



WORLD BANK GROUP

IFC International Finance Corporation **MIGA** Multilateral Investment Guarantee Agency

PROGRESS IN STRENGTHENING FRAMEWORKS FOR BUILDING TAX CAPACITY

A report to G20 Finance Ministers and Central
Bank Governors

Prepared by the partners
of the Platform for
Collaboration on Tax

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ACRONYMS

ADB	Asian Development Bank
AEOI	Automatic Exchange of Information
AfDB	African Development Bank
AI	Artificial Intelligence
ATAF	African Tax Administration Forum
BEPS	Base Erosion and Profit Shifting
CARICOM	Caribbean Community
CATA	Commonwealth Association of Tax Administrators
CbC	Country-by-Country
CD	Capacity Development
CIAT	Inter-American Center of Tax Administrations
CIT	Corporate Income Tax
COTA	Caribbean Organisation of Tax Administrators
CREDAF	Cercle de Réflexion et d'Echange des Dirigeants des Administrations Fiscales
CSO	Civil Society Organization
DAC	Development Assistance Committee
DATAx	World Bank's Lab to Study Taxes, Firms and Jobs using Micro Data
DPF	Development Policy Financing
DRM	Domestic Revenue Mobilization
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	Economic and Social Council
ECOWAS	Economic Community of West African States
EMDE	Emerging Market and Developing Economies
EFD	Electronic Fiscal Device
EU	European Union
FARI	Fiscal Analysis of Resource Industries
FCS	Fragile and Conflict Affected States
FFD4	Fourth International Conference on Financing for Development
FTA	Forum on Tax Administration

GDP	Gross Domestic Product
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMT	Global Minimum Tax
GPPF	Global Public Finance Partnership
GRP	Global Relations Programme on Taxation
GTED	Global Tax Expenditure Database
HR	Human Resources
IBFD	International Bureau for Fiscal Documentation
ICTD	International Centre for Tax and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IF	OECD/G20 Inclusive Framework on BEPS
IISD	International Institute for Sustainable Development
INFF	Integrated National Financing Framework
IOs	International Organizations
IOTA	Intra-European Organisation of Tax Administrations
ISORA	International Survey on Revenue Administration
JDRMI	Joint Domestic Resource Mobilization Initiative
LIC	Low Income Country
MNRW	Managing Natural Resource Wealth Thematic Fund
MTRS	Medium term Revenue Strategy
ODA	Official Development Assistance
OTA	US Treasury Office of Technical Assistance
PCT	Platform for Collaboration on Tax
PforR	Program-for-Results
PFR	Public Finance Review
PIT	Personal Income Tax
PITAA	Pacific Islands Tax Administrators Association
QDMTT	Qualified Domestic Minimum Top-up Tax
RDB	Regional Development Bank
RFax	Revenue Forecasting and Analysis Online Course
RMTF	Revenue Mobilization Thematic Fund



RTO	Regional Tax Organization
SDGs	Sustainable Development Goals
SGATAR	Study Group on Asia-Pacific Tax Administration and Research
SIDS	Small Island Developing States
TADAT	Tax Administration Diagnostic Assessment Tool
TIPS	PCT Tax Incentives Principles
UNDESA	UN Department of Social and Economic Affairs
UNDP	United Nations Development Programme
VITARA	Virtual Training to Advance Revenue Administration
WATAF	West African Tax Administration Forum
WCO	World Customs Organization
World	World Revenue Longitudinal Dataset

EXECUTIVE SUMMARY

This report responds to the February 2025 request in the G20 Chair's Summary of the Finance Ministers and Central Bank Governors meeting for

“...the partners of the Platform for Collaboration on Tax (PCT) and regional organizations to coordinate and report on progress in strengthening capacity-building frameworks to enhance the effectiveness and efficiency of technical assistance, as stated in the Rio de Janeiro G20 Ministerial Declaration on International Tax Cooperation.”¹

To this end, this report builds on the PCT's 2016 report for the G20 on “[Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries](#)” (PCT, 2016). In light of recent trends and current prospects (section I), it assesses progress relative to the key enablers of strengthened domestic revenue mobilization (DRM) (Section II) and outlines an agenda for tax-related capacity development (CD) for the medium term (Section III). Several key themes emerge from the detailed conclusions drawn throughout.

Substantial and sustained improvement of tax capacity continues to require considerable external support. Over the last decade or so, strengthening DRM has attracted heightened interest from both recipients and donors, corresponding to a marked increase in tax-related official development assistance (ODA) between 2015 and the end of 2020. On average, tax ratios (tax revenue as a share of gross domestic product (GDP)) have not progressed as rapidly since 2015 as in the early part of the century—but experience has varied, and there are signs of both encouraging progress and a positive impact from tax-related CD. Revenue needs remain substantial: more than half of all developing countries have tax-to-GDP ratios below the benchmark of 15 percent stressed in the Sevilla Commitment (UN, 2025a), the outcome document of the Fourth Financing for Development Conference (FFD4). Financing gaps towards the Sustainable Development Goals (SDGs) are very large and debt finance stretched. Moreover, the external environment has become more difficult, marked by geopolitical tensions, trade uncertainties and the prospect of large falls in ODA. In that context, the large reduction in external support for tax-related CD since 2020 is troubling—but the call in the Sevilla Commitment for development partners to collectively at least double support for strengthening DRM by 2030 is an encouraging sign.

The value of a structured approach to reform—country-owned, country-led and fulfilling the social contract with taxpayers—is now widely recognized, and is increasingly applied. Taxation cannot be considered in isolation but rather as embedded in national financial strategies and integrated with the spending measures that legitimate it. With the Medium Term Revenue Strategy (MTRS) framework developed by the PCT's 2016 Report in various stages of application in nearly 30 countries, the PCT is now drawing lessons from a decade of experience. This MTRS review is likely to lead—without compromising ambition—to greater country-tailored flexibility, increased emphasis on engagement with a full range of stakeholders (including civil society, business and political actors); and more effective governance structures. While a full MTRS may not be appropriate in all circumstances, even in fragile and conflict affected situations, a tailored sequencing and design of actions that envisages progress beyond immediate needs is helpful. In all cases, political will—the prerequisite for lasting improvement—is largely beyond the control of providers but can be fostered, by, for instance, encouraging recognition that circumstances change, and through judicious policy-based lending.

¹ That Declaration called on “...the Platform for Collaboration on Tax, international organizations, and other development partners to strengthen capacity-building frameworks, including those for supporting capacity-building initiatives, while facilitating the effective application of existing internationally recognized taxation principles and dispute resolution mechanisms. We also call on them to facilitate the implementation of progressive tax systems that focus on reducing inequalities and promoting economic growth.”

There has been a significant expansion of diagnostic tools, datasets, training (content and methods), guidance materials, and academic research since 2016. These varied and rich means of acquiring, analyzing, using and disseminating information are deepening the impact of CD, facilitating cooperation, and enabling a sharper focus on understanding and assessing the results of tax CD.

Support is needed to build or strengthen institutions as well as people, and assure high levels of integrity. Many developing countries, for example, still lack tax policy units capable of undertaking adequate tax expenditure reports or assessing the impacts of reform. Challenges related to governance and integrity, and illicit financial flows, persist in many countries, undermining trust between citizens and government. ‘Whole of government’ approaches, which are needed to integrate taxation with related policy areas (such as anti-money laundering and the digitalization of public services) and to address tax concerns spanning agencies (such as avoiding potential pitfalls of tax incentives) are often far from fully developed.

An effective digital infrastructure combined with staff having the skills to use it is necessary for establishing modern revenue administration—but is not sufficient on its own. Full use of the rich information and powerful tools becoming available is not possible without effective digital infrastructure and skilled staff. But little will be achieved unless both are thoughtfully combined with suitable processes and embedded in appropriate legal frameworks. Acquiring and retaining appropriate skills in a rapidly changing environment presents its own challenges for human resource (HR) strategies, including for CD providers.

Coordination and collaboration among CD providers is generally seen as strong, though with scope and need to do more, especially in-country. There are many examples of productive collaboration—in CD delivery, the development and application of diagnostic tools, production of guidance materials, technical events, training—and independent evaluations have been positive on this score. Efforts to further strengthen collaboration and cooperation continue, as with the recent Joint Domestic Resource Mobilization Initiative (JDRMI) of the IMF and World Bank, which also envisages intensified in-country cooperation among providers, and the new Memorandum of Understanding agreed between the OECD and UNDP to deepen the partnership on Tax Inspectors Without Borders (TIWB). Regional Tax Organizations (RTOs) and Regional Development Banks (RDBs) have been playing an increasingly impactful role in all areas and will be critical for future progress. Experience has highlighted the importance of alignment with national priorities and country ownership, as well as systematic country-led coordination when several CD providers are engaged, for which dedicated resources may be needed.

Efforts continue to ensure that developing countries participate fully in the development of initiatives in international taxation, and that these respond to their interests and concerns. Ongoing initiatives—most notably within the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting and in the process towards a UN Framework Convention on International Tax Cooperation and its two early protocols—provide the broader context for this work. Against this backdrop, providers are engaged in providing technical and analytical support in international taxation, for example on anti-avoidance measures, tax transparency initiatives, and strengthening bilateral tax treaties.

It is in the strengthening of the core domestic tax system that lasting improvement of DRM must be found. Achieving this requires a sharp focus on the ‘basics’: the often unglamorous but critical work of enhancing compliance and designing tax systems conducive to growth, efficiency, and equity. It also requires the domestic capacity to undertake routine tax policy analysis. That said, international tax matters will of course continue to require significant attention.

The PCT will continue to promote collaboration, including with RTOs and RDBs, provide thought leadership, and will engage closely with developing countries. The development of evidence- and experience-based advice will remain a priority, the MTRS review will seek direct country feedback on CD frameworks, a workstream on monitoring and evaluating CD impact is underway, and interactions with country authorities and RTOs/RDBs will be intensified. The PCT will also make increasing use of its convening power to address core issues in the development of tax CD: it plans a regular series of events, beginning with a global conference in Tokyo in March 2026.

I. BACKGROUND AND CONTEXT

This section provides a broad review of developments in, and the current situation of, domestic revenue mobilization (DRM)² and the capacity development (CD) provided to support it.

A. The DRM Imperative

KEY MESSAGES

- The need for strengthened DRM remains acute and is amplified by recent shocks and developments.
- Strengthening DRM is a lengthy process, and is more than a matter of increasing revenue.

Unmet spending needs in developing countries³ remain substantial and call for continued efforts to strengthen DRM. Since the pandemic, the gap in financing the sustainable development goals (SDGs) has grown to around USD 4 trillion a year. (UN, Interagency Task Force, 2024). Even delayed achievement of five SDGs⁴ by 2040, for example, has been estimated to require additional financing for the median low income country, each year over 2025-29, of about 4 percent of GDP (the requirement being systematically higher the lower the level of per capita GDP).⁵ On average, about 50 percent of this financing need could be met by increasing the tax ratio (tax revenue relative to GDP) by 3 percentage points by 2030, a benchmark that is described as “ambitious, but not unrealistic.” Any prospect of achieving the SDGs without levels of reliance on external financial support and/or public indebtedness that currently seem implausible or unacceptably high must rely on significant further improvement in DRM.

The context for achieving the SDGs in developing countries has been made more difficult by a series of shocks since 2020, amplifying both long-standing and newer challenges. Unexpected adverse developments include: the COVID-19 pandemic, the impact of the war in Ukraine on fuel and food markets; uncertainties around trade and financial conditions; and sharp reductions in official development assistance (ODA).⁶ While developing countries' public debt levels have generally stabilized, in many cases debt service costs are high and rollover needs substantial. At the same time, some tax challenges that were only beginning to surface at the time of the PCT's 2016 Report have become pressing, including for example: seizing new opportunities from digitalization; addressing the implications of artificial intelligence (AI); tailoring fiscal regimes for the extractive industries as countries diversify their energy sources; and dealing with emerging issues such as the taxation of cryptocurrencies and assets. And many tax administrations—including in donor countries—now face significant budget cuts. All this comes on top of the fundamental challenges for DRM in developing countries posed by high domestic non-compliance and avoidance, weak administrative capacity, governance issues, high vulnerability to natural disasters, and climate change. Countries have also

²The same acronym is sometimes used to refer to the mobilization of domestic resources more broadly. The focus in this report is on government revenues, mainly, though not only, from taxation.

³ By 'developing countries' is meant in this report, except as otherwise indicated, those in the “low” or “low middle” income classification of the World Bank.

⁴ In education (SDG 4), health (SDG 3), road infrastructure (SDG 9), electricity access (SDG 7), and water and sanitation (SDG 6), including climate needs in these sectors. The figures do not include wider climate financing needs.

⁵ The figures and quotation in this and the next sentence are from IMF (2025a).

⁶ OECD (2025a) estimates that ODA fell by 9 percent in 2024, and projects a further fall of 9-17 percent in 2025.

had to adopt and adapt to evolving international standards, such as those on information exchange and the taxation of multinational enterprises. The relative importance of these and other considerations varies across countries, but for few developing countries is the current outlook more favorable than it was in 2016.

The PCT will continue to promote collaboration, including with RTOs and RDBs, provide thought leadership, and will engage closely with developing countries. The development of evidence- and experience-based advice will remain a priority, the MTRS review will seek direct country feedback on CD frameworks, a workstream on monitoring and evaluating CD impact is underway, and interactions with country authorities and RTOs/RDBs will be intensified. The PCT will also make increasing use of its convening power to address core issues in the development of tax CD: it plans a regular series of events, beginning with a global conference in Tokyo in March 2026.

Problems of fragility and conflict have increased—and are set to become even more pervasive. Whatever the cause—geopolitics, climate, demographics, or institutional challenges—fragility and conflict are already widespread, particularly among low income countries.⁷ Nearly 40 percent of the population in fragile and conflict-affected situations (FCSs) live in extreme poverty—on less than USD 3 per day—compared with 6 percent in other emerging market and developing economies (EMDEs). Moreover, the outlook is sobering. By 2030, FCS economies are projected to account for nearly 60 percent of the world’s extreme poor (Hill and others, 2025).⁸ The tax challenges which consequently arise—such as governments lacking full control of their territory, prevalence of extra-legal taxes, and large-scale population displacement—can be profound.

The concern, moreover, is not simply to increase the total revenue raised but to do so in ways that support fairness, sustainable development and state building.⁹ While the total amount of revenue raised naturally receives primary attention, it is not the only dimension along which taxation matters. There are, for instance, many direct links between taxation and specific SDGs, notably in relation to health, climate and other environmental considerations, and gender.¹⁰ More broadly, aspects by which tax systems should be assessed include their:

- Consistency with accepted equity objectives¹¹—both in terms of poverty alleviation and, increasingly in many countries, including some within the G20, ensuring that the wealthiest bear a reasonable share of the tax burden;
- Efficiency, in the sense of supporting full employment and sustained growth, which may include a carefully sequenced shift in the tax mix—such as reducing reliance on customs duties, as capacity allows, and moving toward consumption taxation (the ‘tax transition’)—alongside measures to correct for market failures and other behavioral biases (for example, through the proper pricing of fossil fuels and tobacco);
- Administrability, for both authorities and taxpayers; and

⁷ About two thirds of the fragile and conflict-affected situations (FCSs) identified by the World Bank (2025) are in Low Income Countries (LICs).

⁸ See also OECD (2025b).

⁹ Corwin and others (2024) elaborate on the importance of taxation in pursuit of the SDGs, and the role of the PCT in that context.

¹⁰ UNDP prioritizes its CD efforts on linking taxation with the thematic areas of the SDGs.

¹¹ For example, UN (2024a, p.11) emphasizes that “progressive taxes on wealth ensure that individuals pay taxes in proportion to their wealth... reducing inequality while providing revenue to finance public goods and services.” It also underscores the importance of such taxes in enabling fairer distribution of the benefits of economic prosperity. The World Bank’s [Corporate Scorecard](#) recognizes ‘equity’ within its indicator for improved revenue performance.

- Fostering of trust by taxpayers, through transparency and the development of institutions that are responsive and accountable. There is an important role here (though not the focus of this report) for the spending side, in ensuring that taxpayers see revenue as being put to good use.¹²

Improvements along all these dimensions—‘tax capacity’ in a broad sense—are what is meant in this report by a strengthening of DRM.

The need for capacity development (CD) on DRM is at least as large as in 2016—if anything, it has increased. While many countries have made significant progress, substantial unmet needs and fundamental challenges persist; uncertainties and risks abound; and the tools available to both government and taxpayers are evolving rapidly. As experience from more advanced economies shows, developing tax capacity is a process measured in decades, not years. Moreover, governments committed to reform require tailored, sequenced, and high-quality external support. This is underscored in the Sevilla Commitment, the outcome document of the Fourth International Conference on Financing for Development (UN, 2025a), which reaffirms the importance of international cooperation, including through scaled-up CD and increased ODA, to support developing countries in strengthening DRM and building fair and effective tax systems.

