interesting and relevant support to the governments, and additionally as holding opportunities for synergies with embassy supported activities as well as Danish strategic sector cooperation anchored at the embassies.

Further, during implementation of the project, it will on an ongoing basis be considered how the project can inform DRM related matters high on the international agenda. This includes, for example, the issues to be addressed as a consequence of the resolution adopted by the UN General Assembly on 24 December 2024 on [promotion of inclusive and effective international tax cooperation](#). The UN resolution explicitly recognises that, throughout its work, the *Intergovernmental Negotiating Committee on the UN Framework Convention on International Tax Cooperation* should take into consideration the work of other relevant forums, potential synergies and the existing tools, strengths, expertise and complementarities available in the multiple institutions involved in tax cooperation at the international, regional and local levels. The project further supports the implementation of objectives in the outcome document of the Fourth International Conference on Financing for Development (FfD4) in Sevilla July 2025, the '[Seville Commitment](#)'. DRM features prominently in the document, and while supporting several objectives, the project especially supports implementation on broadening the tax base by i.e. integrating the informal sector⁴ including by providing

⁴ 27.d We encourage broadening of the tax base and continuing efforts to integrate the informal sector in a socially inclusive way into the formal economy, in line with countries' circumstances, as well as focusing on undeclared income and wealth. This includes harnessing technology and innovation; investing in connectivity, digital public goods and

capacity support to the implementation of such efforts⁵. The project partners will engage actively in supporting these processes based on high-quality research, involving both own staff and mobilising other members of their existing networks and ongoing collaborative programmes.

3. Project Objective

The overall development objective of the overall programme is ***to increase domestic resources in developing countries for investments in sustainable development*** in ways that are efficient and fair. The mode for achieving this objective involves forging border policies that foster development, raise revenue as efficiently and equitably as possible, and pave the way for transition to reduced reliance on the border for revenue in both the near and the long term.

The UCPH-DERG-GTAP partners in the present *Research and Capacity Building for Domestic Resource Mobilisation* project will contribute actively with evidence generation, capacity development and policy engagement to achieve the programme's development objective together with other programme partners in pursuit of the following project level outcome:

Increase domestically raised resources for development through high quality research and evidence generation, data development and capacity building for policy development and the strengthening of the social contract.

4. Theory of change and key assumptions

The Theory of Change (ToC) includes the following interconnected building blocks, components, and key assumptions (with further perspective and detail in Annex 3):

Goal: Enhance domestic resource mobilisation (DRM) and reduce corruption at borders in sub-Saharan Africa to support sustainable development.

Inputs:

1. **Research Collaboration:** Partnership between UCPH-DERG and GTAP, leveraging expertise in development economics and public finance.
2. **Funding:** Financial support from the MFA for project implementation and research activities.
3. **Local Partnerships:** Engagement with local institutions and stakeholders in targeted countries (Tanzania, Kenya, Uganda, and Ethiopia as well as with the United Nations Economic Commission for Africa (UNECA)).

Activities:

1. **Comprehensive Studies:**

infrastructure; promoting full and productive employment and decent work; and easing tax registration, reducing the cost of compliance, and providing appropriate incentives, especially to support micro-, small and medium-sized enterprises

⁵ 27.f. We will scale up demand-based institutional, technological and human capacity-building support to developing countries for fiscal systems and domestic resource mobilization. This includes support for broadening tax bases; integrating the informal sector into the formal economy; boosting State capacity to effectively implement policies through strengthening public sector reforms, including improving transparency and accountability; and strengthening tax policy, tax and customs administrations, and public financial management

- Under component 1, conduct five targeted studies, working in all cases with well-established collaborators in each country, focusing on border corruption, public goods delivery, trade incentives, job-search programs, and optimal taxation.
- Implement randomised controlled trials (RCTs) to generate empirical evidence on the effectiveness of interventions.

2. Simulation Analytics:

- Enhance the GTAP Data Base with improved public finance data focused on SSA.
- Develop and deliver training programmes for local analysts on modelling and analytics in general equilibrium.
- Collaborative simulation analytics building on the five targeted studies, the new data, and trained personnel. The interface between the push for enhanced DRM and the policy goal of an African Continental Free Trade Area will be in focus.

3. Stakeholder Engagement:

- The project engages a broad range of stakeholders at national, regional and international level representing government institutions, universities, think tanks, international financing institutions, multilateral organisations, civil society and development partners.
- The steering committee and advisory board will guide the project including on stakeholder engagement and coordination.
- The project leads have extensive experience and networks on the sub-continent.

Outputs:

1. Research Findings:

- Eight academic working papers produced, providing insights into corruption, DRM, and trade policies. The papers will be of publishable quality but not yet published by project end due to the limited time span of the project.
- Documentation of public finance data enhancements in the GTAP Data Base.

2. Training Outcomes:

- Certification programme for local analysts, increasing capacity for conducting public finance analytics.
- Pilot course implementation focused on public finance with measurable results on participants' competencies.
- Targeted participants include staff of ministries of finance, revenue services, and relevant research institutions and/or universities. In addition, the project will work with the IMF, UNECA, and the Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) to identify priority focal people for training who work at the nexus of trade and revenue. Ultimately, the project, in collaboration with trained people under the project, will engage with senior policymakers in the four focal countries and beyond.

3. Reports:

- Inception and mid-project reports detailing stakeholder feedback and project progress.

Outcomes:

1. Short-Term:

- Increased awareness of the importance of formal trade and the impacts of border policies on DRM.

- Enhanced understanding among local policymakers regarding effective strategies to combat corruption and improve tax compliance.
2. **Medium-Term:**
- Greater formalisation of cross-border trade and improved tax revenues from enhanced compliance.
 - Strengthened trust between citizens and the state through effective public goods delivery and engagement initiatives.
3. **Long-Term:**
- Sustainable increase in domestic resource mobilisation across sub-Saharan Africa, leading to improved funding for social services and development projects.
 - Reduction in corruption at borders, fostering a more reliable and efficient trade environment.

Key assumptions:

1. Domestic resource mobilization is a high-priority policy challenge for African finance ministers in their search for ways to fairly and efficiently generate the revenue streams necessary for providing needed social services and investing in sustainable development.
2. Stakeholders are willing to engage and collaborate effectively throughout the project.
3. The political and economic environment remains conducive for implementing proposed policy changes and initiatives.
4. The interventions will effectively address the barriers to formal trade and taxation as expected.

This ToC illustrates the logical connections between the proposed activities, outputs, and expected long-term impacts aimed at improving DRM and reducing corruption at borders in SSA. Adjustments based on further insights or specific contextual factors relevant to the implementation of this initiative are subject to agreement with the MFA in the regular progress meetings.

5. Summary of Results Framework

For results-based management, learning and reporting purposes, the MFA will base the actual support on progress attained in the implementation of the project as described here. Progress will be measured against the results framework that focuses on two key outcomes and corresponding outputs and their associated indicators as shown in what follows.

Result framework for the UCPH-DERG-GTAP Research and Capacity Building for Domestic Resource Mobilisation

Project	Research and Capacity Building for Domestic Resource Mobilisation
Project Objective	Increase domestically raised resources for development through high quality research and evidence generation, data development and capacity building for policy development and the strengthening of the social contract
Impact Indicator	Total government revenue (by source) as a percentage of GDP (indicator for SDG 17.1) Proportion of domestic budget funded by domestic taxes (indicator for SDG 17.1)
Baseline	See overall programme document
Target	See overall programme document

Project Title		Research and Capacity Building for Domestic Resource Mobilisation	
Outcome 1		Strengthened tax and customs systems of developing countries by facilitating the design and implementation of evidence-based reforms.	
Outcome 1 indicator		Number of countries that use policy tools, models, databases, reports/studies, guidelines, training materials developed with support from the project	
Baseline	2025	0	
Target	2027	4	Ethiopia, Tanzania, Kenya, Uganda
Output indicator		Policy relevant academic working papers of publishable quality	
Baseline	2025	0	
Target	2027	8	
Output indicator		Documentation of the public finance additions to GTAP	
Baseline	2025		Version 11 of the GTAP database
Target	2027		Version 12 or 13 of the GTAP database
Output indicator		Course curricula	
Baseline	2025		Various short courses available but none provide a comprehensive pathway to achieving competence in CGE modelling and no modules focused on public finance and domestic revenue mobilisation.
Target	2027		Course curricula that chart a well-considered pathway to achieving competence in CGE modelling, including a public finance module.
Output indicator		Joint UCPH-DERG-GTAP final workshop developed and conducted in collaboration with partners (e.g., UNECA, IMF, OECD, and country level collaborators)	
Baseline	2025	0	
Target	2027		Workshop developed and delivered in the first half of 2027
Output indicator		Completed dissemination and communication activities	
Baseline	2025	0	
Target	2027	5	Five policy briefs targeted principally at key policymakers and the broader public in the four focus countries; regional institutions such as the East African Community (EAC) and pan-African institutions such as the African Union (AU); international stakeholders such as Danida, UNECA, and the IMF; and civil society organizations such as SEATINI.