B. Trends and Potential in Revenue Mobilization

KEY MESSAGES

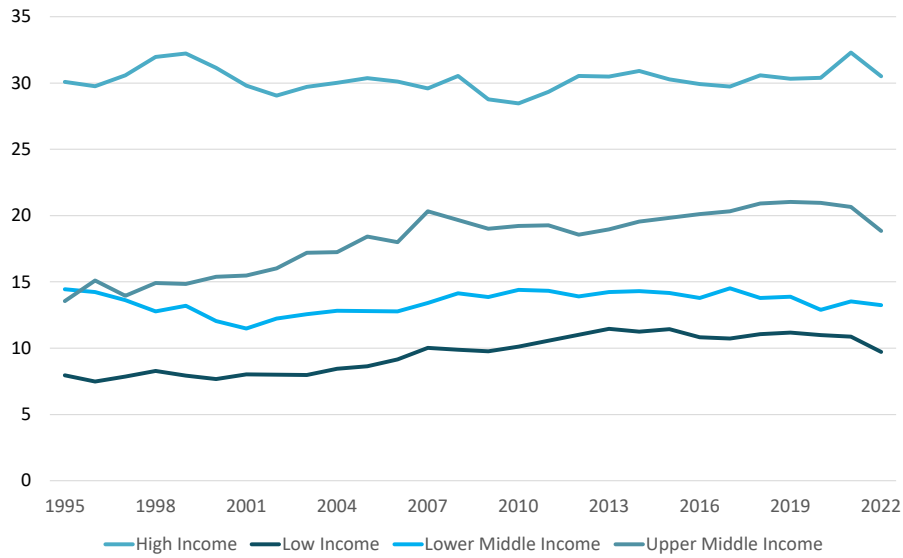
- Progress in raising tax revenue has, on average, stalled over the last decade, leaving more than half of all developing countries raising less than 15 percent of GDP...
- ...but country experiences vary widely, and there are encouraging developments.

On average, tax ratios in developing countries have been broadly unchanged since 2015, but with signs of adverse effects from the shocks noted above in all income groups (Figure 1).¹³ This, though, hides considerable diversity across countries and, importantly, the marked progress since the turn of the century has been sustained. Much the same is also true on a regional basis (Figure 2).

¹² The IMF’s Global Public Finance Partnership (GFPF) brings CD on revenue and spending under one umbrella to strengthen the linkages between revenue and spending.

¹³ Figures 1 and 2 must be interpreted with caution: they are affected, for example, by changes in the sample of countries, and movements of countries between income groups.

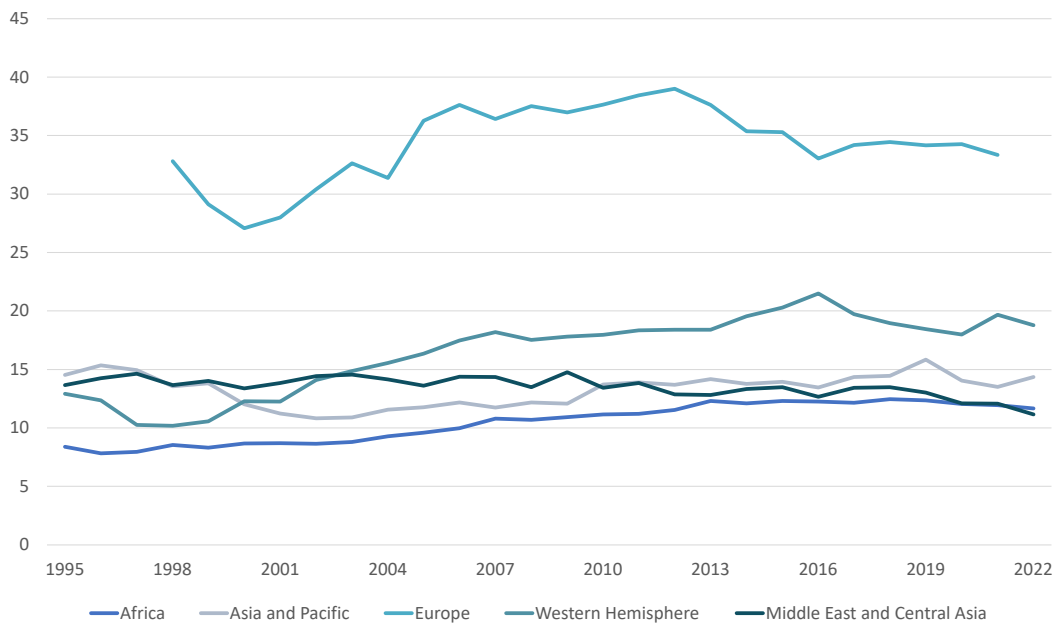
Figure 1. Tax revenue in percent of GDP, median by income group, 1995-2022



Source: Staff Calculations, based on WoRLD

Note: Tax Revenue includes social security contributions; developing countries refers to the Low income and Lower middle income countries, classified by World Bank (2021).

Figure 2. Tax revenues of developing countries in percent of GDP, median by region, 2000-2022

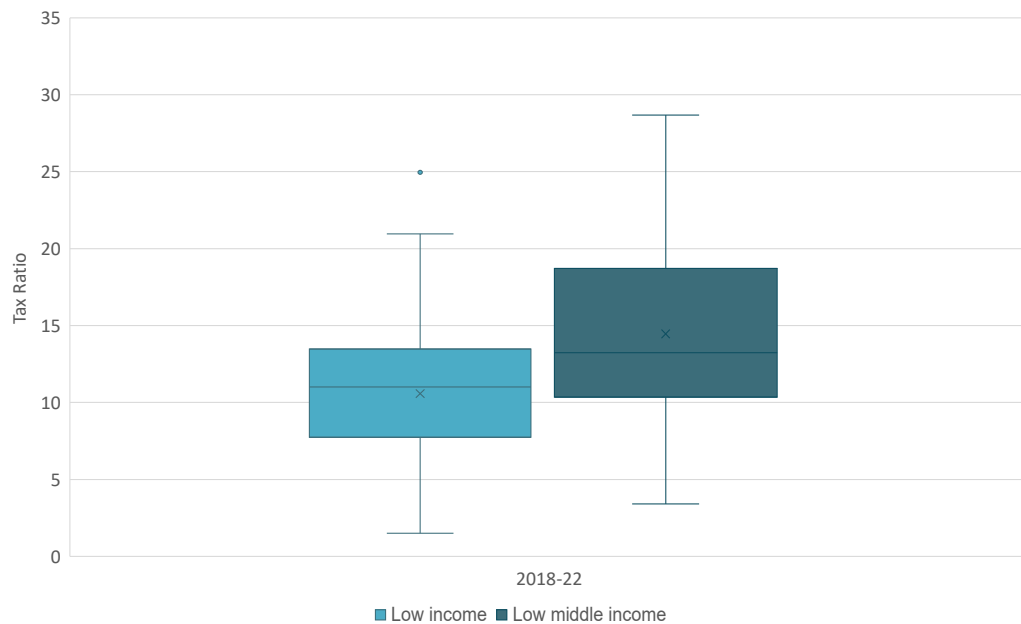


Source: Staff Calculations, based on WoRLD

Note: Tax Revenue includes social security contributions; developing countries refers to the Low income and Lower middle income countries, classified by World Bank (2021).

There is, however, a wide diversity of country situations and experiences, with considerable variation in tax ratios around a median, for low- and low-middle income countries combined, of around 12 percent (Figure 3).

Figure 3. The pattern of tax ratios in developing countries, 2018-2022



Source: Staff calculations using WoRLD data.

Note: Tax revenue includes social contributions.

About two-thirds of all developing countries, and 85 percent of low income countries, have tax ratios below 15 percent, though for the latter there has been some modest improvement since 2015. Achieving that level of taxation has long been an aspirational benchmark for DRM, as recently stressed in the Sevilla Commitment. Analytically, formal empirical work has tended to confirm the existence of such a ‘tipping point,’ variously put at between 11 and 15 percent, above which prospects for lasting growth improve significantly.¹⁴

Looking beyond overall tax ratios, there are some encouraging signs. As stressed above, strengthening DRM is not simply a matter of increasing tax ratios. In that context, there are positive signs. On the policy side, these include a continued increase in the importance of income tax as a source of revenue (meaning a greater sensitivity to fairness objectives), a shift from customs duties towards consumption taxation, and a broadening of the effective base of the VAT¹⁵ (Mansour and others, 2025). On the administration side, self-assessment, modern organizational structures, digitalization, and the use of segmentation and risk-based approaches have all continued to become more widespread. And around 45 percent of countries in sub-Saharan Africa, for example, have enhanced transparency by producing tax expenditure reports in the last decade.¹⁶

There is potential to raise tax revenues substantially in many developing countries. Statistical methods can be used to estimate, on the basis of wider international experience, how much tax revenue countries could in principle raise given their characteristics (such as GDP per capita, openness to international trade and economic structure). Baer and others (forthcoming-a), for instance, suggest potential additional

¹⁴ Tipping points across this range are found by Bellon and Warwick (forthcoming)—updating Gaspar and others (2016)—and Choudhary and others (2024). Importantly, these results relate to tax revenue proper, excluding for instance non-tax revenue from the extractive industries (a common view being that these do not yield the same governance benefits).

¹⁵ In the sense of an increase in ‘C-efficiency’: the ratio of actual VAT revenues to revenue from a perfectly enforced VAT on all consumption levied at the standard rate (discussed further in Annex 2).

¹⁶ Von Haldenwang and others, 2023.

revenue in low income developing countries¹⁷ of, on average, around 5 percent of GDP, with an additional 1.2 percent potentially achievable through institutional reforms that enhance government effectiveness. Such estimates vary with the methodology used. Nonetheless, there is strong evidence that significant additional tax revenue could be mobilized.¹⁸

C. Tax-Related CD: Trends, Impact, and Prospects

KEY MESSAGES

- ODA for tax-related CD—which can now be monitored—rose markedly after 2015 but has fallen sharply and is now back to its initial level.
- The effectiveness of this CD is hard to gauge, but with signs of a sizable positive impact.
- Protecting and enhancing effective tax CD will be essential for substantial and sustained improvement in DRM.
- Development partners have made the important commitment to scale up CD support for fiscal systems and domestic resource mobilization, with the goal of at least doubling support by 2030.

Official external support for DRM-related CD, which it became possible to track in 2015, rose markedly to a peak in 2020—but has recently been declining¹⁹ (Figure 4). In 2015, commitments to substantial increases were made as part of the Addis Ababa Action Agenda, with Development Assistance Committee (DAC) members of the Addis Tax Initiative (ATI) committing specifically to a doubling by 2020. In aggregate, DRM-related ODA did indeed rise markedly over this period, from USD 220 million to nearly USD 1.2 billion. For 2020-2025, the DAC members of the ATI aimed to reach and maintain annual spending of USD 440 million, though this target has not been met thus far (ATI, 2025). Overall, however, the trend since 2020 has been downwards, despite an uptick in 2022, with a fall of 30 percent between 2020 and 2023. An important caveat is that these figures do not capture all DRM-related CD: for example, they do not include South-South cooperation (examples of which are given below) except where it is funded by DAC members or multilaterals. Given the very bleak outlook for ODA mentioned above there are concerns that volumes may continue to fall, especially in relation to bilateral spending by DAC members.

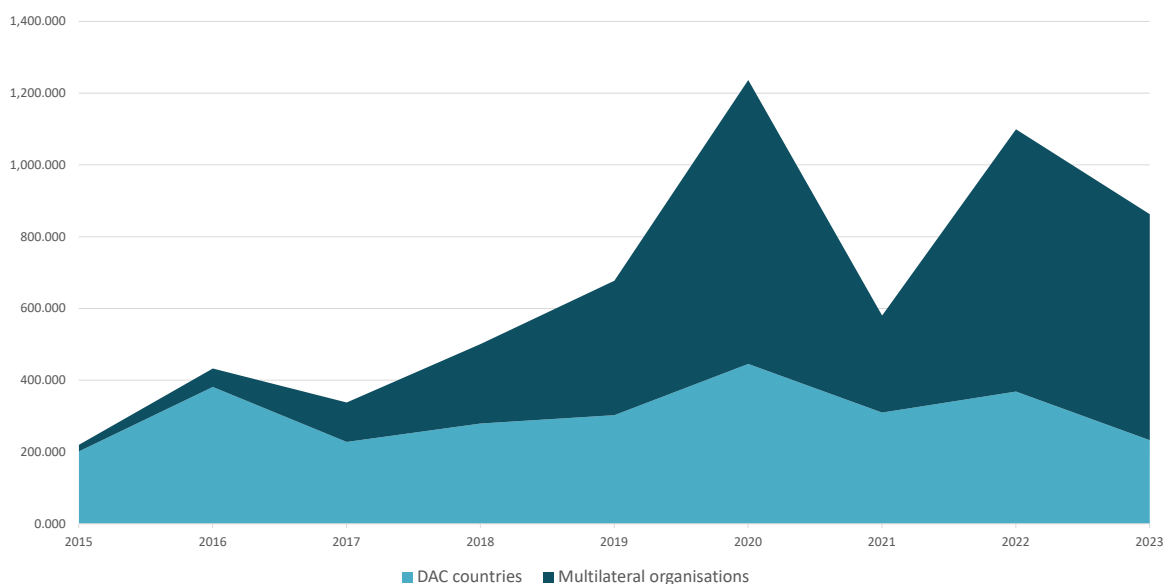
Importantly, the Sevilla outcome commits development partners to scale up CD for fiscal systems and DRM. The goal is to collectively at least double this support to developing countries by 2030, targeting especially developing countries seeking to increase their ratios to at least 15 percent.

¹⁷ Meaning all countries not classified by the IMF as either advanced or emerging.

¹⁸ Annex 2 outlines a range of possible measures. On the potential specifically in Africa, see also African Development Bank (2025).

¹⁹ The figures that follow are for disbursements, in constant 2023 USD. More detailed analysis of experience to 2021, and caveats (including the lower confidence to be placed on 2015 figures), are provided by OECD (2023a).

Figure 4. ODA for DRM, 2015-2023



Source: DAC Creditor Reporting System, Code 15114.

Notes: Disbursement in constant 2023 USD million. DAC members are the members of the OECD Development Assistance Committee. 'Multilateral' includes EU institutions.

Support for DRM is a tiny share of overall ODA. Though higher than the 0.11 percent in 2015, the share of tax-related support in total ODA in 2023 was still only 0.30 percent, and even at its peak in 2020 was just 0.51 percent. As a share of bilateral ODA, the trends are even more concerning, declining from 0.17 percent of bilateral ODA in 2015 to 0.13 percent in 2023. In absolute amount, support is so limited that single operations can obscure broader trends; for example, the peak in 2020 includes over USD 420 million from just two projects (in Nigeria and Indonesia).

Within this total, there has been a notable shift from bilateral to multilateral support.²⁰ (evident from Figure 4). The share of the multilaterals in total DRM support has risen from less than 10 percent in 2015 to over 70 percent in 2023. With bilateral support variable but broadly unchanged in magnitude, the increase in the total since 2015 has been channeled largely through the multilaterals, and in particular (since IDA²¹ money accounts for about 90 percent of multilateral spending) very largely through the World Bank Group, where support is provided both as grants and concessional loans.²² At about 1.7 percent of total IDA financing in 2024, IDA-supported DRM financing has nearly tripled since 2016 and is a sizeable share of the World Bank's financial support for low income countries. It comprises Development Policy Financing (DPF) and Program-for-Results (PforR)²³, where the use of concessional lending enables large scale investments (including digital public infrastructure and integrated tax management systems) that are much more difficult to finance through project-based grant funding. All this is supported and informed

²⁰ Bilateral ODA represents flows from official (government) sources directly to the recipient country. Multilateral ODA represents core contributions from official (government) sources to multilateral agencies which use them to fund their own developmental programs. Where a donor contracts a multilateral agency to deliver a program or project on its behalf, the funds are typically counted as bilateral flows. Donor funds channeled through non-governmental organizations are also typically counted as bilateral flows.

²¹ The International Development Association (IDA) is the World Bank's fund for 78 low-income countries. A total of \$23.7 billion was pledged in IDA21 in 2024; resulting in \$100 billion in financing after leveraging.

²² As a result of a greater increase in concessional lending financing to support DRM than in grant based financing (which has remained comparatively flat) the proportion of total support provided through concessional lending has increased, to nearly two-thirds in 2023.

²³ DPFs focus on supporting policy and institutional reforms through non-earmarked budget financing; PforRs link disbursements to the achievement of specific, verifiable results.

by technical assistance, through Public Finance Reviews, training, support for policy dialogue, and other CD and analytical work. Critical to these operations is the Global Tax Program (GTP), which has emerged as the World Bank's primary non-lending instrument for advancing DRM. It provides a strategic combination of technical assistance and advisory services and has supported the design and implementation of 27 World Bank DRM-related lending operations, totalling over US\$7.67 billion, with US\$2.2 billion specifically allocated for DRM interventions.