Project Title		Research and Capacity Building for Domestic Resource Mobilisation	
Outcome 2		Increased analytical capacity to conduct model-based analysis	
Outcome 2 indicator		Formal assessments of course participants	
Baseline	2025	0	
Target	2027	10	Ten participants pass a rigorous assessment test
Output indicator		Number of countries and national stakeholders reached through training activities	
Baseline	2025	0	
Targets	2027	5 20	Countries—the four target countries plus at least one additional country. Training course participants (as detailed under ‘Training outcomes’ in section 4)

6. Inputs/budget

The Danish grant covers the period 1 September 2025 – 30 June 2027. The grant amounts to a total of DKK 9.9 million with planned disbursements of DKK 3,212,651 in 2025 (Q3), DKK 4,250,665 in 2026 (Q1) and DKK 2,436,684 in 2026 (Q4). The Danish grant is to be spent solely on activities leading to the expected outputs and outcomes as agreed between the parties. The UCPH-DERG is responsible for ensuring that the funds are spent in compliance with the agreement, with due consideration to economy, efficiency and effectiveness in achieving the results intended.

Output/outcome budget for the research partnership FY25-FY27, DKK

	FY 2025	FY 2026	FY 2027	Total
RCT study design, data collection and field work	1.400.000	1.400.000	100.000	2.900.000
5 RCT related academic papers	-	500.000	500.000	1.000.000
5 policy briefs available	-	200.000	300.000	500.000
Stakeholder workshops in 3 countries/outreach	100.000	100.000	122.539	322.539
GTAP data and documentation produced	210.000	280.000	140.000	630.000
Research simulation design, data, analysis, and write-up	700.000	833.709	500.000	2.033.709
Course curricula/assessments developed and implemented	650.000	715.000	385.000	1.750.000
Technical meetings/workshops	70.000	62.585	30.000	162.585
Mid-term and final project conference	-	100.000	150.000	250.000
Contingency	115.421	131.936	103.810	351.167
Total budget	3.245.421	4.323.230	2.331.349	9.900.000

The main expense type is salaries, reflecting the nature of the project where researchers in collaboration with local counterparts conduct field work, disseminate results, conduct workshops, strengthen DRM data and simulation tools, design training courses, conduct training, etc., as well as coordinate with MFA, Danish embassies and partners of the overall programme. The budget further includes operating costs including field costs (local staff costs and costs associated with implementation of the five studies), as well as researchers' travel costs. The budget for travel costs is relatively low, as the project will benefit from cost-sharing arrangements with other ongoing projects. For further budget background, Annex 5 includes an itemized budget for FY25-FY27 for the activities funded under the research and capacity building partnership. There are no other formally committed sources of funding for the research elements of the present project,⁶ which will however complement other activities both under the overall Danish programme and activities pursued by UCPH-DERG and GTAP.

On the UCPH-DERG side, there are on-going complementary research activities funded by a variety of donors such as J-PAL, FCDO and the African Economic Research Consortium (AERC) in the study countries (i.e. Ethiopia, Kenya, Tanzania and Uganda). This will allow for synergy and economies of scale in organising field work, workshops, and other associated activities, including travel. Coordination for component 1 activities rests with the Coordinator of UCPH-DERG.

The data, training, and research elements in component 2 build upon ongoing efforts undertaken by GTAP. Production of each version of the GTAP database relies upon GTAP consortium funding and other revenues amounting to more than USD 1 million in investment for each major data release. This level of effort is complemented by significant in-kind contributions by GTAP consortium members and other database contributors. These revenue streams and in-kind contributions have been ongoing for more than three decades and assure that the investment work to develop improved public finance representations will be incorporated into future releases of the data, thereby making the improved data available to thousands of researchers worldwide.

⁶ Except for the time allocation contribution of Magnus Eldrup to the project in 2025 and 2026 as per the budget and co-sharing of travel costs.

In terms of training, GTAP offers a regular series of short courses financed through course tuition fees. GTAP is working with consortium members and the Coalition of Finance Ministers for Climate Action to develop a comprehensive course targeted at training effective producers of research in an array of domains, including public finance. GTAP believes that, once the fixed cost of developing the necessary distance modules for a comprehensive course series are covered, the marginal costs of delivering a comprehensive course and ongoing course development/updating can be funded through course fees. GTAP charges lower fees to developing country course participants. The DRM project will both contribute to the fixed costs of developing the comprehensive course and cover the cost of the development and delivery of a public finance module.

It is noted that beyond the limits defined in the Financial Management Guideline, funds cannot be transferred between the budget lines without prior approval from the MFA. Moreover, expenditures beyond the total grant cannot be reimbursed to the implementing partner.

7. Institutional and Management Arrangement

Overall leadership of the UCPH-DERG-GTAP project and its staff will rest with the Coordinator of UCPH-DERG and the Director of GTAP with UCPH-DERG as implementing partner and GTAP as associated partner. Moreover, the Head of the UCPH Department of Economics and the Board of GTAP will exercise oversight as per established University of Copenhagen and Purdue University procedures. See [Statutes – University of Copenhagen](#) for further information.

Two guiding mechanisms are to be set in place: a steering committee and an advisory panel.

Steering committee. An inception meeting with the MFA will be held within eight weeks of official project start with a short inception report due one week before the inception meeting. At the inception meeting, a steering committee comprised of relevant MFA staff and project leadership will be formed. Following the inception meeting, regular (virtual) meetings of the steering committee will be held every six months. A written progress narrative report will be submitted at least one week prior to each regular meeting. These meetings are designed to take-stock, evaluate progress, adapt the programme considering events, and share planning for the six-month period ahead. The steering committee meetings will be organised and called by UCPH-DERG.

Advisory panel. As mentioned in section 2, three prominent individuals have agreed to participate on an advisory panel. These members of the advisory panel have extensive experience in Africa and bring, as a group, a range of experiences that align with overall project objectives.

On dissemination, research results will be communicated in a final project seminar/workshop to be held in one of the four target countries. During project implementation, formal working papers will be elaborated for each of the studies to be carried out by the project partners, and in-country workshops will be held as appropriate for these studies, including relevant researchers, the Ministry of Finance (including tax administrative staff), and other stakeholders such as representatives from Danish Embassies and international and regional organisations (e.g. IMF, World Bank, and ATAF). The new public finance data will be documented in the GTAP data version release and will be presented as part of the regular GTAP seminar series and/or published in the *Journal of Global Economic Analysis*. For further information on the plan for communication of results please see Annex 7.

The following additional clauses and guidelines apply:

- A. No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted - neither directly nor indirectly - as an inducement or reward in relation to activities funded under this agreement, including tendering, award, or execution of contracts. Any such practise will be grounds for the immediate termination of this Agreement and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the MFA, a further consequence of any such practise can be the termination of any ongoing projects funded by the MFA.
- B. The Grantee shall abide by applicable national laws as well as applicable international instruments, including the UN Convention on the Rights of the Child and International Labour Organisation conventions. Any violation will be ground for immediate termination of the Agreement.
- C. The MFA has a zero tolerance for inaction approach to tackling sexual exploitation, abuse and harassment (SEAH) as defined in UNSG Bulletin ST/SGB/2003/13 and the definition of sexual harassment in UNGA Resolution A/RES/73/148. The Grantee, and its sub-grantees, will take appropriate measures to protect people, including beneficiaries and staff, from SEAH conducted by its employees and associated personnel including any sub-grantee staff and take timely and appropriate action when reports of SEAH arise. If the Grantee receives reports of allegations of SEAH, the Grantee will take timely and appropriate action to investigate the allegation and, where warranted, take disciplinary measures or civil and/or criminal action. Any violation of this clause will be ground for the immediate termination of this Agreement.

The project partners confirm that:

(1) They have adequate policies/standards or frameworks in place to prevent SEAH.

(2) All employees have been informed about these policies/standards/frameworks.

(3) There are appropriate SEAH reporting procedures and complaint mechanisms in the organisation including the protection of victims of SEAH and that prompt and adequate action is taken if SEAH is observed, reported or suspected.

UCPH-DERG has obtained from GTAP adequate assurance that policies/standards and procedures are in place for the prevention of SEAH.

- D. If, during implementation of this project, the Grantee discovers any link whatsoever with any organisation or individual associated with terrorism, it must inform the MFA immediately and explain the reasons for such transfer, including whether it was made or provided knowingly, voluntarily, accidentally, unintentionally, incidentally or by force. The Grantee agrees that it and/or its implementing partners (including contractors, sub-contractors and sub-grantees) will take all reasonable steps to secure that no transaction made in relation to the project will – directly or indirectly – benefit a person, group or entity subject to restrictive measures (sanctions) by the UN or the EU.
- E. The Grantee/sub-grantees responsible for the implementation of development engagements shall maintain updated inventories of all equipment financed by earmarked support from government of Denmark, e.g. vehicles, computers, furniture and tools. Equipment, material, supplies and facilities

purchased by Denmark, which are used during the implementation of the programme, e.g. vehicles, computers, furniture and tools, remain the property of Denmark, until such time as it has been agreed otherwise. Transfer of ownership of the above-mentioned assets to the grantee may take place during the programme period. Before programme termination, the grantee and the MFA will assess and agree on final transfer of such assets, which can be justified based on a final request from the grantee. Any remaining assets will be disposed of by Denmark.

- F. The Parties shall have the right to publish the Agreement, any documents or other informational data relating to the project on its internet site (the MFA's website for such purposes is currently www.um.dk) and other relevant media. The Implementing Partner is aware that the MFA is subject to inter alia the Danish Access to public administration files act. Upon request for the disclosure of this Agreement, or any document related to this Agreement, the MFA must in each case assess, if such document may be disclosed in whole, or, where there are grounds for confidentiality, disclosed in part.
- G. In case of non-compliance with the provisions of this Project Document and /or violation of the essential elements mentioned in this Project Document the MFA reserves the right to suspend with immediate effect further disbursements to the Grantee under this contribution.

Reference is made to the following links to web-based information on the implementing institution's:

- 1. Policy on anti-corruption: <https://collaboration.ku.dk/anti-corruption/>
- 2. Policy on protection from sexual exploitation, abuse, and harassment (PSEAH): <https://student-ambassador.ku.dk/complaints-and-applications/sexual-harassment-and-other-forms-of-offensive-behaviour/>

Finally, the MFA has the right to carry out any technical or financial supervision mission that is considered necessary to monitor the implementation of the project; and after the termination of the project, the MFA reserves the right to carry out evaluations in accordance with standard practice.

8. Financial Management, Planning and Reporting

Procedures and minimum requirements related to financial management, planning and reporting will follow UCPH and GTAP own rules and regulations, while always adhering to the minimum requirements as stipulated in the MFA's Guidelines for financial management. Further details include:

- (i) Disbursements: The grant amounts to a total of DKK 9.9 million with expected disbursements of DKK 3,212,651 in 2025 (Q3), DKK 4,258,165 in 2026 (Q1) and DKK 2,436,684 in 2026 (Q4) upon request by UCPH-DERG. UCPH-DERG will acknowledge receipt of funds no later than 14 days after receipt. Any loss due to the variation of exchange rates between the grant in DKK and the national currency must be covered within the grant. The Parties shall agree on measures to find a reasonable solution without jeopardizing the fundamental objectives of the project. Any gain shall be treated as disbursed grant funds and used for project purposes. Net surplus from conversion into foreign currency shall be subtracted from future disbursements or repaid as unused funds at the end of the support period, unless otherwise agreed between the Parties.

- (ii) Partner procedures pertaining to financial management: UCPH-DERG and GTAP rely on established university procedures for financial management that have been applied in other MFA funded programmes and activities.
- (iii) Procurement: UCPH and GTAP standard procedures will be followed, while always adhering to the minimum requirements as stipulated in the MFA's Guidelines. Flight tickets are on economy class, and allowances for accommodation and per diem must be in accordance with the official rate ceilings of the Danish government⁷.
- (iv) Work planning: An inception meeting with the MFA will be held within eight weeks of official project start with a short inception report due one week before the inception meeting. At the inception meeting, a steering committee comprised of relevant MFA staff and project leadership will be formed.
- (v) Narrative progress reports: The steering committee will meet virtually every six months. A written progress narrative report will be submitted prior to each regular meeting. The first narrative progress report after the end of a calendar year will include an updated results framework. A final narrative report including the end-results framework will be submitted no later than three months after the end of the project.
- (vi) Financial reports: Financial reports (statements of accounts) covering expenditures the calendar year will be submitted no later than 31 March the following year. The final (consolidated) financial report (certified statement of accounts) will be included with the final report. The financial reports must be signed by the project manager and a finance officer and include a management statement ("ledelsespåtegning")⁸. UCPH will as the implementing partner ensure that expenses to subgrantees are audited in accordance with the MFA Aid Management Guidelines. The management statement of UCPH will satisfy the audit requirement.
- (vii) Accounting and auditing: Accounts will be kept in accordance with internationally accepted accounting principles and will be in accordance with the basic-four-eye principles for all payments. Accounts will always be kept up-dated according to international standards, and be drawn up to at least the level of detail as is done in the budget. Representatives of the Auditor General's Office of Denmark shall have the right to: (i) Carry out any audit or inspection considering necessary as regards the use of the Danish funds in question, based on all relevant documentation, and (ii) Inspect accounts and records of suppliers and contractors relating to the performance of the contract, and to perform a complete audit.

⁷ "Satsregulering for tjenesterejser".

⁸ "Ledelsespåtegning:

Regnskabet for projektet *Research and Capacity Building for Domestic Resource Mobilisation* for bliver ikke særskilt revideret af Rigsrevisionen, men derimod reviderer Rigsrevisionen Københavns Universitets regnskab.

På København Universitets vegne kan jeg som økonomiansvarlig erklære at regnskabet er opstillet efter de retningslinjer, der er anført i Udenrigsministeriets tilsagnsskrivelse, og at regnskabet i øvrigt stemmer overens med det godkendte budget.

Jeg har endvidere påset, at der foreligger projektrelateret bilagsmateriale til dokumentation for de i projektreghnskabet anførte udgiftsposter, og at intet bilag udviser omkostninger, der ikke kan føres tilbage til de af Udenrigsministeriet godkendte budgetposter.

[sted, dato, navn og stillingsbetegnelse]"

Both parties will throughout project implementation strive for full alignment of the Danish support to the implementing partner rules and procedures, while respecting sound international principles for financial management and reporting.

9. Risk Management

Risk management of the research and capacity building project relates individual, contextual, programmatic and institutional risks and the taking of regular management decisions towards mitigation. Accordingly, the assessment of risks and needed risk responses form part of this project document (see Annex 4), while changes herein form an integrated part of planned management and monitoring arrangements during implementation (as referred to in previous sections).

The project partners will on this background incorporate any changes in risks and concrete mitigation steps taken into the regularly progress reports and associated dialogue within project management structures, noting that the project will during implementation closely apply the MFA [Guidelines for Risk Management](#). Furthermore, risk management logically relates directly to the key Theory of Change (ToC) assumptions identified in Section 4 and the project specific operational assumptions discussed in Annex 3.

Thus, the partners have identified the following potential risk factors adding that Annex 4 includes the required detailed risk management matrix.

- Stakeholders are reluctant to engage and do not collaborate effectively throughout the project.
- The political and economic environment constrains the implementation of proposed policy changes and initiatives.
- The interventions fail to address the barriers to formal trade and taxation effectively.

To this comes the risks associated with the institutional ability of the project partners to enter into the needed formalised agreements in a timely manner, undertake planned recruitments, retain necessary qualified research staff, and meet MFA needs and requirements. Finally, there is the risk factor that existing UCPH-DERG and GTAP project control, monitoring and quality assurance environments and procedures are not entirely adequate and that the partner institutions will not be able to take necessary ameliorating actions.

While some of these risk factors clearly depend on circumstances beyond the reach of project management, the risk matrix in Annex 4 set lists relevant factors at different levels together with their likelihood, impact, risk response, and residual risk, setting out the background to the assessment. Overall, the risk assessment is that the experience and well-developed professional networks of the project partners and the project coordinators imply that most risks can be addressed (i.e. responded to) to a satisfactory degree, keeping in mind that residual risks will in some cases continue to exist as per the risk management matrix in Annex 4.

10. Closure

Project implementation will end on 30 June 2027, unless extended by mutual agreement. The implementing partner's final report will be submitted to the MFA no later than three months after this

date, together with the certified financial accounts issued by the UCPH Department of Economics for the full duration of the project.

The University of Copenhagen is according to point 65 of its statutes (see [Statutes – University of Copenhagen](#)) audited in accordance with the Danish State Accounting Act and The Board of the University has engaged a state-authorised public accountant as its internal auditor (institutional auditor) to be in charge of the tasks, etc. as agreed between the Minister for Higher Education and Science and the auditor general in accordance with section 9(1) of Consolidated Act no. 101 of 19 January 2012 on the Danish Act on Audit of the State Accounts etc. and section 28(3) of the Danish University Act.

GTAP is administered by the Center for Global Trade Analysis and is housed within the Department of Agricultural Economics at Purdue University. GTAP has a dedicated operations and budget administrator, who has a bachelors' degree in accounting and works closely with the University's Sponsored Program Services (SPS) office which in turn handles research project audits and financial reviews (<https://www.purdue.edu/business/sps/RQA/audits.html>). Moreover, Purdue University adheres to House Enrolled Act 1004-2011 through INDIANA CODE 5-14-3.6 which requires publicly funded higher education institutions in the State of Indiana to submit audited financial statements and other relevant financial documents to the Indiana Commission on Higher Education, to ensure public access and transparency (<https://www.purdue.edu/treasurer/finance/financial-planning-and-analysis/financial-transparency>).