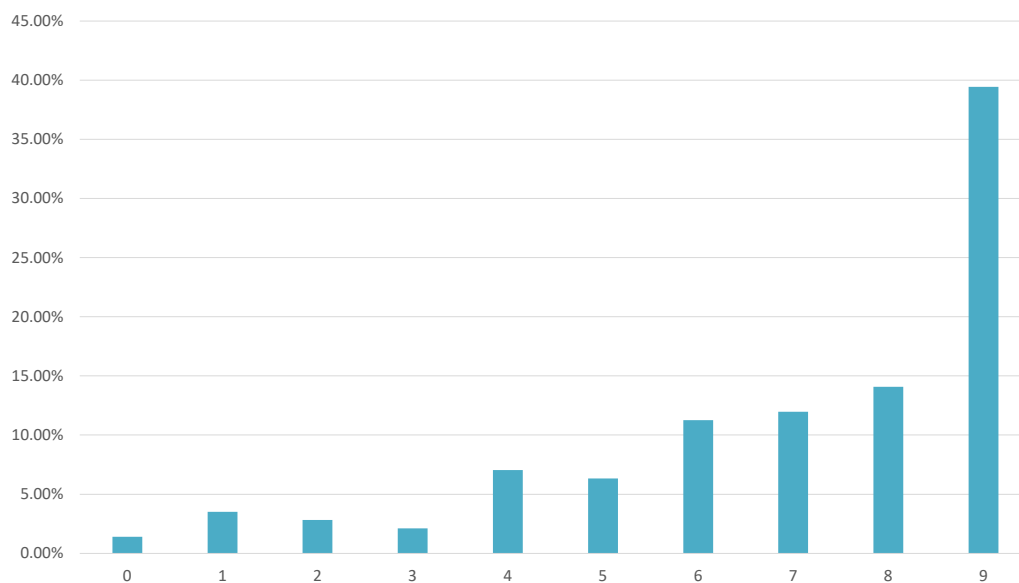
The IMF has also been an important source of multilateral capacity development in the DRM area.

Technical assistance and training in tax policy and revenue administration is the largest area of the Fund's capacity development and much of it is financed by ODA donors. The main vehicle for delivering this assistance over the period was the Revenue Mobilization Thematic Fund (RMTF), that delivered assistance worth \$83 million to over 40 countries during the 2017-2024 period. This assistance was associated with improved revenue performance in most countries despite the turbulent global economic conditions. The RMTF provided the foundation for the Global Public Finance Partnership (GPFP), which builds on the success and lessons learned from the RMTF and expands to the spending area—transitioning to a holistic approach to strengthening public finance across both revenue and spending.

Most developing countries have received DRM support with some regularity, but total spending has been highly concentrated among a few.

Figure 5 shows that all but two ODA-eligible countries received some DRM-related assistance over 2015-2023; about 75 percent received it in most years and over one-third received it every year. Just over half of all development assistance to DRM has been provided to countries in sub-Saharan Africa, and one-third to lower middle income countries. Support has been highly concentrated on a few: over 20 percent of all support went to two countries (out of 141), with nine²⁴ receiving half of all funding. The 96 countries receiving the least amount of financing collectively amount to just 10 percent of total funding. One would not expect the same spending in all countries, for reasons of differing sizes and needs. But the disparities are striking and perhaps troubling: Addis Tax Initiative (2019) speaks of the need to avoid 'orphans' and 'darlings,' and argues for a more considered approach to the cross-country allocation of support.

Figure 5. Number of years in receipt of ODA for DRM, 2015-2023



Source: DAC Creditor Reporting System, Code 15114.

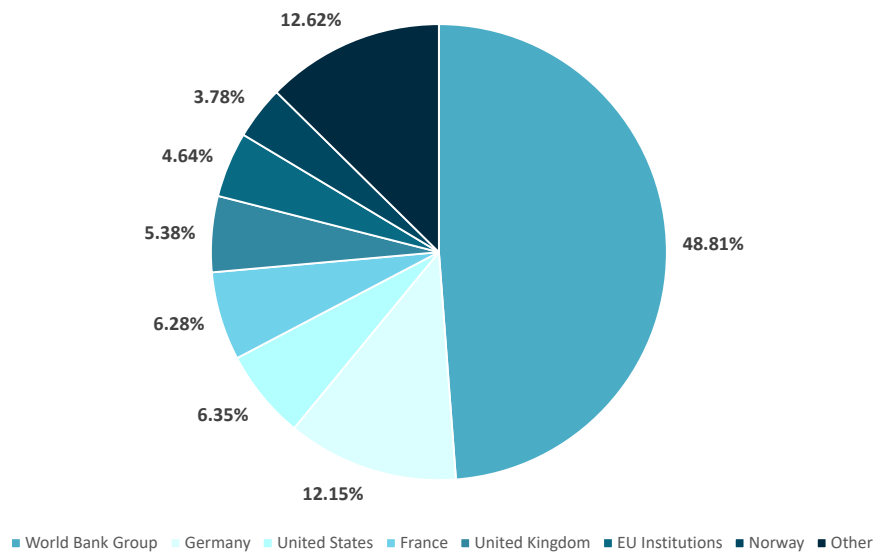
Notes: Disbursements in 2023 USD million. 'Multilateral' includes EU institutions. The chart indicates,

²⁴ Nigeria, Indonesia, Kenya, Pakistan, Democratic Republic of the Congo, Benin, Afghanistan, Ghana and Sri Lanka.

for instance, that a little over 10 percent of ODA-eligible countries received support in six of the years between 2015 and 2023.

DRM-related CD has also been highly concentrated among donors—and bilateral assistance is particularly vulnerable to the significant cuts in ODA now in prospect (Figure 6). Over 2015-2023, the World Bank Group provided almost half the ODA financing for DRM. Of the bilateral donors, five provided two-thirds of all the bilateral support—and all of them, other than Norway, have begun or announced significant reductions in ODA. Bilateral support for DRM-CD may therefore fall even below the levels of 2015. The implications for developing countries wishing to strengthen their tax systems, and secure a lasting reduction in reliance on ODA, are significant.

Figure 6. Donor shares of tax-related ODA, 2015-2023



Source: DAC Creditor Reporting System Code 15114.

Notes: Total disbursement in 2023 USD million.

Some countries have many development partners active on DRM, highlighting the importance of coordination. The importance of coordination has increased. In 2015 only three countries had five or more development partners active on DRM projects; by 2023 this had risen to 23, including nine partners in both Tanzania and Ukraine. The overall number of projects has also increased, from 334 in 2015 to 959 in 2023. This increase is not closely linked to changes in funding over the period: while, for instance, bilateral funding from DAC members has remained roughly constant the number of projects more than doubled between 2015 and 2023.

The impact of development assistance on DRM is increasingly seen, though challenges remain on measurement. There are a growing number of case studies produced by the [OECD](#) and others, and evaluations of development assistance funded projects that highlight their impact. But assessing impact is hard. In some cases a fairly direct link can be seen between CD support and revenue outcomes. The OECD/UNDP Tax Inspectors Without Borders (TIWB) initiative, for example, reports additional revenue collected since its inception of USD 2.4 billion, with a return on investment of 125:1 (OECD/UNDP, 2025). Between 2009 and 2023, developing country members of the Global Forum have identified over EUR 45 billion in additional revenue from information exchange and associated initiatives (in particular, voluntary disclosure) (OECD, 2025c). Even in such relatively straightforward cases, however, precisely how much would have been raised

without support, or in other ways, how much reflects past investments in more generalized support or is one-off, is largely imponderable. The counterfactual in assessing the impact of CD—what would have happened otherwise?—is made elusive by the wide range of external factors—many unobservable—which can also affect revenue, and by the effects of more deep-rooted structural reforms that improve the sustainability of revenue systems without being marked by any obvious surge in revenues. The IMF, for instance, reports that countries supported under its RMTF increased their tax ratios by 0.88 percentage points.²⁵ How much of that can be attributed to support under the RMTF, however, is hard to assess. Similarly, Rwanda has received significant support and increased its tax ratio by around 2 percent of GDP since 2014; and the Kyrgyz Republic increased its tax ratio by around 10 percent of GDP over 2022-2023 while enjoying World Bank support for administrative and digitalization measures (World Bank, 2024a). But while such correlations may be suggestive of some causality they do not establish it. And in some cases ‘success’ may mean avoiding reductions in revenue or other damaging changes.²⁶ In terms of revealed preference, the high demand for CD to strengthen DRM is a strong signal that it is highly valued by recipient countries themselves.

Strong support for CD in DRM is critical to help achieve sustainable financing for development.

Continued declines in overall ODA, if not reversed, risk undermining the ability of developing countries to make progress towards the SDGs. In relation to DRM, there is a long-standing debate as to whether reductions in aid might actually spur increased (though far from fully offsetting) domestic taxation. The signs are, however, that any such effect has weakened, is generally absent in low income countries and can be eased by judicious conditionality.²⁷ In any case, if such an effect is present, CD in DRM can help countries strengthen the structures, systems and capacities needed to improve revenue performance in a sustainable and equitable manner. In this context, the Sevilla Commitment to collectively double levels of support for DRM by 2030 is an encouraging recognition of its critical role.

²⁵ For scale: 0.05 percent of the GDP of sub-Saharan Africa is around USD 10 billion.

²⁶ Persuading governments, for example, not to postpone the indexation of cigarette taxes during COVID-19.

²⁷ Crivelli and Gupta (2017).

II. PROGRESS SINCE THE 2016 REPORT

This section discusses progress relative to the key drivers of successful strengthening of tax capacity set out in the previous report for the G20, PCT (2016).

The prerequisite for meaningful and sustained strengthening of DRM, as stressed in PCT (2016), is country ownership expressed within a supportive political environment. The extent to which this is realized will be to a large degree exogenous to the actions of external agents, and will vary widely both across countries and over time. But there are indications that tax is increasingly a priority on the agendas of many developing countries, reflecting both internal concerns (such as the stresses of COVID-19 and elevated debt challenges) and global developments—including the continued interest of the G20 in taxation for development. These signs range from the strong engagement of many developing countries in international tax matters to the proliferation of collaborative exercises between tax administrations and outside researchers (both discussed further below). It is notable too that the scaling up of external support described above has not been limited by any apparent lack of country demand. Some ways in which political will can be encouraged and supported are discussed in Section 3.

PCT (2016) identified six enablers for successful development of tax capacity upon which providers could exert direct influence. Progress is assessed here relative to these enablers—which the PCT partners believe continue to be key strategic considerations in designing and implementing CD to support the strengthening of DRM. Taken in turn:

Enabler 1: A coherent revenue strategy as part of development financing plan

KEY MESSAGES

- The need for a medium term perspective for tax CD has been widely recognized by recipients and providers, and the approach is being taken up.
- A rich suite of diagnostic tools has been developed that facilitate the design and coordination of tax CD.
- Training methods have become more flexible and varied.

Experience since has only reinforced a central theme of PCT (2016): lasting DRM reform requires a medium term strategy that is fully embraced by local stakeholders. More episodic support may be needed to deal with immediate and perhaps unexpected needs, but sustained reform requires tailored, sequenced and coordinated support that is anchored in wider development plans and financing needs, enjoys deep local ownership and benefits from strong political commitment and leadership.

Broader national financing or development strategies or frameworks can strengthen the link with and effectiveness of support to DRM. The UN Integrated National Financing Frameworks (INFFs) provide a mechanism to integrate CD for DRM within broader national development financing strategies. They are

increasingly being used by countries as planning and implementation tools to align financing policies and strategies with sustainable development priorities. This helps ensure coherence, country ownership, and long-term impact of technical support, and can provide a firm foundation for medium term programs of DRM reform. The World Bank has further strengthened the link to the DRM agenda within the Country Partnership Framework thus increasing the role of DRM in its operations. The IMF's CD is integrated into its surveillance and lending operations, ensuring that CD is embedded in recipient countries' key policy priorities supported by strong engagement at the highest level of government.

As a framework for implementing such an approach, the PCT (2016) developed, and is now applying, the concept of a 'Medium Term Revenue Strategy' (MTRS). As summarized in Diagram 1 of PCT (2016), the idealized MTRS envisages, in terms of CD engagement,²⁸ a coordinated program of policy, administrative and legislative reforms spanning four stages, all government-led and likely requiring external support where capacity is limited: an evidence-based diagnosis of the initial situation, establishing a common understanding among stakeholders; the design of a reform strategy, consistent with wider financing objectives and needs; implementation, coordinated amongst providers in line with their comparative advantages; and continuous monitoring and evaluation, to ensure effective implementation of the strategy, and update it as needed.

There is now considerable—and broadly positive—experience with the MTRS approach. To date, 26 countries and counting have been involved in discussing, designing, and/or implementing MTRSs. A [list](#) is maintained on the PCT website, and some country examples—spanning the stages of pre-formulation, formulation, and implementation—are provided in PCT (2023). Engagements have typically been deep and productive, with meaningful progress in several MTRS cases (as in Uganda and Uzbekistan) and enhanced cooperation between CD providers. The ambition of the initiative is high, and while the adoption of a medium term perspective has been very widely embraced its application has sometimes proved slower than hoped.

After a decade of experience, the PCT, in consultation with country authorities and stakeholders, is reviewing experience with the MTRS framework. While this work remains at an early stage, some preliminary lessons and possible refinements are emerging. These are discussed in Section 3.

Significant progress has been made in developing shared diagnoses, especially in relation to administration, providing a firm basis for forming medium term plans. Prominent among these are:

- The **[Tax Administration Diagnostic Assessment Tool \(TADAT\)](#)**. Launched in 2014, TADAT has rapidly established a strong reputation as an objective and standardized indicator of the performance of a tax administration. To date, there have been more than 200 TADAT assessments across 110 countries. Many self-assessments have also been undertaken (drawing too on the training in TADAT that has also proved extremely popular). TADAT has been developed and implemented as a public good, housed by the IMF but implemented by, and drawing on experts from, a wide range of agencies (including key development partners such as the World Bank, RDBs and bilaterals). Importantly, only TADAT-accredited assessors may participate in any assessment. This rigorous and standardized structure has provided a firm, common basis for the diagnosis stage and, through repeat assessments (38 so far), can be expected to become increasingly used as a tool for monitoring and assessing progress.
- **[RA-GAP](#)**, an IMF tool enabling and encouraging an increased interest in the measurement and analysis of compliance gaps. Initially developed in the context of the VAT (Hutton, 2017)—around 40 such exercises have been undertaken—it is now also applied to excise duty, and personal and corporate income tax (Ueda, 2018; Thackray and others, 2021).

²⁸ As a conceptual framework, the MTRS has four pillars: medium-term expenditure needs; tax system reform; political commitment; and CD support.

- The ***Tax Gap Toolkit***, launched in 2024 by UNU-WIDER together with Addis Tax Initiative, offers a machine learning-enhanced, bottom-up methodology for estimating VAT, corporate income tax, and personal income tax gaps. It has been used in three countries, with work underway in three others (in coordination with the IMF).
- ***Maturity Models*** are used, often on a self-assessment basis, to help organizations understand their current level of capability in a particular functional, strategic or organizational area. By setting out different levels and descriptors of maturity, the models—a range of which have been published by the OECD Forum on Tax Administration (FTA)—also provide a common understanding of the type of changes that could enable an organization to reach a higher level of maturity over time.
- A tool for the ***Fiscal Analysis of Resource Industries (FARI)*** has been developed by the IMF to support tax policy design for natural resource rich countries. It models actual and alternative fiscal regimes for mining and petroleum projects, whether determined in legislation or project-specific contracts; it can also be extended to revenue forecasting for large-scale projects. FARI has underpinned technical assistance in about 60 countries and further embedded through training in about 30 countries.
- ***National Risk Assessment***, a World Bank analytical risk assessment tool to guide countries in conducting their money laundering/terrorist financing risk assessment at the national level. This includes a module relating to tax and crime, which, for instance, the OECD plans to use as a basis to develop tax crime strategies.
- ***FITAS (Framework for International Tax Administrative Strengthening)*** developed by the IMF, helps countries manage international tax risks by assessing their administrative capabilities and identifying CD opportunities.

Training, stressed by PCT (2016) as essential for sustained progress, has continued to be a focus—with productive innovations emerging from the COVID experience. Volumes are high. For example: UNDP supported the training of more than 3,900 officials from 52 countries through its Tax for SDGs initiative and the joint OECD/UNDP TIWB program; 4,700 have now passed the TADAT exam; more than 11,500 officials passed through training events of the Global Forum in 2024; the Tax Academy of the African Tax Administration Forum (ATAF), with related initiatives, has trained more than 15,000 tax officials, including participants from all of its member countries, in 2024 alone; and an average of 20,000 officials participate in the training activities of the OECD Global Relations Program (GRP) every year. The Regional Tax Organizations (RTOs) and Regional Development Banks (RDBs) more generally, and others too (such as the South Centre), have also been very active in training. Perhaps the most significant development over the last decade, however—drawing on experiences gained during COVID-19—has been greatly increased flexibility and diversity in the modes of training delivery, each with its own merit. Virtual training enables wider reach, inclusivity and diversity of participants, and in asynchronous form allows self-paced learning—such as the IMF’s online Revenue Forecasting and Analysis ([RFAX](#)) course. In-person events can then focus more intensively on practical application and peer learning. And these methods can of course be blended. Thus for example:

- The UN, through the Financing for Sustainable Development Office, has adopted a hybrid model that combines virtual and in-person formats. A phased approach is complemented by self-paced modules. Grounded in the UN Tax Committee’s guidance and tools, this support is adapted to the needs and priorities of developing countries.
- The GRP, through the OECD’s six multilateral tax centers, virtual platforms, and partnerships with regional and international organizations, offers flexible access to a balanced mix of live training (both in-person and virtual) and self-paced learning in multiple languages (OECD, 2024a).

Careful balance across modalities is required, given what seems to be the greater effectiveness of in-person training. But these developments are enabling a greater ‘bang for buck’ from resources allocated to training.

Training of trainers is proving increasingly useful to leverage the resources of CD-providers and entrench local ownership. Notable examples include the “Train the Trainer” program of the Global Forum, which, since 2021, has led to the training of over 9,000 local officials; the Cercle de Reflexion et d’Echange des Dirigeants des Administrations Fiscales (CREDAF) is also active in this area. Similar in spirit is the training of currently around 730 TADAT assessors, which not only expands the capacity to deliver formal TADAT assessments but also facilitates self-assessment.

Other resource-sparing forms of training and support are also gaining more traction. The Intra-European Organisation of Tax Administrations (IOTA), for example, has established a successful program by which, within identified project areas, members can seek technical assistance and support from each other (virtual or in-person), an approach especially suitable for relatively immediate and specialized needs. IOTA and the FTA also both operate schemes by which queries, after curation, can be shared and a database of previous responses accessed.

Management training for senior tax officials—a gap particularly highlighted in PCT (2016)—has received particular attention, often involving extensive collaboration. Notably,

- The Inter-American Center of Tax Administrations (CIAT), the IMF, IOTA and the OECD created VITARA (Virtual Training to Advance Revenue Administration), a series of self-paced online training modules specifically tailored to senior managers and executives of tax administrations of developing countries. Its curriculum covers a broad spectrum including the design and management of core taxation processes, the management of strategic reforms and compliance and enterprise risk management. Since the launch of the first module in 2021, VITARA has trained over 15,000 active course participants, 85 percent of whom are from emerging market economies and low income countries. Africa is the largest source of participants (43 percent of users), followed by Europe and the Middle East and Central Asia (over 15 percent for each). The VITARA portfolio now comprises 20 online course modules in four languages, six reference guides, and several microlearning videos. The project is on course to develop the full VITARA curriculum by financial year 2027.
- The World Bank has provided tax-oriented management training, focused on digital tax transformation, in collaboration with RDBs, academia, the private sector, civil society and leading tax administrations.
- The IMF has developed an Adaptive Learning course for senior managers in tax and customs administrations, focused on developing ‘soft’ skills (in change management, for instance, and conflict resolution) needed for major reform. Initially launched for Central America, in partnership with the Spanish Instituto de Estudios Fiscales and supported by the Inter-American Development Bank (IDB), CIAT and the World Customs Organization (WCO), around 300 senior officials have participated.

Capacity for tax policy analysis is increasing, but with much still to do. In-house capacity within governments is essential, for instance, for undertaking the regular tax expenditure analysis widely seen—and stressed in the Sevilla Commitment—as an important step towards broadening the tax base. Beyond that, moreover, there are many tasks—assessing the distributional and investment impact of reforms, not least—that national authorities ultimately need to be able to undertake themselves. Progress is being made. Tax expenditure analyses are slowly becoming more common, and there are now about 17 tax policy units in emerging and low income developing countries.²⁹ Efforts to encourage and support local researchers, both within revenue administrations and academics (by, among others, ATAF, WATAF and UNU-WIDER)

²⁹ Benitez and others (2023). On the design and functions of tax policy units, see Grote (2017).

are bearing fruit. It remains the case, however, that basic exercises in tax policy analysis still fall too often to CD providers to undertake.

Enabler 2: Strong coordination among well-informed and results-oriented providers

KEY MESSAGES

- Cooperation and coordination among CD providers are seen as broadly strong, and as increasing...
- ...though with more to do, including at planning stage.
- In-country coordination, led by national authorities, is critical to ensure that support aligns with country priorities and systems, and may require dedicated resources.

Cooperation and coordination in tax CD, while still needing improvement, are generally seen as strong and to have intensified. Providers remain focused on the aim of using CD resources both more efficiently, in line with comparative advantage and limiting needless duplication, and more effectively, driven by country ownership and leadership. The nature and significance of this challenge varies across providers and regions. For RTOs and RDBs with limited resources, cooperation and coordination are especially important. In some regions, where relatively few RTOs and RDBs tend to be active—notably Latin America (CIAT and IDB)—few difficulties in securing effective cooperation are reported. Overall, providers' general sense appears to be that the renewed focus on DRM over the last decade has not only spurred greater activity but encouraged more purposive and systematic cooperation and coordination, along several dimensions.

Cooperation in CD delivery has continued to increase, and to become increasingly well-integrated into regular practice. Beyond the design and implementation of VITARA, TADAT—both now well-established cooperative efforts—and other initiatives already mentioned, and the construction of data sets described below, examples include:

- The **Joint Domestic Resource Mobilization Initiative** (JDRMI) of the IMF and World Bank, announced in 2024 is now being piloted, with Pakistan and Paraguay already having announced their commitment. As set out in IMF and World Bank (2024), the JDRMI aims to not only deepen longstanding collaboration³⁰ on developing tax capacity but also to coordinate and integrate that with CD in relation to the other key uses and sources of domestic resources: public spending and the development of domestic debt markets. Importantly, the JDRMI envisages coordination and collaboration at the country level not only between the IMF and World Bank but with all partners.
- **Tax Inspectors Without Borders** (TIWB), a joint initiative of the OECD and UNDP—delivered jointly with ATAF in African jurisdictions—continues to support developing countries in strengthening their audit capacity, especially in relation to international taxation. TIWB's unique model, by which specialized tax officials are embedded into local audit teams, has so far benefitted 70 developing countries with the support of 29 partner administrations.

³⁰ Bank-Fund collaboration on tax matters is discussed in IMF and World Bank (2024): see for example the country cases in Box 1 there.

- A range of **joint training, workshops and missions** across the PCT partners, RTOs and others.³¹ Typical examples include: the long-running OECD-UN workshop on practical tax treaty negotiation for developing countries, which has recently expanded to Asia through collaboration with the Korean Tax Center, Asian Development Bank (ADB) and the Australian Tax Office; an IMF-UN workshop on the taxation of cross-border services (Addis Ababa); joint training that the OECD has conducted with a wide range of RTOs and RDBs; OECD participation in World Bank missions to Peru and Jamaica; collaboration between the UN, World Bank and the International Bureau for Fiscal Documentation (IBFD) to train officials from Portuguese-speaking African countries on issues in international taxation; support to Honduras from the UNDP and CIAT to strengthen its capacity for international taxation; and the many ATAF partnerships mentioned in Box 3 below.

There have been notable instances of country-led coordination of providers—but this remains far from commonplace and may require dedicated resources. PCT (2016) highlighted, as a key element in empowering proactive and country-led management of reform, the value of recipients managing the interventions across providers. Recent years have seen encouraging examples of in-country coordination mechanisms, some of which are described in Box 1. This remains, however, the exception rather than the rule. Coordinating DRM support can be a substantial task, and may warrant some dedication of resources—whether of local staff or resident advisors—within CD projects.

Box 1: In-country cooperation in tax CD—Some Examples

- In **Sri Lanka**, coordination is led by a dedicated unit in the Inland Revenue Department, with a long-term expert provided by the IMF also tasked to proactively support coordination of CD. Active providers have included the IMF, OECD, UNDP, WBG, the Asian Development Bank (ADB), the United States Agency for International Development and US Treasury Office of Technical Assistance (OTA).

A common understanding of revenue administration reform priorities was established by a joint TADAT assessment (IMF, World Bank, and ADB), and a blueprint for reform developed with the IMF and World Bank, underpinned by commitments under an Extended Fund Facility Arrangement with the IMF and a Development Policy Operation with the World Bank.

- In **Ukraine**, the adoption of the National Revenue Strategy (NRS) for 2024–2030 established a framework to improve coordination among development partners in support of revenue mobilization reforms. Preparing and implementing the Strategy involved joint missions and collaborative engagements with key partners, including the IMF, the World Bank and the EU. Regular coordination meetings, both virtual and in-person, have also been instrumental in aligning technical assistance efforts and financial support across bilateral and multilateral donors.

The Ministry of Finance (MoF) has taken a leading role in ensuring that donor activities align with the NRS, including by addressing challenges in harmonizing support across various capacity-building initiatives, particularly those related to the implementation of international tax standards. The MoF has established a structured monitoring framework that extends to activities led by other agencies and line ministries, with development partners also increasingly opting for joint participation in the delivery of activities.

³¹ Further detail on such events involving its partners is in the PCT's annual reports (PCT, 2023a and 2024).

- In **Kenya**, coordination of development partners is government-led, anchored within the Kenya Revenue Authority (KRA) and, more broadly, under the National Treasury through the Public Financial Management Reform Strategy (2023–2028). The KRA maintains a matrix of activities and channels requests for support across the many active development partners. In addition, the PFM Development Partners Group, co-chaired by the World Bank and IMF, has established a dedicated working group—“Friends of KRA”—which meets quarterly to discuss coordination and support to the KRA. Partners engaged include, in addition to all PCT partners, the African Development Bank, ATAF, the European Union, the UK Foreign, Commonwealth and Development Office (FCDO), the Norwegian Agency for Development Cooperation, the Swedish International Development Cooperation Agency, the Royal Danish Embassy, and the OTA. Collaborative activities include a TADAT assessment (IMF, WBG, ATAF and FCDO) to establish a shared diagnosis.

The sharing of information on CD activities is improving, but concerns are expressed around planning.

Publicly available listing of tax CD activities, with the facility to search by country and provider (and subject to confidentiality considerations), are now provided by the PCT in its Tax Projects database (for its partners) and (for ATI members) by the ATI. The IMF, as part of its Global Public Finance Partnership (GFPF), is working with others towards a platform for sharing information on the activities of the full range of providers in supported countries. The informal capacity building network of the FTA has also developed a catalogue of activities to share information across tax administrations providing bilateral technical assistance. Some—especially outside the international organizations—stress, however, that information on future plans is less readily available. While attempts to coordinate activities by matching requests to providers are reported to have proved disappointing, a useful role in this context is played by donors’ membership of the Steering Committees guiding the work of the large thematic funds. Establishing within-country coordination mechanisms of the kind discussed above appears to be an especially promising approach also on this aspect of information sharing.³²

Hard to document, but sometimes critical, are the informal and sometimes ad hoc consultations across providers. IMF technical assistance missions, for example, routinely plan in-country donor meetings, especially for more strategic engagements (such as at diagnostic stage)—in addition to pre and post mission briefings with key providers. And at the operational level, simple cross-provider exchanges of email with experts in the field can be extremely valuable, and appear to be increasingly common.

A sharper result-orientation among providers is being facilitated by the development of the diagnostic tools (discussed above) **and shared information bases** (described later). Repeat TADAT assessments and RA-GAP estimates, for instance, enable progress in revenue administrations to be gauged, and the International Survey on Revenue Administration (ISORA), described below, allows ready benchmarking relative to comparators. In line with donor requirements, several providers have also moved towards greater use of results-based management in their internal operations. To set a sharp focus on results, the World Bank, for instance, now provides a DRM [scorecard](#) indicating how many countries with tax ratios below 15 percent could increase revenue and improve equity through equitable tax reforms and increased pro-poor spending. How CD providers learn from experience is discussed further under Enabler 6 below.

³² There is also some frustration at the difficulty other providers may have in obtaining IMF and World Bank country CD reports. Both have made increased efforts to encourage recipients to allow fuller sharing, or even public release. Publicly available technical assistance reports of the IMF on DRM are available [online](#).

The PCT itself has become an important focal point for collaboration among the partners (Box 2).

Box 2: Role and Activities of the Platform for Collaboration on Tax

- **Established in 2016, and hosted by the World Bank, the PCT has become a practical tool for cooperation among—and messaging by—the partners.** Its principal activities are:
 - **Joint technical products**, developing and expressing shared views that acquire particular authority from the consensus behind them. Prominent examples include:
 - Four toolkits on technical challenges in international taxation of special importance to developing countries, prepared at the request of the G20;^{/1}
 - A report on [Carbon Pricing Metrics](#) (PCT, 2023b), which provides guidance on existing datasets and tools that can inform environmental tax reforms;
 - A commissioned study on [experience with aid-financed projects](#) (Caldeira and others, 2022); and
 - A set of [Tax Incentives Principles \(TIPS\)](#), to support countries in securing potential benefits from possible tax incentives while avoiding potential pitfalls (PCT, 2025). This builds on the PCT's earlier [report on the efficient and effective use of tax incentives](#) (PCT, 2015).
 - **Regular meetings of partners** to consult on critical DRM and related development matters, discuss emerging trends and issues, and exchange information on work programs.
 - **As a hub for MTRS work**, sharing experience and aligning partners' involvement, with a current focus on preparing the review mentioned above.
 - **Joint blogs**, by which the partners can give prominence and additional weight to shared messages, as for example in [highlighting the importance of tax in progressing towards the SDG](#).
 - **Hosting and participating in events**, to disseminate its work (on indirect transfers for instance, and currently for TIPS), convene expert discussions on issues of wide interest (as with an 'Ask-An-Expert' session on carbon border adjustment), consult stakeholders (as with a workshop held in preparing the TIPS) and contribute to ongoing debates.

^{/1} These [toolkits](#) dealt with accessing comparables data for transfer pricing analyses (2017), the taxation of offshore indirect transfers (2020), tax treaty negotiations (2021), and transfer pricing documentation (2021).

Enabler 3: A strong knowledge and evidence base

KEY MESSAGES

- Tax CD is informed by an increasingly rich portfolio of diagnostic tools, cross-country datasets, guidance material and analytical work, much of it produced collaboratively.
- The last decade has seen a massive growth in high quality academic research on DRM, often in cooperation with local administrations and researchers.

Growing knowledge comes from, and is expressed in, several different forms, including diagnostic tools, systematic data collection, guidance materials and analytical work. They interact: diagnostic assessments becomes a data source, for example, and analytical work informs the design of diagnostic tools. In all these aspects of knowledge generation and dissemination there has been progress since 2016.

The development and increasingly routine application of a range of diagnostic tools was highlighted above. Their output is also proving increasingly useful for research: TADAT data are used, for example, in Brockmeyer and others (2019) and Dabla Norris and others (2019)—and is drawn upon extensively in IMF (2025b).

There has also been remarkable progress in developing databases to support tax CD and analytical work. These yield increasingly rich cross-country time series data, including but not limited to tax administration performance, enabling more robust evidence based advice than was previously feasible:

- The *International Survey of Revenue Administration (ISORA)*, a joint venture of CIAT, IOTA, the IMF and the OECD, and supported by the ADB, provides comparable data on key features of revenue administration for 166 countries (an increase of 31 since 2016). ISORA data are increasingly used by ISORA partners to provide comparative analysis for their membership and in academic work.
- The IMF and OECD have continued to upgrade their *revenue statistics*, with the former publishing a major revision of its *WoRLD* data in 2025 (Mansour and others, 2025) and the latter increasing the coverage of its *Global Revenue Statistics*.³³ The two datasets are closely aligned in their definitions and harmonization principles, enabling easy comparison and reconciliation, while differing in coverage, granularity and source.³⁴ The OECD and IMF both provide support for the development of statistical capacity to generate reliable revenue data consistent with international standards: for the IMF, including through its regional technical assistance centers; for the OECD, in close collaboration with regional organizations.
- The *Global Tax Expenditure Database*, supported by the Council for Economic Policies and the German Institute of Development and Sustainability, has quickly become a standard and much used source in this important area. This has spurred the creation of a *coalition*, launched in connection with

³³ The Government Revenue Dataset maintained and regularly updated by UNU-WIDER, is entirely derived from IMF and OECD data.

³⁴ *WoRLD* covers 193 countries and the OECD Global Revenue Statistics 139; the former also include nontax revenues, including from natural resources. The IMF data include a breakdown for 15 tax revenue categories; the OECD's for 63. The IMF data are compiled from data submitted by country authorities in the context of IMF surveillance and for the IMF's Government Finance Statistics; the OECD data come from focal points nominated by national authorities, has a centralized harmonization process and are revised and improved through close collaboration with regional organizations and focal points.

FFD4, to pursue reform of tax expenditures, bringing together the GTED supporters, the International Centre for Tax and Development (ICTD), the Institute for Sustainable Development and ODI Global.