Upon satisfactory confirmation from the MFA of the final report and the certified financial statements, the project accounts will be closed by UCPH and GTAP and any unspent funds will be returned to the MFA.

Annexes:

Annex 1: Context analysis and activities

In contrast to developments in other regions, Africa is taking strong steps to liberalise the flows of good, services, and people via the formation of the African Continental Free Trade Area (AfCFTA). A commitment to tariff-free trade has many and wide-ranging implications, including for domestic revenue mobilisation (DRM). Most obviously, once implemented, the AfCFTA would eliminate revenue generation from trade in goods produced within the region, with concomitant implications for opportunities for smuggling and corruption. At the same time, differences in external tariffs open opportunities to arbitrage tariff rates within countries. For example, high tariffs imposed by Nigeria on frozen chicken imported from Brazil caused a massive increase in imports of frozen chicken into neighbouring Benin, which had a much lower external tariff. The chicken imported into Benin then made its way across the porous border between Benin and Nigeria (Andam et al 2017). Without additional measures, a free trade area facilitates this kind of external tariff rate arbitrage.

There are two modes for dealing with this issue, neither of them easy to implement in practice nor analytically and politically straightforward. First, governments within a free trade area can establish 'rules of origin', which basically state that only products produced domestically can be traded freely across borders. Unfortunately, rules of origin are often extremely complex to implement and reopen avenues for corruption while at the same time generating no revenue.

The second mode involves the creation of a customs union, which implies the imposition of common (or at least reasonably common) rates for taxes levied at the border on imports from outside of the union for all member countries. A common external tariff eliminates arbitrage opportunities and hence dispenses with the need for rules of origin. This is very attractive. Successful regional blocs, such as the European Union, have common external tariffs. Unfortunately, common external tariffs also force countries with potentially differing industrial policy priorities to live with a common tariff policy. Importantly in the African context, revenue generation occurs at the point of entry into the customs union and not within the country of use. Hence, a revenue sharing formula is needed. Because of the large share of total revenue collected at the border, this is a salient issue in the African context.

In addition, certain regulatory actions must also be common. For example, regulatory stances on genetically modified organisms (GMOs) must be at least reasonably common (or the need to closely monitor trade between member states reemerges). It is important to point out that the effective pooling of border revenues and needs for common regulatory frameworks implied by a customs union is not always a disadvantage. Pooled revenues from a customs union are natural sources of finance for spending with a regional perspective in areas such as transport infrastructure, power generation, and power transmission. Climate change magnifies the benefits of regional approaches, notably in food and power. Finally, it is certainly more efficient for a single regional authority to handle key regulatory matters, such as (once again) biosafety systems related to the application of biotechnology, than to create multiple costly (and potentially low functioning agencies) agencies who frequently produce a regulatory patchwork across the continent.

From a public finance perspective, reduced reliance on the border via efficient internal revenue generation (via direct taxes for example) helps to reduce the revenue-related stakes associated with border policies; however, in many African contexts, efficient, effective, and fair internal revenue generation will typically require increased trust in the State and rapid growth of the formal sector, which in turn requires reasonable levels of DRM efforts to finance necessary public investment and an expansion of trade, both of which bring the border back into focus.

Activities

The University of Copenhagen Development Economics Research Group (UCPH-DERG) and the Global Trade Analysis Project (GTAP) propose in partnership to advance the objectives of the Danish MFA's *Resource Mobilisation for Development Anti-Corruption and Domestic Resource Mobilisation Programme 2023-2026* by focusing topically on activity at the border and geographically on sub-Saharan Africa (SSA). In SSA, the border is the point of collection for tariffs and for value added taxes levied on imports. It is also the point of rebate for VAT, collected on exported goods and services. Cross-border fiscal issues are critical to socio-economic development and, while the volume of net revenue generated at the border (including VAT) varies across countries in SSA, it is an important source of revenue across the sub-continent (OECD/AUC/ATAF 2024).

Corruption at the border is also disconcertingly commonplace resulting in significant revenue losses and corroding faith in institutions. Addressing these and associated topics, such as building trust and developing the social contract, are high-priority policy challenges for African finance ministers in their search for ways to generate the revenue streams necessary for providing needed social services and investing in sustainable development. The project partners, led by two prominent development economists, have top-level international research and policy experience in these areas of research, policy and practice; and this activity will contribute in an effective manner to ongoing MFA funded anti-corruption and DRM activities for the benefit of the African people.

The activities fall in two interacting components. In the first component, the project partners will study current behaviour with a focus on corruption at the border, social preferences, and dynamic effects of moving from informality to formality as well as the policies that encourage formality. In the second component, lessons from the first component inform the simulation of alternative trade/tax policies, with a focus on revenue collection at the border. The overall objective is to help forge border policies that foster development, raise revenue as efficiently and equitably as possible, and pave the way for transition to reduced reliance on the border for revenue in both the near and the long term. The AfCFTA will be an important part of the context, and the research team will collaborate with the United Nations Economic Commission for Africa (UNECA), which has been a leader in the effort to establish the AfCFTA, as well as other key partners including local partners within countries in focus.

The first component is principally the responsibility of UCPH-DERG while GTAP drives component 2. As noted in footnote 2, the leads of each component have a long history of successful collaboration. This tradition will continue with expertise from both lead institutions brought to bear when and where relevant, independent of the component. The first component will include five in-depth research studies specifically focused on Tanzania, Kenya, Uganda, and Ethiopia. Here UCPH-DERG staff have both long-term ongoing research collaborations aligned with partner country priorities and strategies, on the one hand, and research- and

policy-networks established and developed over more than three decades, on the other. Accordingly, these five studies will provide additional tangible analytical input and support to development partnerships, including the tax administrations in these countries, facilitating evidence-based policy making, where existing evidence is extremely scarce. Close contact will be maintained with Danish embassies in these countries to strengthen links and mobilise synergies and coordination with existing Danida country programmes with a view to mutual learning. Brief outlines of the studies follow below.

Study 1. Does Public Goods Delivery Influence Trust in the State?

The objective of this project is to strengthen state-citizen relations and ultimately enhance the state's ability to collect information and taxes, as well as respond to citizens' needs. To this end, we will administer a randomized controlled trial (RCT) that delivers solar-powered water purifiers to a random sample of households in Singida, a region in Tanzania that periodically suffers from water scarcity. The intervention is a decentralized solution to providing safe drinking water, undertaken in collaboration with Tanzanian authorities. We will track the effect of water provision on citizen engagement, trust in the state, and political behaviour. The underlying premise is that the intervention, by delivering an important public good, improves citizens' perceptions of the state's past and future performance. This, in turn, should influence how citizens interact with state authorities. We hypothesise that citizens who gain access to the water purifier will be more likely to participate in political community meetings, register with public authorities, exhibit greater willingness to contribute to public goods (measured both through real-life behaviour and in lab-experiments), exhibit stronger cooperative behaviour (e.g., participating in local farmer cooperatives, selling through public cooperatives), and display lower in-group bias along tribal affiliation. While the underlying rationale is that exposure to successful programmatic policies influences trust in institutions by demonstrating the potential of good governance, we will also investigate whether changes to material conditions, including time use and health, play a role. Since both households' water supply and political participation are gendered, we will pay special attention to how safe-water provision affects women's political participation.

Study 2. Do incentives to foster official cross-border trade have lasting effects?

In much of the developing world, a large fraction of cross-border trade is conducted by small-scale traders who are often unregistered (informal) and outside the control of tax authorities. These traders typically face a common question: whether to choose official or unofficial routes when crossing a border. When they use unofficial crossings, they can avoid paying taxes applied at the border and limit delays due to official procedures, but they incur significant risks as trading unofficially may result in fines, confiscation of goods, and arrest, or in having to pay bribes to the police to avoid getting caught. The choice between formality and informality is affected by credit constraints (having sufficient resources to pay the costs of trading formally) and information frictions (knowing the costs and benefits of the different options). This project will test the long-term impacts of a randomized controlled trial (RCT) conducted in late 2024 with traders at the border between Kenya and Uganda. The RCT consisted of providing a subsidy to incentivize formal trade and information about the relative risks of choosing official vs unofficial crossings. Short-term impacts on formalization and firm performance are encouraging, but the available data stops 6 months after the start of the intervention. This project will allow us to determine whether the intervention had long-term impacts on formalization by re-surveying participants one year after the intervention ended. The analysis will deliver important insights for governments interested in the effectiveness of temporary subsidies to foster formal trade and expand their tax base.

Study 3. Do job-search programmes have long-term effects on formal employment?