- The [Inventory of Tax Technology Initiatives](#) contains information on technology tools and digitalization solutions implemented by more than 100 national tax administrations. The key purpose is to assist tax administrations in their consideration of possible domestic digitalization and digital transformation reforms. It is the result of cooperation among several PCT partners and RTOs.³⁵
- The OECD **Investment Tax Incentives Database** which will be made public, compiles quantitative and qualitative information on the design and targeting of investment tax incentives available across 70 mostly emerging and developing countries (OECD, 2025d).

PCT partners, RDBs and RTOs have been active in developing detailed guidance material addressed to priority DRM concerns. Areas covered include, for example: the measurement, analysis and design of tax expenditures (such as Asian Development Bank (2023), Beer and others (2022), World Bank (2024b) and UN and CIAT (2018)); aspects of compliance risk management (such as Brondolo and others, 2022); dealing with the global minimum tax (ATAF (2024), O’Sullivan and Cebreiro Gomez (2022), OECD (2022a and 2023b)), tax issues in the extractive industries (UN, 2021a; toolkits produced by the [OECD and Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development](#); and, for CREDAF; Charlet and Kune, 2019); and [regional VAT digital toolkits](#), by the OECD and World Bank, with the ADB, ATAF, IDB and CIAT.

Guidance materials are produced in a wide variety of formats, according to their purpose. Examples range from:

- Relatively brief and high level notes (such as the [How to Notes](#) and [Technical Notes and Manuals](#) produced by the IMF), covering a wide range of issues in tax policy and revenue administration;
- Detailed ‘toolkits’ and guidance material such as: those by the PCT mentioned above; that by ATAF (n.d.) on drafting legislation for digital services taxes; those produced by the Global Forum, including in collaboration (Global Forum (2024), OECD and IDB (2024) and OECD and ATAF (2020)); and those produced by the UN Committee of Experts on International Cooperation in Tax Matters, on not only international tax issues but also a range of SDG-related tax issues (such as environmental taxation, health taxes and wealth and solidary taxes) and taxation of the extractive industries;
- Guidance and handbooks accompanying international standards, to assist and give greater certainty to both tax administrations and multinationals. OECD material covers, for example, [Country-by-Country \(CbC\) Reporting](#), the [Mutual Agreement Procedure process](#), [Advance Pricing Arrangements \(APAs\)](#); and [administrative guidance on the Global Anti-Base Erosion Model Rules](#);
- Topic- and/or region-specific review materials (such as Niesten (2023) on taxation and gender, for the ADB) and by the World Bank on transfer pricing issues in mining with a focus on Africa (Guj and others, 2017);
- Commentary around recent trends (as with the [OECD’s Corporate Tax Statistics](#)); to
- Full length books (such as Junquera-Varela and others (2017) and de Mooij and others (2021).

Efforts to disseminate the lessons in these materials are generally given considerable importance—and they are now for the most part freely accessible online.

³⁵ Including: the ISORA Partners, the ADB, ATAF, CREDAF, the Commonwealth Association of Tax Administrators (CATA), the Pacific Islands Tax Administrators Association (PITAA) and the Study Group on Asia-Pacific Tax Administration and Research (SGATAR).

Tailored products were quickly produced to inform responses during the COVID-19 pandemic. The [IMF](#) and [OECD](#) both rapidly published a series of notes to help countries navigate difficult times, including many on such tax topics as emergency tax policy responses, securing business continuity and assessing the case for temporary tax incentives. The United Nations also issued targeted guidance, including on transfer pricing, which emphasized practical approaches to comparability adjustments, loss allocation, and documentation during crisis conditions (UN, 2025b). The PCT brought together and posted the partners' tax-related COVID-19 material.

PCT partners, RTOs and RDBs continue to undertake work that provides evidence-based underpinnings for their advice. Examples (from a very large set) include work on the impact of electronic filing in Tajikistan (Okunogbe and Pouliquen, 2022), assessing the revenue impact of digital methods in tax administration (Nose and Mengistu, 2023); assessing the revenue implications of regional trade agreements (WATAF, 2024); tax incentives to foster environmental sustainability in Latin America and the Caribbean (in ECLAC, 2025); and economic impact assessment of the Global Minimum Tax (Hugger and others, 2024; OECD, 2022a).

There has been a remarkable increase in academic research—much of very high quality—on issues of taxation and development, especially on administrative aspects. With donor support,³⁶ there are now several centers with particular expertise in and commitment to these issues, including at [CERDI](#), the [Global Tax Expenditure Database](#), the [International Center for Tax and Development, TaxDev](#), at [UNU-WIDER](#) and, especially on international tax aspects, the [EU Tax Observatory](#). Beyond these, moreover, is a wider academic community in this area, which has become a much more attractive field for young researchers. This work, primarily empirical, has addressed a wide range of topics, including: the impact of electronic fiscal devices; electronic invoicing for the VAT; electronic filing; the use of 'nudges'; the extent to which the VAT is (or is not) self-enforcing; the effects of setting reduced tax rates for purchases by credit or debit card; the use of lotteries; incentive schemes for tax collectors; audit interventions; the revenue impact of the global minimum tax; and the appropriate balance between policy and administrative measures in raising additional revenue.³⁷

Hallmarks of this research have been the use of detailed tax administration data, modern empirical methods—and close collaboration with country authorities. Administrative interventions in particular provide opportunities for controlled or natural experiments to which modern methods for identifying causal effects can be applied, often using large and detailed administrative datasets (often now for the universe of taxpayers). By 2023, for example, 17 African countries had already published studies using administrative data.³⁸ Such work involves close and long-lasting collaboration with national authorities and often includes an explicit element of CD by developing close collaboration with local staff and academics. One wider purpose has commonly been to encourage and facilitate further research, locally and more widely, reflected in the creation (building on support from UNU-WIDER) of tax data labs by the National Treasury of South Africa and the [Uganda Revenue Authority](#).

³⁶ The proportion of tax-related financial support allocated by bilaterals to academic work has about doubled since 2015, to just under 4 percent of the total.

³⁷ References for and (from differing perspectives) reviews of the work described in this paragraph and the next. are in Mascagni (2018), Pomeranz and Vila-Belda (2019), Okunogbe and Santoro (2022) and Keen (2025).

³⁸ Bachas and Jensen (2023).

Enabler 4: Strong regional co-operation support

KEY MESSAGES

- The distinct strengths that the RTOs and RDBs gain from their local relationships and knowledge have been amply demonstrated over the last decade.
- PCT partners have strong and increased regional and in-country presence.
- There are many examples of close collaboration among all these providers.

The regional development banks and regional tax organizations³⁹ have maintained and in some cases increased their tax-related CD. They provide support in a wide range of forms: in technical events (just one instance being a [regional workshop on tax expenditures](#) organized by WATAF, ATAF, ATI and the Economic Community of West African States (ECOWAS) in 2022), direct technical assistance, the development of knowledge products (some examples of which are above) and, for the RDBs, policy-based lending (discussed in Section III.C). The ADB, for example, has established the [Asia-Pacific Tax Hub](#) to promote dialogue, foster knowledge and deliver targeted CD to its members, and WATAF has developed for its members a framework for strategic DRM reform.

One particularly notable development has been the emergence of the [African Tax Administration Forum \(ATAF\)](#) as a prominent source of guidance and support in the region (Box 3). WATAF, serving members of ECOWAS, is another relatively newly-established RTO. Other RTOs, of course, were firmly established well before PCT (2016) and have continued to play key roles for their regions and members.

Box 3. The Impact of the African Tax Administration Forum, 2009-2024

- Established in 2009, ATAF has delivered tailored support to strengthen DRM across its 44 member countries, evolving to meet the growing complexity of Africa's tax landscape, respond to shifting global norms and emerging technologies, and urgent development financing needs:
- *Technical Assistance:* ATAF has supported over 40 countries with both short-term (rapid response) and long-term assistance on issues such as transfer pricing, VAT on digital services, tax treaties, audit reform, and policy implementation. Since 2016, this support has resulted in over USD 5.13 billion in new tax assessments and USD 2.1 billion in collections. It has also resulted in 65 legislative and administrative reforms in member countries to date.
- *CD:* The extensive training noted earlier covers audit, transfer pricing, VAT fraud, tax research, data analytics, and global tax governance.
- *Policy and Legislative Support:* ATAF has produced over 60 policy briefs, technical notes, legislative templates, and toolkits.

³⁹ The latter are listed and described in Box 1 of PCT (2016).

- *Gender and Inclusion:* Through the African Women in Tax Network (AWITN), ATAF mentors women leaders and promotes gender-disaggregated tax data. Over 10,000 women are targeted for training by 2030.
- *Thought Leadership and Research:* ATAF produces the flagship African Tax Outlook (ATO), publishes the African Multidisciplinary Tax Journal, and convenes the African Tax Research Network, whose annual Congress supports peer-reviewed, African-led tax scholarship and evidence-based policy innovation. Recently, ATAF has also supported more than 10 countries with research support on taxation of the high-net-worth individuals and taxation of the digital economy, identifying more than 15,000 potential high-net-worth individuals. ATAF has also published guidebooks, including on Taxation of the Informal Sector; Taxation of the Extractives; Illicit Financial Flows in the Extractives and ICT Systems for Tax Administrations in Africa. ATAF also helps members carry out impact evaluations of their policy and administrative reforms.
- *Multilateral Coordination:* ATAF works with the African Union Commission in ensuring policy alignment and absorption of ATAF policy tools. The African Union Subcommittee on Tax and Illicit Financial Flows (IFF) develops technical recommendations for African Ministers of Finance, ensuring a continent-wide view of tax reform efforts with political buy-in.
- *Coordination and Collaboration with Other Providers;* ATAF's mandate includes coordination across African and global institutions to ensure aligned support to tax administrations. Over the years, collaboration has both deepened and diversified, enabling the delivery of strategic, high-impact programming with key collaborative partners including the African Union Commission, OECD, UNECA, UNDP and the World Bank. ATAF collaborates with Tax Justice Network Africa on combatting IFF and also partners with institutions such as ICTD, AfDB, the IBFD, Vienna University, and the University of Pretoria to enhance training, research capacity, policy development, and knowledge exchange.

Other significant South-South initiatives continue. Within the OECD/UNDP TIWB initiative, for instance, 35 programs involve South-South cooperation. The first began in 2016, with two experts from the Kenya Revenue Authority assisting Botswana's Unified Revenue Service with transfer pricing audits. Since then, 32 more jurisdictions have benefited from similar partnerships, supported by countries including Brazil, India, Kenya, Mexico, Morocco, Nigeria, and South Africa. TIWB's strategic partnership with ATAF has also enhanced South-South collaboration. In addition to partnering with the initiative on all TIWB programs on the African continent, ATAF has also deployed experts in five South-South TIWB programs. The UN system has also supported South-South cooperation in tax capacity development through exchanges, expert deployment, and joint training. The Economic Commission for Latin America and the Caribbean (ECLAC) serves as technical secretariat for the Regional Platform for Tax Cooperation in Latin America and the Caribbean, facilitating the annual Regional Fiscal Policy Seminar and strengthening collaboration in the region. UNDP, through its Tax for SDGs initiative, has fostered exchanges such as Kenya-Nigeria on wealth taxation. UNU-WIDER promotes cooperation among various African countries via its SOUTHMOD⁴⁰ program, while UNDESA deploys developing-country experts across its national and regional programs to enhance mutual learning.

⁴⁰ The SOUTHMOD microsimulation models, for over a dozen developing countries in Africa, Latin America, and Asia, enable rigorous assessment of the effects of tax and benefit reforms on revenue, inequality, and poverty.

There are many examples of cooperation both among PCT partners and among various combinations of PCT partners, RDBs and RTOS—including in country-led CD programs. Since 2014, the Global Forum, for example, has launched three regional initiatives to improve tax transparency and fight illicit financial flows, in collaboration with regional partners (including ATAF, ADB, CIAT as well as the World Bank). Other collaborative regional events have included, for instance: a workshop on the taxation of cross-border services organized by UN and CIAT, with the participation of the OECD; a seminar on international taxation organized, under the G20 presidency of Brazil, by the World Bank and the IDB with OECD and CIAT participating. The OECD's Global Revenue Statistics initiative works closely with regional organizations on production and use of reliable, comparable revenue statistics for Africa, Asia-Pacific and Latin America and the Caribbean.⁴¹ Examples of in-country cooperation across PCT partners, RTOs and RDBs—in each case with active coordination by the recipient—are in Box 1 above. The scope for cooperation and collaboration at the regional level is taken up in Section III.

PCT partners have strong and increased in-country presence, often providing regional coverage, to deliver direct hands-on support:

- The World Bank has extensive local presence with offices in over 130 countries with in-country expertise on both tax policy and tax administration to develop and support DRM projects through DPF's and PforRs. The in-country presence is complemented by support from global and regional practices including on tax expenditures, international tax, wealth taxes, and emerging issues such as the use of artificial intelligence (AI) in tax administration.
- The IMF has about 130 resident advisors supporting its fiscal CD from the field, about half on tax matters, principally though not only on tax and customs administration. About half of these are in Africa, split about equally between the Fund's 17 regional technical assistance centers, (up from 14 in 2017). These have been used, for example, to roll out the Adaptive Leadership course mentioned above on a regional basis. Where there is no such long-term expert, the IMF's resident representatives enable continuous follow up and dialogue on CD.
- The UN has leveraged its extensive country presence, including through its regional commissions and development entities, to support tax policy and administration reforms, integrating tax more systematically into SDG implementation and national development planning. TIWB leverages the in-country networks and offices of UNDP.
- The OECD has been providing long-term secondees to ATAF to support their technical assistance program for a number of years, and has a tax expert based in Jakarta to provide support on international matters in the region. It also provides regional engagement and training through its six multilateral tax centers, and the six regional centers for the OECD Academy for Tax Crime Investigation.

⁴¹ Partners include the ADB, African Union Commission, ATAF, CIAT, ECLAC and the Pacific Islands Tax Administrators Association (PITAA).

Enabler 5: Strengthened participation of developing countries in international standard setting

KEY MESSAGE

- Considerable efforts have been made, and continue, to help developing countries participate fully and effectively in designing, and benefitting from, international tax initiatives.

Substantial efforts have been made, and continue, to ensure that developing countries participate fully in the design of, and benefit from, international tax initiatives. These efforts reflect not only the additional challenges that developing countries face in participating, but a recognition that the revenue at stake is generally at least as important for them, relative to GDP, as it is for advanced economies (Crivelli and others (2016), Johannsen and others (2020)). PCT partners, RDBs and RTOs have accordingly placed great emphasis on supporting such participation in standard setting. Many observers have also recognized, and stressed, the need to mitigate a risk that membership of standard setting bodies will be in name only and/or of little value to the country concerned.

The OECD/G20 Inclusive Framework has provided a setting in which developing countries have influenced work on Base Erosion and Profit Shifting (BEPS), and specifically the design of Pillars One and Two. Developing countries (that are not investment hubs) account for about one-third of the 147 members of the IF, within which their nationals have occupied a range of leadership positions. (For example, a Co-Chair of the Inclusive Framework is from a developing country member, and developing countries are also well represented in its Steering Group and as Vice-Chair of working parties). OECD (2023c) lists several specific areas in which developing countries have had a material impact on design outcomes, including for instance the incorporation within the global minimum tax of the Qualified Domestic Minimum Top-up Tax, which enables source countries to secure for themselves any revenue from any topping up to the minimum effective rate needed. Participation in the Inclusive Framework has also enabled developing countries to highlight implementation issues of particular importance to them, such as barriers to putting in place all the elements to receive Country by Country (CBC) reports. At the April 2025 Inclusive Framework plenary meeting, measures were announced to support developing countries gain access to CbC reports according to their own preferred timescale, with tailored implementation support prioritized to maximize timely access.

The UN Committee of Experts on International Cooperation on Tax Matters has maintained a long-standing focus on addressing the needs and priorities of developing countries, and on assisting developing countries in building their capacities to engage effectively in international tax discussions. The Committee brings together experts nominated by governments but serving in their personal capacity from diverse regions, tax systems and areas of expertise. The Committee produces practical guidance tailored to developing countries' priorities and capacities. This includes periodic updates to the UN Model Double Taxation Convention and Transfer Pricing Manual, which often go further than corresponding OECD guidance in supporting source-based taxation. Notable examples include Article 12B of the UN Model, which allows source taxation of income from automated digital services, and a broad-based Subject to Tax Rule (STTR) that applies to a wide range of payments, including between unrelated parties.

In 2024, responding to calls to make international tax cooperation fully inclusive and more effective, the UN General Assembly approved the terms of reference for the development of a framework convention and two early protocols. This work is being carried out through an Intergovernmental Negotiating Committee open to all of the 193 UN Member States. Three workstreams, whose weekly meetings have averaged over 100 Member State participants, discuss technical issues relating to the three subjects, which can help increase technical capacity in developing country participants. Working documents of the three workstreams are available to over 1,000 individual accounts through the UN's communication system for delegates.

Many developing countries participate actively in the work of the Global Forum, which monitors the effective implementation of the exchange of information standard. The number of developing country members continues to rise; at over 95, they account for over half of the total. In 2024, 79 developing countries received bilateral technical assistance in all areas of the implementation and use of the tax transparency standards. Developing countries participate in the work of the Global Forum on an equal basis and contribute to the full range of its work, including through leadership roles, membership of peer review group and as assessors (OECD, 2025).

Effective participation in international standard-setting requires adequate technical capacity, which PCT partners, RDBs and RTOs have made extensive effort to help build. The toolkits developed by the PCT mentioned in Box 2 are an early example; the World Bank has developed an [e-learning tool on transfer pricing](#), while the OECD has a range of [self-paced training](#) available on transfer pricing and other aspects of international tax available online, and in nine countries have been integrated into national training platforms. In relation to Pillar Two, support has included not only the detailed guidance material also mentioned earlier, but regional workshops and training (including online) offered collaboratively by the OECD, World Bank, CIAT, IDB and ADB and events highlighting developing country concerns (such as the series of events organized by the World Bank and IMF at their spring meetings). Of particular note, in addition to the extensive training provided by the Global Forum noted above, are:

- The UN has helped developing countries engage more effectively in global tax discussions through the UN intergovernmental platforms and targeted CD, drawing on the work of the UN Tax Committee to engage Member States, international and regional organizations, academia, business and civil society. The UN convenes three major annual tax events: two sessions of the Committee (spring in New York, and fall in Geneva) and the Special Meeting of the Economic and Social Council (ECOSOC) on International Cooperation in Tax Matters, held alongside the spring session. These have become important platforms for inclusive dialogue on international tax cooperation and standard setting in the wider context of country efforts to finance and achieve the SDGs. Hybrid participation at the Committee's sessions has significantly broadened access. At the Committee's 30th Session in 2025, developing countries represented 55.6 percent of participants, and 61 percent at the ECOSOC Special Meeting. Through its sessions' inclusive practices and working methods and subcommittee structure, the Committee enables wide multi-stakeholder engagement in the UN technical work, ensuring a central role for developing-country experts.
- The OECD has, since the creation of the Inclusive Framework, established induction programs (48 since 2017, with eight ongoing) to support new members, mainly developing countries, in implementing the BEPS measures and build capacity to ensure effective participation in the decision-making process. With RTOs and RDBs it has also been organizing regular regional events (across Africa, Asia Pacific, Eastern Asia and Latin America and the Caribbean) to ensure that members and non-members of the Inclusive Framework, especially developing countries, stay abreast of developments

and can actively contribute to its agenda. Pre-meetings of key technical working parties, along with informative briefing sessions, targeted at developing countries, have been organized at crucial stages of the decision-making process. The result has been sustained engagement by developing countries participating in the main working group meetings, submitting written comments on draft materials, and contributing during in-person meetings. In 2022, the OECD Secretariat established a pilot program with a focus on helping developing countries understand the new global minimum tax (GMT) and how it interacts with their specific tax incentives, assess its economic impact, and support the drafting of legislation. Based on the experiences from this, a new series of multilateral, interactive workshops on the GMT was launched in 2024 and continued in 2025.

Civil society has played an important role in elevating the voice of developing countries in international tax discussions. Several—among them a number located in developing countries and often benefiting from donor support—have combined technical credibility and skillful advocacy in a way that has given them a significant impact on policy debates.

Enabler 6: Learning from experience

KEY MESSAGES

- Evaluating the impact of CD interventions is inherently difficult, but new, improved datasets and methods are helping.
- Providers are focused on using a range of approaches to refine their assessments of effectiveness and progress.

Addressing the inherently difficult challenge of assessing the effectiveness of tax-related CD interventions requires a variety of methods. Drawing lessons on what works and what does not is made problematic by two methodological difficulties, beyond that of establishing causality stressed in Section I.C. One is that of defining and measuring outcomes: assessing trust in the tax authorities, for example—one of the aspects by which the quality of DRM might be judged—is hard even using survey techniques. A second that of ‘external validity:’ just because an intervention works in some country or context does not mean it will work in others. Awareness of these difficulties has increased, and is reflected in greater attention to defining inputs and intended outputs from CD. But they remain, and call for using a variety of methods to extract lessons.

Traditional methods of learning from and assessing experience continue to be valuable and heavily used. They include:

- **Continuous monitoring and periodic broad evaluations of CD programs...**—on which donors have become more insistent and sophisticated. Monitoring has become more systematically rooted in logframe-type structures and focused on measurability. At the same time, attention is needed to avoid burdens on providers that unduly reduce their capacity to deliver CD. Recent major assessments include an independent evaluation of the World Bank’s DRM support (World Bank, 2023); the mid-point review of the World Bank’s Global Tax Program (SEO Amsterdam Economics, 2023); and the IMF’s RMTF and MNRW thematic funds (SEO Amsterdam Economics, 2022, and Consulting Base,

2022); and the recent evaluation of the OECD's Tax and Development Program (SEO Amsterdam Economics, 2025). These independent evaluations have found those CD programs to be performing well across the OECD-DAC criteria of relevance, coherence, effectiveness, sustainability and efficiency. In addition there are periodic reviews of the IMF's CD strategy, the most recent in 2024 (IMF, 2024), while the UN Secretariat reports regularly on its CD work, subject to continuous monitoring and evaluation under the General Assembly, including review against performance measures.

- **...and acting upon them.** The Public Finance Reviews (PFRs) of the World Bank, for instance, are now mandated to include systematic coverage of DRM, including a prioritization of measures (with estimation of their likely impact) which then feeds into Country Partnership Frameworks, CD and lending operations. The OECD is in the process of implementing recommendations from its evaluation, including refining the way in which it helps countries track progress and prioritize actions on transfer pricing. The IMF has emphasized its country-centric programmatic approach to CD tailored to country needs and integrated with its core operations.
- **Case studies** as for example in Box 1 above, as [provided by the OECD](#), in IMF (2025b) and the annual reports of the PCT. Though limited by what is usually an essentially narrative form, and potentially subject to selection bias, these play an important role in grounding advice in actual experience and have a unique strength in communicating to non-expert audiences.
- Not the least value of **preparing and disseminating analytical and guidance materials**, discussed under Enabler 3 above, is the learning from others that comes from the stock taking and exchanges of view. The production of the 2015 PCT paper on incentives, for example, has proved extremely useful in distilling from, and aggregating the partners' diverse activities and experiences in an area in which all have been active and to which they have brought differing perspectives. (And one on which they continue to focus: The World Bank, for instance, has created a global project on tax incentive reform in emerging market and developing economies). One further lesson from such work is that collaboration in one area (investment incentives, for example) leads naturally to collaboration in others (such as incentives for reducing carbon emissions).

Methods enabling more rigorous assessment are becoming available. Notably:

- **Experimental and quasi-experimental methods have proved highly instructive...** Work of the kind described above can provide a good sense of the nature and scale of impacts from various administrative and policy interventions. One general finding, for instance, is that 'nudges' intended to encourage compliance by appealing to ideas of social responsibility are less likely to succeed than are messages conveying credible threats of enforcement.⁴² Careful use of administrative data is also allowing more confident estimates of the likely revenue impact of Pillar Two (Bachas and others, 2024).
- **...and have much further potential**, including from the CD element of the close work with national authorities, who themselves are now more often considering explicit experimentation. To systematize and advance work in this area, the World Bank has established '[DaTAX](#),' working in partnership with a wide range of countries to exploit the analytical possibilities presented by large revenue administration datasets.
- **Repeat diagnostic assessments**—of TADAT, for instance, or in the estimation of compliance gaps—provide a straightforward means to gauge progress and identify reform priorities. There are pitfalls to

⁴² See the meta-study of Antinyan and Asatryan (2020).

guard against: experience warns that excessive reliance in assessing performance on cut-off based indicators can distort the allocation of effort away from more productive areas. Nonetheless, as the use of such tools continues to become increasingly widespread and routine, they will become increasingly useful and standard for the evaluation of both specific interventions and broad CD programs. The challenges are greater on the policy side, however, where wider diversity of views across both countries and advisers has made the development of diagnostic tools far more difficult. General guidance material, such as the [PCT Tax Incentives Principles](#), can then be particularly useful.

- **Increasingly reliable and comprehensive data**, as is for instance being produced by ISORA, provides firmer foundations for assessment of progress and benchmarking as well as for much analytical work.

The PCT is developing a workstream on the monitoring and evaluation of tax CD. The aim is to collect and synthesize inputs and feedback from the partners on their current approaches, tools, datasets, and lessons learned. This will provide an opportunity to exchange ideas and experiences, and to identify opportunities to do better. The workplan includes extensive outreach and consultation with national authorities, donors and other stakeholders.

III. AGENDA FOR THE MEDIUM TERM

KEY MESSAGES

- Substantial and sustained improvement of revenue systems requires a determined focus on improving the basics of the domestic system, while continuing to strengthen international tax cooperation.
- These basics are the assurance of extensive and largely voluntary compliance and design choices conducive to countries' objectives for efficiency and fairness.
- The links between improved DRM and support for wider state building are especially strong in FCSs.

Many of the initiatives discussed in the previous section will continue and be further developed in the coming years. The aim in this section is not to detail providers' plans but to focus on some key strategic considerations expected to shape those plans for the next 3-5 years.

A. Back to Basics—in a Changing World

Substantial and lasting improvement of DRM requires strengthening the fundamentals of the domestic tax system. Ongoing international initiatives in cross-border corporate taxation and Automatic Exchange of Information (AEOI), which have attracted considerable attention over the last decade, can yield revenue gains for developing countries which, while meaningful, fall far short of the amounts needed for material progress towards the SDGs. Raising the revenue required will require a determined focus on building the fundamentals of domestic taxation. Often unglamorous, far from rapid and sometimes with setbacks, that is where the core DRM improvements must be found.

The fundamentals are the assurance of compliance and design of policies conducive to growth and fairness:

- **Strong compliance** is needed not only to ensure revenue but to establish fair treatment across taxpayers, build wider trust in the tax system and reduce the distortionary effects of taxation. A pervasive challenge in this context is often said to be high levels of informality in developing countries—but it is non-compliance that is the more fundamental issue. For example: micro traders may be 'informal' but properly should have zero or low liability; conversely, professionals often evade substantial amounts of tax, but could hardly be described as 'informal.' Resources expended in securing compliance need to be allocated with an eye to where the revenue to be recovered from improved compliance is greatest.
- **Careful design** is needed to serve both efficiency and distributional objectives. The former relates not only to growth and employment, but also to the potential for tax measures to help address environmental issues and other behavioral biases. Distributional concerns loom especially large at both the bottom of the income distribution—protection of the most vulnerable—and at the top—ensuring the better-off pay what is perceived as a fair share. The extent to which both objectives are achieved, however, depends also—especially from the distributional perspective—on public

spending measures: enhancing growth through infrastructure spending, for instance, and providing basic public health and education.

There are new opportunities for strengthening the fundamentals, including from progress on the spending side. Well-recognized opportunities (and some risks) come from digitalization and (albeit still with much uncertainty) generative AI. Less fully appreciated are those from recent advances in the provision of social protection and support. Biometrics, the capacity to draw on reliable identifiers of the poorest and deliver cash support to them are advancing quickly, and showed considerable power during COVID (Prady and others, n.d.). Progress is not easy, and it remains early days. Nonetheless, to the extent that these instruments provide a direct route for addressing poverty concerns, they may come to ease the pressure on the tax system to protect the poorest in ways that are often poorly targeted.

The two fundamentals must be pursued in tandem. They interact; tax design needs to take account of, and may affect, compliance. And there may ultimately be tradeoffs: most obviously between equity and efficiency, but also perhaps between desires to support state building by using the tax system to encourage formalization of smaller enterprises, even if the revenue does not cover administrative costs, and targeting compliance activities to where the revenue return is greatest. With such complexities in mind, progress in building the fundamentals requires both increasing the effectiveness of revenue administration and attention to the design and implementation of each tax instrument.

What achieving these basics may require in practical terms is sketched out in Annex 2. While circumstances are of course different in every country, distinct CD imperatives arise in FCSs and in Small Island Developing States (SIDS).

In FCSs, strengthening revenue systems is a core element of wider efforts to (re)build state capacity, along with developing effective spending systems and other core institutional attributes of a functioning state.⁴³ Circumstances vary, but this often means, as a first stage: (a) focusing on relatively few instruments that are easy to collect—either at borders (so far as these are controlled) or as excises from a relatively small and easily identified set of taxpayers (such as telecoms, hotels, and banks) and, perhaps, as turnover-based taxes, and (b) establishing core administrative processes for the largest potential taxpayers (IMF, 2017). In post-conflict situations, it may also require the delicate task of replacing or absorbing informal tax (and spending) systems operated by non-state actors (van den Boogaard, 2025). In all cases, coordination of tax measures with spending and legal reform is likely to be critical for developing wider trust in that system and government more generally.

Small Island Developing States (SIDS) face particular difficulty in establishing fiscal resilience. While generally having quite high tax ratios, many SIDS contend with high service delivery costs, vulnerability to climate change and shocks, and narrow, undiversified tax bases, alongside capacity constraints in tax administration. Possible measures to help narrow their financing gap could include, where appropriate and feasible, introducing or strengthening VAT, rationalizing tax expenditures, building or enhancing property tax systems and leveraging upgraded IT infrastructure to support core revenue administration functions.

⁴³ See also Box 3 in IMF (2025) on administrative challenges in FCSs.

B. International Cooperation in Tax Matters: Building on Progress

KEY MESSAGE

- PCT partners, and others, continue to work towards ensuring strong inclusion of developing countries in international tax discussions and that initiatives respect and address their concerns.

Developing countries have much at stake in ensuring an effective, efficient, and fair system of international taxation. Significant amounts of revenue are involved. In single cases involving indirect transfers of interest, they may run into billions of dollars (PCT, 2020). And the amounts recovered through TIWB and AEOL, for example; have already been seen (in Section I.C) to be substantial.

The Inclusive Framework has prepared a stock take on the BEPS project, ten years on from the publication of the original BEPS Actions (OECD, 2025d). Results there suggest that: profits and substance are better aligned; the sensitivity of the location of profits to tax rates has declined; and statutory CIT rates have stabilized. Moreover, there is unprecedented transparency surrounding the tax planning of multinationals for tax authorities and policymakers. Beyond these broad metrics, a wide variety of in-depth studies highlight the impact of BEPS Actions in raising effective tax rates, reducing multinational activity in low-tax jurisdictions, and expanding tax revenues. These results are consistent with the experience reported by Inclusive Framework members, who perceive the BEPS measures as helpful in reducing avoidance and improving compliance. There is evidence that anti-avoidance measures in developing countries can be impactful in constraining avoidance and supporting tax revenues, especially for transfer pricing rules—one of the areas of anti-avoidance rules with the strongest uptake by developing countries. However, challenges remain, such as data gaps and complexity. Further CD in developing countries remains a priority.

Beyond the impact of the original BEPS measures, there are also significant potential benefits for developing countries in the Two Pillar Solution. The potential gain to developing countries from global adoption of Pillar Two measures has been put at 4-10 percent of their total CIT revenue (Hugger and others, 2024), with another estimate being an increase revenue from in-scope multinationals of about 15 percent (UNCTAD, 2022a). At the same time—again, it is not only revenue that matters—developing countries share the common interest in ensuring that taxation encourages efficient investment choices. It may well be that investment in some countries (developing a *Building Tax Capacity for Growth and Development: Evidence-Based Analysis for DRM* among them) would tend to increase as a result of Pillar Two (UNCTAD, 2022; Keen and others, 2023). Beneficial outcomes can be supported by ensuring that investment, especially in high value added activities, is not overly tax-driven, providing reasonable certainty for investors, limiting complexity, and treating taxpayers in ways that they accept as fair.

The revenue consequences of mitigating tax competition, especially through encouraging better alignment of investment, substance and taxation may be even larger. IMF (2019) calculates, for example, that the global revenue loss from multinational avoidance (before recent initiatives) was equivalent to a reduction in worldwide corporate tax rates of about 2.5 points—half of the reduction that occurred in the previous decade or so. Views differ as to how a global minimum tax would affect the general level of tax rates by influencing the choices of higher tax countries that are not directly affected by it. Experience suggests that they may well respond to tax increases in countries that are directly affected by increasing their own

tax rates.⁴⁴ One estimate is that, with generalized adoption, this strategic effect might more than double the direct revenue gain from Pillar Two (IMF, 2022).

Tailored and expert CD will be needed for full realization of the benefits of international tax reform.