Promoting formal employment in developing countries remains a critical area of research and a fundamental challenge for governments interested in expanding their tax base. Recent studies have made progress on strategies to help workers access higher-paying formal-sector jobs, primarily through one-off interventions such as training programmes and skills certification. These interventions generate benefits by overcoming barriers to entry into the formal sector, leading to improved skills matching, allocative efficiency, skills acquisition, and wage growth. However, there is little evidence of long-term effects largely due to a lack of long-term follow-up studies. Specifically, there is no long-term evidence for one class of interventions that has showed the most promising short-term benefit-to-cost ratios – skill certification. The study on this subject conducted in Ethiopia by Abebe et al. (2021) was one of the most successful interventions on job-search assistance in developing countries showing that a certification treatment raises formal employment and increases earnings for unemployed youth by 30% after 4 years. In this project, we will conduct a unique long-run follow-up survey with the original sample from Addis Ababa, Ethiopia, to test whether those effects

persist about 12 years after the intervention – a period covering about a quarter of a worker’s typical career. We will be able to study impacts on formal employment as well as on proxies of productivity (wages, skills used on the job, turnover). We will quantify how the intervention affected the amount of tax the state collected as well as the additional benefits individuals received due to the higher rates of formality. This will be a pioneering endeavour, and the data generated will make fundamental contributions to our understanding of labour markets and formality in developing countries.

Study 4. Informality and Horizontal Inequality in Optimal Taxation: Evidence from Kenya

This study will benefit policy makers in Kenya by giving them actionable insights into the preferences of the Kenyan population. This will be done by investigating the relationship between tax evasion and revenue mobilization in developing economies, focusing on the challenges posed by informal labour markets. Extending the classic Mirrlees (1971) framework, it incorporates horizontal inequality by distinguishing between formal and informal workers and introduces a novel social welfare function to analyse optimal income tax policies. Using Kenyan tax and survey data, the research will explore how social preferences for horizontal equity can justify high exemption thresholds in tax systems characterized by significant informality. Central to the study is a dynamic survey, for which funding is sought, designed to elicit preferences for redistribution in a structured and rigorous manner. By linking theoretical insights with empirical evidence, the project aims to inform the design of tax systems that balance equity and efficiency considerations. The findings have direct policy relevance, offering a framework to understand and address the complexities of revenue mobilization in economies with substantial informal sectors, particularly in the context of structural transformation.

Study 5. Reducing Taxpayer Attrition Using Compliance-Tested Benefits

This study aims to become a tool for tax authorities (e.g., the KRA) to increase tax morale and thus compliance, proposing a novel strategy to address the challenge of taxpayer retention. Rather than concentrating on the formalization of informal workers—a strategy largely deemed ineffective (Ulysea, 2020)—this project will evaluate methods to reduce taxpayer attrition in developing countries. Emerging research highlights the critical role of tax morale, emphasizing that taxpayers must perceive tangible public services as a return for their contributions (Besley, 2020).

In this study, we leverage Kenyan administrative data to identify taxpayers most at risk of discontinuing their tax remittance in the upcoming year. These taxpayers are then randomly assigned to a treatment or control group. The treatment group is notified that, due to their consistent tax compliance, they are eligible for free job-advisory services and certification courses, contingent on maintaining compliance. By comparing attrition rates between the treatment and control groups, this project aims to assess whether tax-tested fringe benefits represent an effective tool to sustain taxpayer compliance.

Lessons from the first component will as noted inform the simulation in the second component of alternative trade/tax policies, with a focus on revenue collection at the border. The AfCFTA is an important part of the context, and the research team will collaborate closely with the United Nations Economic Commission for Africa (UNECA), which has been [a leader in the effort to establish the AfCFTA](#), as well as other key stakeholders, including local partners and international organisations such as the International Monetary Fund (IMF) and the World Bank, which are active within the focus countries.

UNECA and GTAP have been working together to provide analytics aimed at supporting the development and implementation of the AfCFTA for more than a decade. Indeed, this partnership resulted in 41% increased representation of the African continent in the GTAP Data Base (from 32 to 45 countries and composite regions) during the last five years. Importantly for the purposes of the research and evidence generation in this project, the GTAP Data Base underlies the modelling in general equilibrium of a wide array of issues. Economywide approaches are very well suited to analysis of DRM issues, and GTAP is uniquely well suited for the conduct of analytics in general equilibrium at the regional or continental level. None of the other programme partners carry out such modelling at the same level of depth and with a focus on DRM issues.

As noted in the main body, three integrated sub-components will be pursued under component 2: (i) improvement of the public finance data in GTAP with Africa as the focus pilot case facilitating future work of

relevance to African governments, (ii) development and delivery of training for modelling in general equilibrium such that relevant individuals and institutions in Africa, including tax administrations, are better enabled to conduct informative analytics, and (iii) research to shed light on the issues associated with revenue mobilisation in the context of the implementation of the AfCTA. The relevance for tax administrations in SSA is manifest, providing added substance to the evidence generated by MFA supported activities in the DRM area.

Finally, it is important to highlight that all three parts of component 2 aim to make durable contributions. Specifically, the public finance data will become integrated with regular GTAP data releases and turn into an important public finance resource for researchers and decision-makers around the world in the years to come; the training courses will be incorporated into the regular course programme of GTAP and contribute to greatly enhanced capacity in Africa and beyond; and any modifications to the GTAP model in order to exploit the richer public finance data are easily incorporated into modelling frameworks that are currently being deployed by many hundreds of researchers worldwide, including in tax administrations.

Annex 2: Partner Assessment

Brief presentation of partners and partner justification

The project partners include the University of Copenhagen Development Economics Research Group (UCPH-DERG) (as “implementing partner”), and the Global Trade Analysis Project (GTAP) (as “the associated partner”), jointly referred to as the “project partners”. These institutions are global leaders

UCPH-DERG

UCPH-DERG has over the past three decades positioned itself as an internationally recognized group of development researchers. UCPH-DERG’s capacity to deliver is based on a staff of the highest international standard, considerable experience in organising wide-ranging and in-depth collaborative research, extensive policy advisory, capacity building and evaluation experience across the world (with a focus on countries in Africa and Asia and key international organisations), and highly recognised global research and policy networks. The research and capacity building project will leverage UCPH-DERG’s infrastructure and staff as an efficient and effective springboard to ambitiously catalyse and implement the project activities. UCPH-DERG is coordinated by Professor Finn Tarp, who is the former Director of UNU-WIDER (2009-18) and a leading international expert on global development with in-depth academic and policy advisory experience on issues of development strategy and international development cooperation. Finn Tarp has been a member of the Council of Eminent Persons (CEP) advising the Chief Economist of the World Bank and his h-index is exceptional at 70. His CV is included in Annex 6.

GTAP

Founded in 1992 and based at Purdue University, the Global Trade Analysis Project (GTAP) supports a network of over 30,000 individuals engaged in quantitative analysis of 21st century challenges. GTAP is coordinated by the Center for Global Trade Analysis and advised by a consortium of 32 leading national, international, and private institutions, who also provide baseline financial support. Guided by a philosophy of collaboration in data development combined with an open marketplace for ideas in analytics, GTAP under the leadership of its Director, Professor Channing Arndt, aims to advance knowledge and facilitate deliberate decision-making. To this end, GTAP:

1. Lowers barriers to the conduct of high-quality analysis of global issues.

Data - GTAP assembles, documents, and makes publicly available a suite of databases, widely regarded as the gold standard for underpinning global economywide analysis.

Models and software - GTAP develops and makes publicly available a suite of cutting-edge and fully documented models and collaborates with leading analytical software providers and the open-source programming community in the application of those models.

Training - GTAP offers regular training courses, ranging from introductory to advanced, to scaffold network members in the application of data, models, and software.

2. Conducts research on pressing issues with global ramifications.

While the bulk of GTAP-related research is conducted by network members, the Center houses the largest group of top global economywide modelers in the world. This unique concentration of skills is buttressed by sector expertise, notably in energy and food systems. Guided by a distinguished Scientific Council, GTAP researchers, often in collaboration with network members, address a range of issues including trade and industrial policy, energy transitions, climatic change, economic development, biodiversity preservation, pollution abatement, and circular economy.

3. Serves as a platform for discussion and dissemination of novel approaches and new ideas.

GTAP brings together thought leaders at the Annual Conference on Global Economic Analysis, fosters innovation through the peer-reviewed Journal of Global Economic Analysis, hosts a Virtual Seminar Series, and maintains an active presence on social media. GTAP-related analytics are a regular feature in the world's most prestigious scientific journals and inform a vast array of decision-making processes by governments, international organizations, and private entities around the world.

The GTAP Data Base is a staple input for a large share of the global trade and climate policy analyses. While the GTAP Data Bases are the core products, considerable efforts have also been directed towards developing and maintaining equilibrium models for use by the wider GTAP community and researchers around the world, in conjunction with these databases. GTAP also invests considerable resources in educational activities delivered through GTAP-U. To date, more than 1,700 individuals have graduated from courses in this 'virtual university', which offers a combination of online and in-person instruction, depending on the course being offered.