Across the transfer pricing rules, BEPS Actions, Pillar Two and Amount B, developing countries have a wider range of measures to address challenges in international corporate taxation than ever before. While many developing countries have already adopted some or all of these measures most have not yet taken a position, especially on more recent measures. In all cases, support is likely to be needed across a range of areas: analyzing their current circumstances (including the potential revenue); making policy decisions, including in the light of measures adopted or likely to be adopted in other countries; drafting/revising legislation; implementing unfamiliar rules; and ongoing evaluation. While efforts continue to simplify their application where capacity is limited, and the Amount B approach helps in this respect for transfer pricing, considerable complexity remains. Supporting and building the capacity to take advantage of and help shape these and other developments—including in international taxation (see below)—at the same time as addressing many other pressing DRM needs, will require extensive and sustained specialist CD.

Substantial CD support is being made available on international tax issues. The OECD has developed an extensive CD program on international corporate tax issues, supporting 40 countries on BEPS and transfer pricing issues in 2024. It is currently working with countries to assess the impact of the minimum tax; from 9 pilot countries, this support now extends to more than 20, with collaboration with the World Bank and IISD in several. This work will continue, for example building on the guide on QDMTT⁴⁵ revenue estimation published by the OECD and World Bank and other related studies in this area. The IMF will continue to provide guidance and support in this area as requested, including in the context of wider reforms to the domestic corporate tax.

Progress continues in enabling developing countries to access CbC reports under AEOI. An additional 13 developing countries have gained access to reports on foreign-headed multinational groups since 2023, bringing the total to 28. Recognizing the need for further work in this area, but also the fact that developing countries must choose between competing priorities in light of their available resources, the OECD has invited each low- or middle-income Inclusive Framework members to identify its preferred timeframe for implementing the requirements to obtain access to CbC reports. The OECD will engage with each country opting to work towards implementation within an agreed timeframe and provide tailored support to maximize the likelihood of achieving this goal.

Efforts continue to address concerns among developing countries regarding the international corporate tax reform process and the outcomes achieved to date. The allocation of taxing rights, and the institutional frameworks within which it is agreed, have long been contentious issues, and, while there have been some changes, remain so. Detailed issues of real materiality include, for example, responding to the criticism that the special treatment of refundable tax credits under the minimum tax rules is systematically more advantageous to advanced economies than to developing. At the same time, other countries are discontent with other international tax developments, including the adoption of digital service taxes. Advancing a more inclusive approach to international tax cooperation is essential for ensuring that reforms reflect the priorities of all countries and provide certainty and predictability for taxpayers.

⁴⁴ Past experience from individual country reforms is not necessarily indicative of the impact from more widely implemented tax changes.

⁴⁵ The Qualified Domestic Minimum Top-up Tax, provided for under Pillar Two.

Negotiations of the UN Framework Convention on International Tax Cooperation and two early protocols are underway. The UN General Assembly adopted the terms of reference for the negotiations in December 2024 (UN, 2024b), with one early protocol to be focused on the taxation of income derived from the provision of cross-border services in an increasingly digitalized and globalized economy and another on prevention and resolution of tax disputes. The terms of reference envisage a framework convention that would “enhanc[e] the legitimacy, certainty, resilience, and fairness of international tax rules.”⁴⁶ Final texts of the three legal instruments are to be submitted to the General Assembly in 2027. The terms of reference encourage Member States and other stakeholders in a position to do so to assist in ensuring the full and effective participation of developing countries in the work of the ad hoc intergovernmental negotiating committee, particularly least developed countries, including through covering travel and local expenses and through capacity-building.

The work of the UN Committee of Experts on International Cooperation in Tax Matters has provided technical foundations for these global discussions, notably through its guidance on taxing cross-border services and tools for dispute prevention and resolution. From a capacity development perspective, the UN's integrated program has sustained support on these and other international tax issues through national, regional, and global workshops, complemented by a community of practice within which participants exchange experiences on emerging issues (such as the taxation of services) in peer settings to identify risks and opportunities for effective implementation.

There are further gains to be realized from increasing the coverage of AEOI, in terms of both countries and assets. By making it harder for the wealthy to escape domestic taxation, these developments can not only contribute materially to revenue—both directly and perhaps, ultimately, by enabling them to at least maintain the tax rates applied to capital income—but also to potentially increase progressivity of and, strengthen trust in, their domestic tax systems. Thirty-seven developing countries are now engaged in AEOI, and a 2024 Preliminary Maturity Assessment concluded that it is achievable in the short- to medium term for most not yet engaged (OECD, 2024b). While countries must of course balance the potential gains from AEOI against the competing demands placed on their scarce capacity—embedding it in a comprehensive compliance risk management strategy that enables the newly gained information to be effectively harnessed—there are certainly several, notably though not only in Asia and Africa, that might well gain from participating in the Global Forum and in AEOI. On substance, work is underway to extend AEOI to include increasingly important assets: reporting on crypto assets is planned to start in 2027 (OECD, 2022b), and progress is being made towards enhanced cooperation in AEOI on real estate and on beneficial ownership. The Global Forum is actively supporting its members, including developing jurisdictions, in implementing the AEOI Standards through various tools, including the Crypto-Asset Reporting Framework (OECD, 2024c,d). Other development partners, including the World Bank, AfDB, ADB, ATAF, CIAT and IDB, are supporting countries on the implementation of these standards.

Recent changes to the peer review process on harmful tax regimes have placed a greater emphasis on risk, helping address disproportionate impacts on low-capacity countries of negative listings. Consultations highlighted the challenges for low-capacity countries, particularly SIDS, to implement international tax standards, the potential opportunity cost in respect to alternative domestic reforms potentially more critical for DRM, and the impact of negative listings. The recent revisions to the peer review process for preferential regimes - conducting the economic assessment of BEPS-related risks to determine whether a regime is actually harmful before the legislative review - is designed to ensure that the peer review process focuses on the risks and so alleviate disproportionate burdens on low-capacity countries in

⁴⁶ UN (2024c, 7(c)).

which risks are low, while maintaining the integrity and effectiveness of the BEPS minimum standard and of assessment processes.

There are other areas in which closer international cooperation might benefit developing countries.

These include, for instance, the pricing of carbon as one tool towards reducing emissions, a topic taken up in the [OECD Inclusive Forum on Carbon Mitigation Approaches](#) and by a [dedicated workstream on environmental taxation](#) of the UN Tax Committee. There are also opportunities—and need—in connection with the development of a carbon pricing regime for international aviation and maritime transport, as discussed in IMF (2024). Cross-border VAT issues are becoming ever more important, with the OECD Guidelines (OECD, 2017) now playing a pivotal role, and with scope for further collaboration and cooperation in ensuring that differing VAT structures do not become an obstacle to trade and investment, and more generally, in learning from the experiences of others.

C. Building on the MTRS Experience

KEY MESSAGES

- The political will that is the prerequisite for sustained and major DRM reform can be supported and encouraged by providers and donors, but ultimately remains beyond their control.
- After a decade of broadly positive experience, the PCT is now developing plans to refine the MTRS framework, which may include greater flexibility, more systematic stakeholder engagement, and a strong emphasis on building effective and efficient governance arrangements.

Weakness of political commitment is still widely seen as a (perhaps the) paramount obstacle to sustained DRM improvement, with some—but limited—scope for mitigation. Country ownership of reform is critical, as the Sevilla Commitment reaffirms. Exerting it requires addressing the resistance that significant tax changes, whether of policy or administration, almost inevitably encounter. This requires commitment extending, both horizontally and vertically, beyond the ministry of finance and revenue administration. While the political context of reform is largely exogenous from the perspective of CD providers, there may be ways in which resistance to reform can be eased. Plans can be more sensitive to the political cycle, for instance, and in some cases CD providers might show more empathy to the political difficulties being faced. Champions of reform, emphasized by many as essential for progress, can be nurtured and supported. Stakeholder mapping and engagement—discussed below—can smooth the course.

Policy-based lending to support DRM will continue to have a key role. It is a central modality by which the European Commission, RDBs and others foster and support political commitment, and is increasingly informed by diagnostic assessments, whether by formal tools and/or broader analyses (as with the World Bank's revamped PFR). Conditionality attached to loans of course needs to be used sensitively: it is not necessarily the case, for instance, that all countries need or are ready for a formal MTRS. Nevertheless, as noted in the PCT 2016 Report,⁴⁷ there is evidence that it can generate meaningful gains, although less so when initial capacity and institutions are weak.

Further lessons have been learnt in the specific context of the MTRS. Identified difficulties include: (a) Mismatch between the MTRS reform horizon (commonly 4-6 years) and political cycles—especially though

⁴⁷ Citing the work of Crivelli and Gupta (2016).

not only on the policy side, where needed and desired reforms can be especially contentious; (b) Recognizing and dealing with the common non-linearity of reform: reconciling the MTRS with changing priorities is challenging, especially as countries face external shocks and shifting political interests; (c) Difficulty in obtaining full ownership, adequate institutional incentives, and cross-agency coordination; (d) Challenges in aligning and motivating a diverse group of stakeholders, including civil society and business; and (e) Limited capacity, of both resources and skills, to manage a complex process of change.

The PCT review—due for completion around end 2025—will reflect on these and other challenges, aiming to refine the MTRS approach while maintaining its high ambition. Many of these difficulties of course apply to tax CD more generally, so that much of what is said elsewhere in this report applies here too: the importance of training, for example, including by revenue administrations themselves. In this sense, addressing them in the MTRS context may have wider lessons. The review remains at an early stage, but some possible directions for enhancing the MTRS approach are beginning to emerge:

- Providing **greater flexibility** across various dimensions. This is not only a matter of taking account of political cycles, but more generally of recognizing that some moments may be more propitious for planning and action than others and that political conditions change. It also means less procedural rigidity: for example, while documentation of plans remains critical, such aspects as the distinction between pre-formulation and formulation stages is inevitably blurred. Flexibility is also needed in developing appropriate strategies in circumstances, including those of fragility, in which a medium term perspective is needed to anchor and build on shorter term priorities (having it in mind, for instance, that a simple turnover tax can serve as the basis for a later VAT) but the usual breadth and formality of the MTRS model are impracticable.
- **Fuller, more systematic engagement with stakeholders**, both within and outside government, to help build consensus and motivation for reform. Line ministries, for example, often need to be involved in the reform of incentives; and there have in some cases been particularly productive discussions with politicians. Civil society and media coverage can help build momentum for change. Even when such stakeholders oppose reform, engaging with them can better identify and perhaps calm, or suggest ways to mitigate, their concerns. Systematic mapping of relevant stakeholders (Who are they? What are their priorities and concerns?) is rare in tax CD, but could provide a framework for a more strategic approach to interacting constructively with them at all stages of an MTRS program.
- Developing **empowered and informed governance structures**. An effective MTRS requires high level and regular oversight from key government agencies (ministry of finance, revenue administration, attorney general's office, and others), informed by advice on highly technical matters, and close cooperation with CD providers, both specialist and non-specialist. This is a complex coordination exercise, and while solutions may well vary across countries, will be among the topics of the PCT review.

Other issues to be addressed include such questions as that of how one should judge the 'success' of a strategy which delivers progress that is meaningful but falls short of that initially hoped for.

D. Delivering Stronger Results: Collaboration and Sustainability

KEY MESSAGES

- Drawing on formal evaluations and other feedback, providers will continue to extend their cooperation and collaboration, with strong RTOs having a critical role to play.
- Building strong data management capacity, developing and maintaining appropriate staff, institution building and expanding whole of government approaches all require continued attention....
- ...as does governments' development of in-house capacity for tax policy analysis.

Collaboration

There have been encouraging assessments and experiences of collaboration and cooperation among CD providers, which they are committed to further deepen. As discussed above, the general sense among providers is that cooperation, coordination and collaboration have improved despite a growing field, and—while real concerns remain—are largely effective. Where collaboration and cooperation have been subject to external review, the assessments have been generally positive, while urging that still more be done. For instance:

- The mid-term review of the World Bank's Global Tax program (SEO, 2023) found that it was “generally coordinated with development partners at an acceptable level” and had “largely avoided overlap.” At the same time, it recommended “concrete actions” towards a more systemic approach to coordination.
- Similarly, the mid-term review of the IMF's RMTF Fund found that “coordination is taking place and has improved with a wide range of development partners, but more could be done to avoid overlap and maximize synergies.” One instance of follow-up, reflecting similar views in IMF (2024), being the subsequent creation of the JDRMI.
- The recent review of the OECD's Tax and Development program (SEO, 2025) reports that “many stakeholders confirmed that there were many positive examples of good coordination” and assesses external coherence as “already good”, while also seeing scope for further improvement. The relationships with several key partners are being revised through new memorandums of understanding, one with UNDP signed in June 2025 and others under negotiation.

Instances of country-led coordination, such as those in Box 1, appear to be gradually increasing, and will remain a focus of effort. As noted, this can also help address the concern that the main weakness of coordination is at the planning stage.

There are significant opportunities for synergies in, and further development of, CD support at regional level—not least for smaller economies. The common framework developed by WATAF mentioned earlier is one example. In very operational terms, CIAT is promoting the development of systems for the acceptance of e-invoices that are commonly applicable, avoiding the need for investments

that can be burdensome for smaller countries. Similarly, ATAF and Zambia (with technical support from the World Bank) recently announced an initiative to develop an AEOI information technology solution which can be utilized by other African countries. For SIDS in particular, facing common challenges and similar constraints of scale, a coordinated regional approach has special attraction—as illustrated by a recent cooperative initiative in the Caribbean (Box 4), bringing together PCT partners and a wide range of regional bodies.

Box 4: Cooperation and Coordination in the Caribbean

- In 2024, the 26th Caribbean Organization of Tax Administrators (COTA), co-organizing with the Caribbean Community (CARICOM) Secretariat and Saint Lucia, brought together representatives from CARICOM Member States and Associate Members, international organizations and RTOs. The wide-ranging event concluded with a regional roundtable on the challenges faced by Caribbean tax administrations and the CD support required to tackle them.
- In response, development partners have joined forces more closely and collaboratively to offer a regional outreach program to enhance DRM in the region. This is led by CARICOM/COTA with the collaboration of the Commonwealth Association of Tax Administrators (CATA), CIAT, the IMF and its Caribbean regional center (IMF/CARTAC), the OECD and the World Bank. Follow up has already included, in 2025, a two-day virtual seminar on international taxation (148 participants from 20 Caribbean jurisdictions) and a two-day virtual workshop on transfer pricing (307 participants from 18 jurisdictions).
- This regional initiative is encouraging experience sharing, peer-to-peer learning and discussions on key tax issues for the region.

RTOs have a distinct and critical role to play, as the experience with ATAF (Box 3) amply demonstrates. Given their direct relationships with and close knowledge of recipient countries and regional organizations, and building on their successes over the last decade or so, RTOs have a unique contribution to make to CD in DRM. Yet they still sometimes struggle for resources. The work of the Pacific Islands Tax Administrators Association (PITAA), for instance, has been facilitated by the creation of a permanent secretariat in 2017.

Informal contacts are now even easier and more routine than before COVID-19. They have been encouraged by the MTRS approach (as noted by SEO (2023)), facilitated by the now standard use of virtual meetings and, for the partners, by enhanced interactions through the PCT.

The PCT is proving an increasingly valuable focal point for cooperation between the partners, for many purposes. Building on progress since 2016, the partners plan to continue and deepen the activities of the PCT by:

- Providing the **online database** on their TA activities, which has been widely welcomed and will continue. Partners will consider a more frequent updating, as suggested by SEO (2025). Perhaps still more important is to work to include for each country the full range of CD partners;⁴⁸ drawing on the experience of ATI. A pilot project under the IMF's GPPF is exploring this.

⁴⁸ IMF (2017) reported, for instance, that 35 providers were active in sub-Saharan Africa..

- Serving as **a venue for forming collective perspectives on CD strategy**. Partners continue to believe that the PCT is not a place to centralize coordination of all CD activities. At the more strategic level, however, experience with the MTRS has shown a productive role for the PCT in sharing information on future plans and lessons from experience, providing a firm basis for the current MTRS review—illustrating the potential for further such collaboration.
- **Generating and disseminating authoritative, evidence- and experience-based guidance**. As tax matters became increasingly complex, the material which the PCT is uniquely placed to produce, such as the Tax Incentives Principles, is becoming increasingly powerful in informing wider debate and ensuring the coherence and consistency of partners' advice. The PCT is also helping to avoid duplication in the production of such materials.
- **Convening and fostering discussion on core tax issues**. On taxation and gender, for instance, the PCT organized in 2021 a workshop bringing together the PCT partners, RTO staff, country counterparts and academics working in the area; This served as precursor to establishing a community of practice, which is moderated by the Brookings Institution and ICTD, with a wide range of members (including ATAF and other RTOs, think tanks and academics). Among the substantive conclusions was a recognition that sex-disaggregated administrative tax data is essential for incorporating gender into tax analysis but often lacking. The World Bank team subsequently collaborated with ATAF to support progress in its collection.
- **Interacting more closely with national authorities in developing countries...** to increase both the responsiveness and the impact of the PCT, including by further using its convening powers. The immediate focus for this is a global PCT conference planned for Tokyo in March 2026; the possibility of a series of regional events is also being explored.
- **...and holding periodic check-ins with RTOs/RDBs**, complementing those held directly with each PCT partner, to share information on plans and current issues.