In sum, UCPH-DERG and GTAP are high-quality university-based institutions, coordinated by two international leaders in the field of development economics and public finance, with decades of experience in domestic resource mobilisation research and policy advice, working at the nexus of research, policy and practice in a wide range of countries in the Global South. They strive to stimulate ideas, subjecting them to in-depth analysis, generating evidence, mobilising action and building capacity in the shared search for solutions to complex global challenges as articulated in the [UN Sustainable Development Goals](#) (SDGs) approved by the [UN General Assembly](#) in September 2015. Both groups are highly cited and have excellent policy- and other networks both at country level and with bilateral donors and international organizations, including the UN, IMF, World Bank and regional organizations in SSA. DK funding planned until mid-2027. Project activities beyond this date are subject to future developments and are not known at this stage.

Annex 3: Theory of Change (ToC), Scenario and Result Framework

The overall programme Theory of Change (ToC) is a general guide to the project specific goal and activities of the UCPH-DERG-GTAP project partners. Accordingly, if domestic revenue mobilisation is strengthened and corruption reduced and if international cooperation in tax matters and anti-corruption is institutionalised and functioning, and developing countries engage in international and regional fora, then developing countries will have increased domestic resources available for investments in sustainable development and then countries can invest more in long-term, self-sustaining development and in funding social and economic progress towards achievement of the SDGs.

The assumptions at programmatic level underlying this ToC are listed as follows in the programme document:

(i) SDG achievements continue to have political priority, resources are made available supporting their achievement, and governments invest in sustainable development, (ii) International and political commitment to prioritise tax and rise in domestic revenue continue at national, regional and international levels, (iii) International norms to prevent tax evasion and transnational illicit financial flows are enforced and increase public revenues and reduce corruption, (iv) Political-economy drive and resources continue to be available to fight corruption, (v) Support to national duty bearers results in legislative reforms, institutionalisation and operationalisation, and (vi) Strong and continued engagement of accountability stakeholders, i.e. civil society and private sector, to advocate for anti-corruption and transparency at local, regional and international levels.

The project specific ToC underlying the UCPH-DERG-GTAP project and specified in Section 4 starts from the premise that the Research and Capacity Building for DRM project is to support policy reform and understand the impact on domestic resource mobilisation across a range of countries in SSA. This requires evidence, which is a scientific matter. However, policy is a political decision. Evidence is essential to help inform, but sound policy requires at least three additional elements: understanding of the context, judgments, and deliberation/communication. Concrete building blocks in furthering the project outcomes therefore include more the generation of scientific evidence and changes in conceptual understanding, problem-recognition and discourse, while at the same time instilling changes related to the use of skills, systems, and expanded finance data in the widely applied GTAP model.

Accordingly, to produce the outputs necessary to achieve both outcomes and overall impact, the UCPH-DERG-GTAP project will work through two main pathways, the ‘engaged frontier research pathway’ and the ‘country level engagement pathway’, which will be pursued in combination with essential ‘data development and training’ activities.

- The engaged frontier research pathway will create ‘public good’ research, data and models that are proactively communicated, enriched, and amplified through knowledge exchange across the project partners’ existing networks and available publication outlets, alongside strengthened research and analysis capacities.
- The country-level engagement pathway involves engaging directly with government technical staff and units, and national researchers to co-develop applied research, models and data systems, tailored policy analysis and advice, alongside strengthened national research and analysis capacities to inform national policy reform and improve implementation.

Moreover, five distinct research-into-use processes will align with:

- Effectively informing decision making and policy reform and processes with the most up-to date rigorous research and international best practices, through tailored research products, data and models, and decision support tools.
- Linking up stakeholders across research and policy communities, to build combined capacities and feedback.
- Dynamic knowledge exchange between national and international researchers, policy analysts in governments and development partners, supported by tailored knowledge products.
- Co-creating analysis and applications as ‘thought partner’ and adviser to government stakeholders and local actors to help navigate complex policy problems and contextualise approaches for local settings.
- Co-development and support to national researchers and policy analysts to apply their analytical capacities to local policy challenges in socially inclusive development.

The key cross-cutting assumptions that guide the research and capacity building to be implemented by the project are the following:

- Economic policy and development are interwoven with state effectiveness and social relations.
- Unique national development pathways require domestic policy solutions that reflect the resources, history, and cultures of each individual country.
- There is no single template for success, so countries can learn from the latest research and analysis, and the successful (and not so successful) experiences of others, to adapt experiences and international best practices to their own circumstances.

This leads to identifying the *key assumptions* of the project as follows: (i) Stakeholders are willing to engage and collaborate effectively throughout the project; (ii) The political and economic environment remains conducive for implementing proposed policy changes and initiatives, and (iii) The interventions will effectively address the barriers to formal trade and taxation as expected.

In addition to these key underlying and cross-cutting assumptions, it is assumed that the following more specific operational pre-conditions are met to a satisfactory degree (noting that the management of these inherent risks factors at various levels is addressed in further detail in Section 9 and Annex 4):

- Formalized agreements are arrived at quickly and without delays.
- The project partners able to recruit, hire, and retain the necessary qualified research staff.
- Project partners synchronize and manage respective workloads and -flows efficiently.
- Adequate knowledge and experience exist to meet MFA needs and requirements.
- Existing UCPH-DERG and GTAP project control, monitoring and quality assurance environments and procedures are adequate, and the partner institutions can take necessary ameliorating actions (including adequate financial-management procedures and staffing for the tasks envisaged).

Annex 4: Risk Management

The detailed project risk matrix is summarized here:

Risk Factor	Likelihood of risk factor	Impact if risk materialises	Risk response is risk materialises	Residual risk after response	Background to assessment
Stakeholders reluctant to engage and do not collaborate effectively	Unlikely in general – but likely to occur in some cases	Major	Active and continued engagement by project leaders and partners relying on existing professional and policy networks	Inherent and highlights the relevance of the project	The project partners do have the necessary experience and expertise to actively engage stakeholders, but they will occasionally be unable to overcome negative incentive structures of stakeholders depending on changing national circumstances
Political and economic environment constrains proposed policy changes and initiatives	Likely	Major	Continued focus on institution building and advocacy to promote the SDG agenda and financing for development needs relying on existing professional and policy networks and partners at all levels.	The scope and complexity of this risk factor may be beyond the reach of the project – but residual risks will include temporary risks that can with time be overcome in collaboration with other programme partners	This risk factor carefully assessed in the country case selection, and the longer-term needs of DRM likely to be imperative for government action and the promotion of needed social contracts
Study results and recommended interventions fail to address the barriers to formal trade and taxation	Unlikely	Major	Make pro-active use of effective professional quality assurance and feedback mechanisms at researcher and policy levels	Limited residual risk may remain though this will be minimized by the expertise of the research teams	The generation of research evidence remains crucial and impactful at least over the medium- to longer-term even if there are short-run setbacks.
The institutional ability of the partners to enter agreements and implement them in a timely manner is inadequate for project effectiveness and efficiency and MFA requirements	Unlikely	Minor	Effective consultation and transparent administrative actions to be taken by the partners, including the project coordinators	Limited residual risk will remain	The institutions of the project partners have extensive background and experience with the MFA and other national and international organisations meaning that necessary mediating actions can be taken with no delays. Existing procedures have proven their robustness over time and space. Also, key staff is already in post.
Explanatory note: The risk is formulated as a headline or in one or two sentences	- Very unlikely - Unlikely - Likely - Almost certain	- Insignificant - Minor - Major - Significant	The risk response is formulated as a headline or in one or two sentences	The risk that remains after the identified risk response.	Brief explanation which can emphasize the risk factor itself or any of the other elements in terms of rating and responding to the risk

Annex 5: Budget Details: Itemized budget FY25-FY27, DKK

Item	FY 2025	FY 2026	FY 2027	Total
Component 1	1.562.651	2.058.165	1.329.184	4.950.000
<i>Salary costs</i>	672.381	1.072.811	1.053.640	2.798.832
Finn Tarp	82.500	110.000	55.000	247.500
Paolo Falco	124.408	128.140	237.571	490.119
Magnus Eldrup	-	-	314.928	314.928
Post Doc NN	296.858	611.511	314.928	1.223.297
Admin	102.230	134.646	86.956	323.832
RA	66.385	88.514	44.257	199.156
<i>Operating costs</i>	817.500	887.500	225.000	1.930.000
Travel and conferences	55.000	75.000	75.000	205.000
Materials	-	-	-	-
Publications and outreach		50.000	50.000	100.000
Shared operation field costs	762.500	762.500	100.000	1.625.000
<i>Contingency/other</i>	72.770	97.854	50.544	221.168
Component 2	1.650.000	2.200.000	1.100.000	4.950.000
<i>Salary and benefits</i>	1.497.349	2.049.250	891.734	4.438.333
Senior staff	898.409	1.229.551	535.040	2.663.000
Staff	598.940	819.699	356.694	1.775.333
<i>Other direct costs</i>	110.000	116.668	155.000	381.668
Technical meetings/workshops	110.000	62.585	30.000	202.585
Conferences	-	54.083	125.000	179.083
<i>Contingency/other</i>	42.651	34.082	53.266	129.999
Grand total	3.212.651	4.258.165	2.429.184	9.900.000