Sustainability

To support sustainable improvements in DRM, careful attention is needed to HR issues, data management and infrastructure, and institution building—in a fast-changing world. Taken in turn:

An adequate IT infrastructure combined with strong data management skills is a prerequisite for modernizing tax administration. It is not sufficient for progress: alignment with efficient processes is needed, and information sources need to be reliable. Nonetheless, the ability to receive, process, match and analyze data—still hampered by legacy systems in many countries—is essential for lasting progress, along with similar and coordinated progress in public financial systems management systems more generally. Similarly, IT solutions can reduce risks of corruption but to be effective need to be integrated into a wider set of checks and embedded in appropriate incentives structures.

HR management in revenue administrations faces increasingly difficult circumstances. Long-standing problems remain: high turnover of senior and specialist staff, low remuneration heightening risks of corruption, and limited capacity of many staff. To this is added the challenge of dealing with prospective budget cuts amid rapid changes in required skills. This calls at the same for strong and to some degree generalist managerial abilities and highly specific technical expertise. Training, both externally-led and in-house (now potentially more flexible, in ways discussed above) is evidently critical,

but the deeper challenges are ones of strategy and incentive structures.

Institution-building is needed to prevent progress stalling when key individuals move on. High attrition among trained staff, whether through mandatory rotation or (a particular problem in relation to a specialist area such as transfer pricing or taxation of extractives) to the private sector remains an obstacle to lasting reform (though in either case some benefit to the wider tax discourse remains). Addressing this requires institutionalizing knowledge. That is inherently difficult, but remains a focus of tax-related CD, for example in the support and encouragement provided for the development of tax policy units. The extensive portfolio of diagnostic tools and datasets⁴⁹ described above also provide a basis for the retention, transmission and continued development of both technical skills and the understanding of local circumstances.

Progress has been made in advancing ‘whole of government’ approaches on tax matters, but more needs to be done. There have been positive experiences, especially in addressing tax-related criminality, including the [OECD work on Tax and Crime](#) and the [StAR program](#) for the recovery of stolen assets (involving the World Bank and UN). Yet cooperation and information sharing between relevant government agencies often remains limited. Common examples include in the relationships between, on one hand the ministry of finance and on, the other, investment promotion and natural resource agencies (which are critical for designing and managing, respectively, investment incentives and fiscal regimes for extractives). Such internal coordination challenges have been apparent in the MTRS experience, as noted above, and overcoming them is a major theme of the PCT’s Tax Incentives Principles.

The need for a whole of government approach also applies to donors. Cooperation between technical and development agencies is not always strong. This can lead to a range of challenges, including difficulties funding technical experts from the donor tax administration to participate in CD activities and a lack of policy coherence between development agencies and finance ministries (OECD, 2022c; Annex 2.A). On the latter, it remains the case, for example, that many donor countries (Denmark, the Netherlands, Norway and the Slovak republic being notable exceptions) advocate reductions in tax expenditures while seeking exemptions for the projects they finance—a practice that the Sevilla Commitment urges them to reduce.⁵⁰ To support greater coherence in tax and aid policies and practices, the UN Tax Committee (with the participation of all PCT partners) developed the guidelines on the taxation of aid Projects (UN, 2021b), while the OECD has facilitated greater transparency on the policies of DAC member donors through a [hub on the tax treatment of ODA](#).⁵¹

As the tax environment changes rapidly and becomes more complex, it is increasingly challenging to mobilize appropriate expertise for CD delivery. Rapid technological change and the increasing technical complexity of tax matters requires calling on new and increasingly specialized skills: in dealing with AI innovations, for example, and with subtle accounting issues being brought to the fore by current international tax developments. This is a challenge for all CD providers, including not least the RDBs and RTOs. In addition, as developing countries’ capacities increase the technical issues they wish and need to address are likely to become more complex, and ones for which there is a more limited pool of expertise to draw on. Donor countries will face similar difficulties of their own, and budget constraints are already impacting the willingness to release expertise for capacity building activities. Thus, while there

⁴⁹ The IMF, with support from CIAT and the IDB, has launched a pilot International Customs Administration Survey for Latin America, building on the ISORA experience. The thought is to expand this more broadly, with the support of other partners.

⁵⁰ Case studies are in Caldiera and others (2022); for a general (critical) assessment, see Caldiera and others (2020).

⁵¹ This provides details on the policy positions of 21 DAC members and the European Union.

have been some good examples, recent efforts to draw on their expertise for CD delivery have sometimes disappointed. But they remain uniquely well-positioned to make available, and transmit, the experienced and specialist technical knowledge that is increasingly essential for progress in DRM.

The potentially major implications of generative AI—for both national authorities and CD providers—are only starting to be felt, and remain highly uncertain. For revenue administrations, it is already clear, for example, that generative AI can greatly facilitate the coding needed for sophisticated risk assessment and data matching. For CD providers, operational benefits may include, for instance, an enhanced ability to synthesize large bodies of information and knowledge.⁵² The uncertainties and challenges are substantial, including those around data confidentiality and security safeguards. There are difficulties too in securing expert advice for CD. Even many developed tax administrations are still building up their own skills and knowledge in this area.

⁵² Box 11 of IMF (2024) speculates on what generative AI advances might mean for CD providers.

ANNEX 1 – CONSULTATIONS

This report has benefited from consultations with:

- The Addis Tax Initiative (ATI).
- The African Tax Administration Forum (ATAF).
- The Asian Development Bank (ADB).
- The Caribbean Community (CARICOM).
- Cercle de Reflexion et d'Echange des Dirigeants des Administrations Fiscales (CREDAF).
- The Commonwealth Association of Tax Administrators (CATA).
- The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).
- Economic Community of West African States (ECOWAS).
- The European Commission (ECFIN, INTPA, and TAXUD).
- The Inter-American Center of Tax Administrations (CIAT).
- The Intra-European Organisation of Tax Administrations (IOTA).
- The Inter-American Development Bank (IDB).
- The Pacific Islands Tax Administrators Association (PIITAA).
- The South Centre.
- The West African Tax Administration Forum (WATAF).

ANNEX 2 – STRENGTHENING DOMESTIC TAX SYSTEMS

This Annex provides an overview of some of the key considerations involved in strengthening the fundamentals of domestic tax systems. As noted in section IIIA successful reforms will likely require a simultaneous focus on the administrative, policy and legal issues covered below

Increasing the effectiveness of revenue administration⁵³

Appropriate managerial and organizational structures, with effective exercise of core functions, are critical. Enhancing compliance, including by building trust, requires revenue administrations marked by high standards of accountability, transparency, and integrity, free from political and other undue influence, and responsive to emerging issues. This provides a firm basis for comprehensive and effective exercise of the core functions of managing registration, filing, payment, and reporting. Several developing countries have made remarkable progress in this direction, but building these essentials—easier to describe than achieve—will remain a centerpiece of reform efforts.

Compliance strategies need to be tailored, according to risk, and targeted, according to potential significance. For those taxpayers willing to fulfil their obligations, the task is to make their compliance easier, including for instance by educating them as to their liabilities and using electronic means to make filing and payment easier. For those not so willing, the task is to make non-compliance harder, for example by expanding withholding arrangements (such as on payments to professionals) and making fuller use of information acquired from third parties (such as banks, payment systems providers and land registries) or by other means (one creative example being the use of drones to help assess property values)—and, ultimately, enforcement actions. Compliance strategies must thus be tailored to the likely riskiness of each taxpayer, assessed by various methods including, and rapidly becoming readily feasible, methods of machine learning and AI. Where resources are scarce, it is especially important to target enforcement activities where their payoff—both in terms of direct recovery from those audited and indirectly by increasing the likelihood of detection perceived by those not audited—is highest. Mass registration campaigns, for example, have repeatedly disappointed (Gallien and others, 2024). Intensified focus on the better off will often yield a higher return not only in revenue but in increasing the progressivity, and perceived fairness, of the wider tax system.

Digitalization is critical...The basic tools of e-filing, e-invoicing and the use of electronic fiscal devices (EFDs) are becoming increasingly common, including in developing countries, and in cross-country regressions the latter two have been associated with increased revenue of around 0.7 percent of GDP (Nose and Mengistu, 2023). And there is clearly more potential from other emergent tools, for example in the automatic verification of VAT returns and the matching of large datasets (such as credit card information) with taxpayer information to identify discrepancies and assess compliance risks. It is hard to estimate the potential revenue gain from these methods, but it is safe to presume that they cannot alone fill the kind of gap noted in Section I. Nor indeed is digitalization always on the side of the tax administration: it can be used to devise complex frauds, for example, and off-exchange transactions in cryptocurrencies—which have high penetration in several developing countries—are extremely hard to identify.

...but the application of new technologies alone is not enough. In Ecuador, for example, the use of third party information on sales led to an almost completely offsetting increase in hard-to-monitor costs (Carillo and others, 2017); and in Rwanda, e-invoicing had an effect only to the extent that it enabled more effective audit (Kotsogiannis and others, 2025). Indeed, audit ultimately remains key, though with attention needed

⁵³ This discussion is brief, as a separate note on this topic is being prepared for the G20 (IMF, 2025b).

to its nature and context in order to achieve strong and lasting effects, both directly on those audited and indirectly on others.

Increasing the volume and quality of the human and other resources available to the revenue administration is essential for lasting progress. Hiring—and retaining—adequate numbers of well qualified staff, including at the most senior levels, remains a significant obstacle to sustained improvement, calling for both appropriate training—support for which is discussed elsewhere in this report—and supportive human resource policies. Working conditions often remain poor, and technological empowerment limited.

The potential revenue gains from administrative reform can be sizable. Adan and others (2023), find, for example, that comprehensive and sustained reforms yield gains of up to 2-3 percent of GDP after six years; and IMF (2025) that the average improvement in TADAT scores over repeat assessments is associated with an increase in VAT revenue of 0.4 percent of GDP.⁵⁴

Tax instruments

While any tax system must be considered as a whole, each instrument raises its own specific issues.

The VAT has considerable further revenue potential in many countries, though realizing this can be challenging. There are still countries in which introduction of a VAT remains a priority. Among low income countries with a VAT, C-efficiency in 2020 averaged 37 percent (Benitez and others, 2023), meaning, broadly, that actual VAT revenue was only 37 percent of what it would have been had the VAT been applied at the current standard rate to all consumption. Increasing C-efficiency to 47 percent—roughly the same increase as low income developing countries have actually achieved since 2005—would raise around one percent of GDP, without changing the standard rate.⁵⁵ While some measures of base broadening are likely to face opposition on equity grounds, proponents point to the protection of the poorest through a relatively high VAT threshold (Bachas, Gadenne and Jensen, 2024), poverty alleviating effects of increased spending on public services and, though still early days, the increasing practicability of providing cash compensation (as for instance in Thailand and the recent reform in Brazil).

The efficiency and yield of the corporate income tax (CIT) could in many cases be improved by removing ineffective incentives. Incentives—reduced rates, holidays, and the like—continue to proliferate. Their revenue cost, assuming no impact on behavior—and experience suggests the behavioral impact is indeed often very limited (PCT, 2015)—has been put at around 5 percent of total tax revenue (UNCTAD, 2022b) though this varies across countries.⁵⁶ There is considerable gain from evaluating existing incentives—beginning with systematic and public reporting of the associated tax expenditures—and caution in offering more. Pillar Two, which would dampen the impact of many incentives applied to in-scope entities, can catalyze such review and reform. Rather than providing preferential treatment to some types of investment, it may be better to encourage all by ensuring sufficiently generous depreciation.

⁵⁴ Baer and others (forthcoming) find that an increase in a tax administration's TADAT score from 1.85 to 2.32 (approximately D+ to C+) is associated with a 0.6 percentage point increase in VAT revenue as a share of GDP, reflecting reduced VAT noncompliance. Including spillover effects on Corporate Income Tax (CIT) compliance, the total revenue gain could reach 1.3 percent of GDP—but significant revenue improvement can take time.

⁵⁵ Assuming initial VAT revenue of 4 percent of GDP.

⁵⁶ For eleven countries in sub-Saharan Africa, for instance, Redonda and others (2021) find that tax expenditures under the CIT average around 13 percent of the underlying base, varying between 1.5 and 46 percent.

There is progress in the personal income tax (PIT)—central to equity objectives—to build on. Revenue from the PIT, as a share of GDP, has increased steadily in developing countries since the turn of the century (Benitez and others, 2023). Beyond revenue, the progressivity achieved also depends not only on the rate structure applied to labor income but also—for the most well-off, especially—on the treatment of capital income (dividends, capital gains, interest, and the like). While some forms of capital income can be difficult to tax, including as a result lack of information (including on assets held abroad), advance in this area is essential for countries that wish to increase effective progressivity.⁵⁷

Taxing high wealth individuals requires adequate access to information and appropriate enforcement strategies. Third party information is critical for identifying and assessing the wealthiest, but there must also be the technical capacity to use it. The complexity of the affairs of the wealthy and the revenue at stake, may warrant the creation of a dedicated unit within the revenue administration. The mobility of the very wealthy raises design issues (on exit taxation, for instance) and some need for international cooperation. Experience suggests that while progress is possible, considerable political will may be needed to overcome the influence that the wealthy can exert (Occhiali and others., 2025).

Property taxation can further equity objectives and decentralization, though the prospective revenue remains modest. Taxes on real estate in particular can reach much of the wealth of the well-off and, where decentralized (as they commonly are), encourage citizens to hold local governments accountable to their taxpayers. The administrative capacity of lower-level administrations, however, is in many cases very limited. There are technological and other advances to explore, but the prospective near-term revenue gain is moderate.

Local damages linked to burning fossil fuels (including air pollution and congestion) often warrant far higher fuel charges than at present, even leaving climate concerns aside. Significant revenue could be raised by eliminating outright subsidies and levying appropriate charges: a carbon tax of around USD 75 per tonne might raise 1-2 percent of GDP in many developing countries. Technically, such increases are relatively straightforward. Politically, the difficulties can be much greater, similar to those with extending the VAT.⁵⁸

The taxation of the extractive industries requires renewed attention, with difficulties and opportunities ahead. Revenue from extractives in low income developing countries has fallen notably over the last decade or so (Mansour and others, 2025), and decarbonization poses challenges for developing countries dependent on, or building, oil and gas activities, amplifying the importance of careful design of fiscal regimes. Clear potential for taxing location-specific rents (returns in excess of the minimum required) arises in relation to critical minerals on which the energy transition is reliant.⁵⁹ AfDB (2025) estimates for example, that Africa could raise USD 1.6 billion from green minerals by 2030.

Removing unnecessary complexity—including by eliminating nuisance taxes—often remains a priority, to ease compliance, free administrative resources and bolster tax certainty.

Customs duties remain a major source of revenue in many developing countries, including through the collection of VAT on imports. Improving customs administration can yield benefits beyond revenue, in facilitating trade and easing the corruption and undue influence to which, in many countries, they remain particularly prone (Arvanitis and Raballand (2023); Azcárraga and others (2023).

⁵⁷ Adopting instead a general wealth tax seems to offer little prospective advantage over strengthening taxes on capital income and property taxes, and the proposal to top up taxes paid by the ultra-rich to two percent of their wealth (Zucman, 2024) would yield little revenue to most developing countries (IMF, 2024).

⁵⁸ Further discussion of the design and challenges of fuel tax reform in developing countries is in Heine and Black (2018).

⁵⁹ Material supporting the valuation of minerals is provided by OECD and Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (2023) and UN (2025).

Many other instruments potentially also have a place on the agenda, including: **excises** levied on tobacco, alcohol, gambling, and sweetened beverages, with possible scope to both raise revenue and address externalities and problems of self-control,⁶⁰ and new design issues raised by product innovations; **crypto and digital money** raise design as well as administrative challenges; **non-fuel environmental charges**, such as on pesticides and fertilizers, with pricing issues also arising, for instance, in relation to waste management and water supply; charges on **forestry** and **fishing** to serve environmental purposes and, in some cases, raise significant revenue; **inheritance and gift taxes**, now rare in developing countries but might in due course make a meaningful contribution to revenue and fairness.

The Legal Framework

Effective policy and administration and tax certainty require a clear, comprehensive, and trusted legislative framework.⁶¹ Key tax provisions need to be in tax laws, approved by the legislature, and, along with regulations, formulated as simply and completely as possible and made readily available. Penalties should be proportionate, and appeals processes trusted and reasonably rapid. Discretionary powers, including for instance in the allocation of incentives, should be tightly limited and subject to firm oversight. Laws on tax procedures (separate from tax laws) covering administrative aspects across multiple taxes can ease compliance, but are still not widespread in developing countries. More broadly, principles of good governance—fairness, transparency, and accountability—should be integrated into the design of tax laws to ensure a proper balance between the powers of tax authorities and the protections afforded to taxpayers.

⁶⁰ See for instance Ross and John (2023) on the scope for further increases in cigarette taxes in Aisa, where prevalence is especially high.

⁶¹ Sofrona and others (2025).

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