Annex 6: List of Supplementary Materials – CVs of Professors Finn Tarp and Channing Arndt

CURRICULUM VITAE

Finn Tarp

Personal details

Finn Tarp, Danish citizen, married

DOB: 13/04/1951

Trudeslund 7, DK-3460 Birkerød

Denmark

Current employment

Professor, Department of Economics

University of Copenhagen (UCPH)

Øster Farimagsgade 5, DK-1353

Copenhagen K, Denmark

Professional profile and scientific focus

Finn Tarp is Professor of Development Economics at the University of Copenhagen (UCPH) and coordinator of the Development Economics Research Group (UCPH-DERG). He is the former Director of UNU-WIDER (2009-18) and a leading international expert on global development with in-depth academic and policy advisory experience on issues of development strategy and international development cooperation. To this comes extensive policy relevant research in poverty, inequality, agricultural sector policy and planning, household and enterprise development, and climate change, sustainability, and natural resources. During his tenure at UNU-WIDER he transformed the institution into one of the world's most effective, highly ranked and influential development research and policy think tanks. Finn Tarp has been a member of the Council of Eminent Persons (CEP) advising the Chief Economist of the World Bank and is currently the Chair of the Board of the University of Bonn Center for Development Research (ZEF) and Member of the Academic Advisory Council of the Institute of New Structural Economics, University of Peking. He was a Member of the Advisory Panel for the Human Development Report 2018, has been a Member of the World Economic Forum Global Future Council on Production, and was a Member of the KOICA Advisory Board for ODA Innovation. He has published widely in leading scientific journals and academic books, alongside extensive field work across more than 35 countries in Africa and Asia. His h-index is exceptional at 70.

Education

1988 - 1992 UCPH, Denmark. Doctoral dissertation (lic. polit.) in Economics

1977 - 1978 UCPH, Denmark. M.Sc. (cand. polit.) in Economics

1976 - 1977 University of Illinois, Champaign Urbana, USA. Graduate student of Economics

1972 – 1976 UCPH, Denmark, student of Economics

Employment

2002 – present Professor, Department of Economics, UCPH (5% during 2009-18)

- 2019 – present Non-resident senior research researcher, UNU-WIDER
- 2009 – 2018 Director, UN University World Institute of Development Economics (UNU-WIDER), Finland (95%).
- 1996 – present Coordinator of the University of Copenhagen Development Economics Research Group (UCPH-DERG)
- 2001 – 2002 Visiting Professor, National Economics University (NEU), Hanoi, Vietnam and Senior Economist/Project Coordinator at the Central Institute of Economic Management (CIEM)
- 1991 – 2001 Associate Professor UCPH
- 1988 – 1990 Assistant Professor UCPH
- 1978 – 1988 Various UN-FAO posts Eswatini and Mozambique, including Macroeconomist/Agricultural Planner (Team Leader), FAO/Ministry of Agriculture, Mozambique.

Academic awards and honours

- 2015 The Knighthood, Order of the Dannebrog, conferred by Her Majesty Queen Margrethe II of Denmark
- 2015 The Vietnamese Government Medal of Honour for ‘Support to the Planning and Investment System’
- 2011 The Vietnamese Government Development Merit ‘Medal for the Cause of Science and Technology’
- 1996 The University of Copenhagen’s Institute of Economics’ Award for excellent teaching
- 1979 The Zeuthen award of the Danish Economic Society

Management experience

An extensive range of **senior management and research** posts in the UN University, UCPH, and national and international research, education and development organizations. Director of UNU-WIDER 2009-18 and founding parent in 1996 and since then Coordinator of UCPH-DERG. Have headed inter-disciplinary research activities, capacity development projects and integrated policy advisory/field level work in more than **35 countries** across the world. Includes duties in Mozambique for 45 years (with 10+ years in country), some 25 years of intensive work with Vietnam (including out-posting and study visits), Eswatini (two years in country) and numerous activities in South Africa during several decades. To this comes rigorous work in China, Ethiopia, Myanmar, South Korea, Kenya and Tanzania over the past decade, drawing on earlier experience from for example Angola, Guinea-Bissau, Rwanda, and Zimbabwe, and cross-cutting thematic work and studies.

International relations

- Have advised and worked closely with **top-level analytical development units and decision makers** in ministries and civil society as well as the private sector in for example China, Denmark, Ethiopia, Finland, France, Germany, Ghana, Italy, Japan, Kenya, Mozambique, Myanmar, Norway, South Africa, South Korea,

Eswatini, Sweden, Tanzania, the UK, the US, Vietnam, and Zimbabwe as well as throughout the UN system, its diverse set of agencies, and the EU.

- A member of the World Bank Chief Economist's 15-member **Council of Eminent Persons** from 2013-16. Also served on the Danish Prime Minister's Advisory Council on the Economy of Greenland; and a member of the Danish Council for Development Research (RUF), Danida's external appropriation committee, and the EU task force for research collaboration with third countries and international organizations.
- Chair of the continent-wide **African Economic Research Consortium** (AERC) thematic group on poverty, income distribution and food security; and for 25 years member of the European Development Research Network (EUDN). From January 2018 Member of the Academic Advisory Council of the Institute of New Structural Economics, University of Peking and since January 2019 member of the International Advisory Board of the Center for Development Research ZEF at the University of Bonn, now Board Chair.

External research funding

Over the past 29 years, Finn Tarp has held responsibility as **Principal Investigator (PI)** for UCPH-DERG projects with an approved budget totalling around USD 40 million from different donors and funding agencies. Responsible for UNU-WIDER's funding from 2009-18 with an annual budget of some USD 11 million in 2018. Projects have included both thematic challenges and country-focused programmes, including research and capacity building.

Supervision of students

Supervised 30+ PhD students and Post Docs at UCPH and UNU-WIDER, and several hundred M.Sc. students.

Extensive academic refereeing including for example American Economic Review; Review of Economic Studies; American Economic Journal; Journal of Development Economics; The Economic Journal; Review of Economics and Statistics; European Economic Review; Journal of Economic Growth; Scandinavian Journal of Economics; American Journal of Agricultural Economics; World Bank Economic Review; World Development; Economic Development and Cultural Change; Review of Income and Wealth; Review of Development Economics; Oxford Bulletin of Economics and Statistics; Feminist Economics; Journal of Happiness Studies; Journal of Development Studies; Journal of African Economies; Journal of Economic Inequality.

Research impact indicators, websites and social media presence

Finn Tarp is globally a top 1% researcher in Economics (global rank = 598 among more than 70,000 listed) according to RePEc (last 10 years). H-index is 70, and 21,280 google scholar citations.

Personal website: <https://web.econ.ku.dk/ftarp/> with full publication and other details. See also UCPH-DERG's website: <https://www.econ.ku.dk/derg>. Twitter/X: <https://twitter.com/finnsangle> (26K followers), LinkedIn: <https://dk.linkedin.com/in/finntarp> (4,226 connections).

CHANNING ARNDT

Director, Global Trade Analysis Project (GTAP)

Center for Global Trade Analysis, Purdue University

carndt@purdue.edu; +1 970 689 2112

Channing Arndt directs the Global Trade Analysis Project, which is housed in the Center for Global Trade Analysis at Purdue University. GTAP is the world's leading network for economic analysis in general equilibrium. It is supported by a consortium of 31 key institutions from around the world. GTAP provides the world's most-used fully reconciled and complete data set for global economic analysis, delivers training on modelling in general equilibrium, and conducts research on a range of topics including international trade, climate change, and economy/environment interactions. Prior to directing GTAP, Arndt directed the Transformation Strategies Department at IFPRI/CGIAR overseeing a research budget of about \$65 million and about 350 staff. Arndt has more than 30 years of experience in analytics for economic policy, with emphasis on large-scale global trends and their implications for country level strategy and policy. He has published more than 95 articles in leading academic journals. His books include *Taxation in a Low-Income Economy: The Case of Mozambique*, *Growth and Poverty in Sub-Saharan Africa*, *Measuring Poverty and Wellbeing in Developing Countries*, and *The Political Economy of Clean Energy Transitions*. Arndt has an established reputation for building institutional capacity in Mozambique, South Africa, Morocco, and Viet Nam and within the framework of the African Economic Research Consortium. He has been a consistent advocate for the creative and effective use of distance learning technologies, beginning with the development and implementation of distance approaches to support GTAP short courses more than 25 years ago.

EXPERIENCE

Global Trade Analysis Project, Center for Global Trade Analysis, Purdue University

Director and Research Professor, January 2025 – present.

International Food Policy Research Institute and CGIAR, Transformation Strategies Department

Senior Director, September 2022 – December 2024.

International Food Policy Research Institute, IFPRI Representative to the Deputy Directors General for

Research Group of the CGIAR, November 2019 – December 2024.

International Food Policy Research Institute, Environment and Production Technology Division

Division Director, April 2018 – December 2022.

International Food Policy Research Institute, Development Strategies and Governance

Senior Research Fellow, January 2017 – March 2018.

World Institute for Development Economics Research, United Nations University

Senior Research Fellow, February 2014 – December 2016.

Department of Economics, University of Copenhagen

Professor, January 2008 - January 2014.

World Institute for Development Economics Research, United Nations University

External Project Director, July 2010 – December 2013.

Ministry of Planning and Development, Mozambique

Principal Economic Advisor (Resident), January 2003 – June 2008.

International Food Policy Research Institute

Visiting Research Fellow, September 2002 – December 2003.
 Department of Agricultural Economics, Purdue University,
 Professor August-December 2007.
 Associate Professor 2002 - 2007.
 Faculty Associate, Center for Global Trade Analysis, January 1999 – December 2002.
 Assistant Professor, January 1998 – July 2002.
 Department of Economics, University of Copenhagen.
 Assistant Research Professor, September 1996 - December 1997.
 Department of Agricultural Economics, Purdue University.
 Andrews Fellow and Research Assistant, August 1992 - August 1996.
 Directorate of Planning and Economic Affairs, Ministry of Agriculture, Morocco.
 Peace Corps Volunteer, June 1990 - August 1992.

EDUCATION

Ph.D. in Agricultural Economics, Purdue University, 1996.
 M.S. in Agricultural Economics, Colorado State University, 1990.
 B.A. in Economics, Colorado College, 1986.

UPPER MANAGEMENT EXPERIENCE

In November 2019, the CGIAR formally embarked on an ambitious reform agenda. In early 2020, Arndt was assigned to represent IFPRI at the first meeting operationalizing the reform process. He remained strongly engaged as a representative of IFPRI through 2024. In that period, Arndt made leading contributions to:

- The most ambitious restructuring of IFPRI in its history, including a direct role in the hiring of directors for the seven research units that are at the heart of the new organizational structure.
- The development and implementation of a three-year \$800 million pan-CGIAR research programme.
- Growth in peer-reviewed publications by the Institute from 410 in 2020 to 445 in 2023 despite the transaction costs associated with a major reform effort. Measures of publication quality also increased over the period.

On January 1, 2025, Arndt began as Director of [GTAP](#). This move allows Arndt to be closer to policy processes and to dedicate more time and organizational effort to capacity building, especially in the structural modelling skills which are crucial for effective policies and investments in an equitable transition to a stable climate.

SELECTED ENGAGEMENT FOR IMPACT

Starting in 1990 while serving as a Peace Corps volunteer in the Direction of Planning and Economic Affairs in the Ministry of Agriculture in Morocco, Arndt has focused on engagement for impact. Because decision-making at country or sub-national levels is so important to outcomes and because central decision-making units in countries are so important for driving large and long-term processes, he has explicitly sought to engage with units such as Ministries of Plan and Finance. His philosophy for achieving impact involves top quality analytics, relationship and trust building, and ‘crowding in’ capabilities. The final element, crowding in capabilities, is crucial for two reasons. First, and broadly, the more sophisticated analytical capabilities in countries become, the greater the interest of countries in enhancing their own capabilities. Second,

engagement that augments skills and capacities leads more rapidly to buy-in at both technical and political levels, which is critical to impact. The following lists two examples of major research projects led by Arndt where this philosophy has been formed and applied.

[Towards Inclusive Economic Development in Southern Africa](#). *International Food Policy Research Institute* (June 2017 – December 2021)

In South Africa Arndt teamed with the National Treasury, the Department of Planning Monitoring and Evaluation in the Presidency, the Department of Trade and Industry, the South African Revenue Services, and the European Union to develop a large research program. *The Economist* magazine, in their 19 October 2019 edition, stated that the finance minister “published a 77-page paper on the National Treasury website, replete with sensible ideas” (p. 45) Arndt worked closely with the National Treasury in developing many of the ideas, notably in immigration, energy, agriculture, water resources and regional trade. This strategy was operationalized via [Operation Vulindlela](#). The policy impact on water resources is documented in this [video](#). A [second video](#) documents other policy impacts, including the role of IFPRI in the design of South Africa’s response to Covid-19. Finally, the project was heavily engaged in energy. It provided the tools deployed for the emissions reductions pledged in South Africa’s NDC, and project analytics helped to set the stage for the [Just Energy Transition Partnership](#), which was negotiated at CoP 26 and which aims to provide \$8.5 billion in grants and soft loans.

[Regional Growth and Development in Southern Africa](#), *World Institute for Development Economics Research of the United Nations University* (January 2014 – December 2016)

Arndt led this project, which was run in collaboration with the National Treasury (NT) of South Africa. It included a variety of components. First, the project made significant contributions to South Africa's Long Term Adaptation Strategy (LTAS) process as well as substantial inputs into mitigation and energy policies. Second, the project secured collaboration with the South African Revenue Service (SARS) for the analysis of confidential personal and corporate income tax data as well as value added tax data. This was a major institutional achievement opening large avenues in terms of policy relevant research both in the near term and into the future. Third, a regional research program was launched focused on energy, value chains, and infrastructure in collaboration with eight key regional institutions. Fourth, a major effort to validate and improve the South African General Equilibrium (SAGE) model employed by NT was conducted. Fifth, substantial efforts at capacity building were made within the Economic Policy unit of the National Treasury distributed across the macroeconomics, microeconomics and modelling and forecasting groups. Sixth, an active dissemination program was maintained including co-sponsoring of conferences on regional value chains and climate change issues for Africa with Trade and Industrial Policy Strategies and the Joint Program for the Science and Policy of Global Change at the Massachusetts Institute of Technology respectively. Finally, six policy workshops were conducted focusing on macroeconomics and labour markets; South Africa in Africa; exports of services; energy and macroeconomic stability; productivity; and equality as development strategy.

[SUMMARY OF PUBLICATION RECORD](#)

Arndt has nearly 100 publications in prestigious refereed outlets. His publications are widely cited. As of June 2024, [Google Scholar](#) lists more than 11,000 citations of publications authored or co-authored by Arndt. The h-index for Arndt compiled by Google Scholar is 56 and the i10-index 152.

Distance Instruction

With IFPRI, Arndt co-lead the development of distance learning curricula for economic modelling. This curriculum has been delivered to key personnel in India, Bangladesh, Nepal, Nigeria, Kenya, South Africa and Zambia. This approach helped to motivate the development of a distance learning course on application of the Women's Empowerment in Agriculture Index (WEIA).

With UNU-WIDER and in collaboration with African Economic Research Consortium, Arndt led the development and implementation of a course examining climate change. This course was delivered three times in 2011. The first session, held from May-June 2011, focused on the science and biophysical modelling of climate change using a distance delivery mode. The economics of climate change was delivered in an intensive one-week session at the University of Cape Town. Two further sessions were delivered entirely by distance. In total, 56 African scholars from 21 countries completed the course in 2011 illustrating the ability to deliver material effectively and at low cost to individuals with internet access even if they reside in countries with low bandwidth.

As a GTAP Faculty Associate, Arndt took the lead in the development of web-based teaching modules designed to precede the one-week face-to-face course in Global Trade Analysis delivered by the Global Trade Analysis Project. This innovation greatly increased the effectiveness of the face-to-face course as students had already learned many prerequisites related to the underlying economic theories, general organization of empirical approaches, software, and notation. The web-based precursor to the face-to-face intensive course has been running for nearly 30 years.

Annex 7: Plan for Communication of Results

What? (the message)	When? (the timing)	How? (the mechanism)	Audience(s)	Responsible
Fair and progressive Domestic Resource Mobilisation (DRM) contributes to increasing developing countries' resources for investments in sustainable development and Corruption, tax evasion and avoidance, and illicit financial flows – all facilitated by tax havens and secrecy jurisdictions – have detrimental effects on realising the SDGs and disproportionately affect the poor	Throughout the programme period (including at larger political events or when key results are achieved)	Partners' own communication tools (including reports, analytical products, seminars, participation in meetings and conferences)	Global citizens and decision makers Governments where corruption is pandemic and taxation policy and capacity weak	Primarily programme partners
		Participation in policy events, conferences, meetings.	International community. Governments in the developing countries and the global North	Programme partners and MFA
		Social media	GTAP and UCPH-DERG have large social media following plus followers of Denmark on SoMe	Programme partners and MFA
	Annually	Results reporting at openaid.um.dk	Danish Parliament and public	MFA
	2025 or 2026	Possible learning event	Relevant programme partners	Programme partners and MFA
	2027	Final project workshop	Engaged governments, civil society representatives, and relevant members of the international community (UNECA, IMF, WB...)	Programme partners

Annex 8: Process Action Plan

- Spring 2025: drafting of project document.
- August 2025: approval by MFA of project document.
- August 2025: Signing of agreement with partners and first disbursements.
- 1 September 2025: Implementation starts.

Annex 9: Quality Assurance Checklist