Declaration of Ministers of Development and Ministers of Finance on domestic resource mobilization

Shared principles and operational guidelines to strengthen public domestic resource mobilization and public financial management in partner countries

1. We, the Ministers of Development and Ministers of Finance of the G7, declare that Domestic Resource Mobilization (DRM) is a shared imperative, recognizing it as the most effective and reliable funding source for development needs. We reaffirm the central role of sound public finances, transparent and robust public financial management, as well as public spending efficiency in supporting macroeconomic stability, fiscal sovereignty and accountability, financing economic prosperity as well as job creation and economic growth. This strengthens the social contract with taxpayers, while improving public trust in fair tax systems. Together, all these elements contribute to the creation of ecosystems conducive to economic development, attracting necessary private investments and mobilizing private capital.

2. We underline that DRM efforts require strong domestic political will, should be approached as the foundation of a broader public finance ecosystem, and should be firmly rooted in a long-term growth strategy aimed at overcoming structural barriers that limit countries' ability to durably enhance revenue generation. These efforts should link revenue mobilization with reliable and credible budget planning, sound public expenditure, debt sustainability and transparency, alongside wider governance and public finance reforms. Progress in this field requires a combination of domestic tax policy and administration reforms. These reforms can be accompanied by country-led multi-year technical assistance and capacity building to effectively support durable fiscal systems, as well as stronger institutions. To foster durable development outcomes, work should be cross-cutting and tailored to country circumstances. We endeavour to support partner countries in their efforts to reform tax administration, to tackle informality and to

fight tax evasion, tax avoidance, and illicit financial flows. In addition, we support strengthening international tax cooperation. Reform efforts, supported by technical assistance and capacity building, should focus on broadening the domestic tax base and strengthening tax compliance; where relevant, by addressing inefficient tax expenditures and subsidies.

3. We recognize the high potential to mobilize additional domestic public revenues in partner countries, especially in low-income countries given their low tax-to-GDP ratios compared to international and regional benchmarks. Structural constraints, including limited tax bases, weak tax administration and exposure to volatile commodity revenues, contribute to persistent fiscal deficits, which can lead to unsustainable debt, further heightened by external shocks. DRM is essential to address such vulnerabilities and foster growth. This priority is reflected in the IMF's and World Bank's *Three pillar approach,* which seeks to help countries gain additional fiscal space to implement their growth-enhancing agenda, by mobilizing a range of tools alongside structural reforms and strengthened domestic resources mobilization, notably by reinforcing domestic tax systems and improving spending effectiveness.

4. In this context, we reiterate our support for ongoing capacity development initiatives, notably carried out by the Platform for Collaboration on Tax (PCT) and its partner organizations (IMF, World Bank, OECD, UN), our bilateral assistance actors, multilateral development banks and other regional organizations. We hold a collective interest in strengthening our international partnerships to support impactful and sustained progress on DRM and administration reform through technical assistance and capacity building programs that should be: i/ well aligned with broader sound public financial management, including debt management, ii/ country-led, country-owned, built on a whole-of-government approach, iii/ well sequenced and tailored to the needs of partner countries and grounded in political economy realities (taking into account the specificities of fragile and conflict-affected states as well as small islands developing states, for example), recognising that prioritisation of support should reflect political commitment alongside evidenced need, iv/ evidence-based using empirical analysis, diagnostics and analytical tools, and v/ well-coordinated at country-level.

5. Building on joint IMF and World Bank expertise, as well as on consultations conducted in the margins of the PCT Tax and Development Conference held in Tokyo on March 2-3, 2026 and on consultations conducted by the Addis Tax Initiative with its members, we endorse the following shared principles and operational guidelines to reinforce the impact of our actions on public domestic resource mobilization and public financial management in partner countries:

- **I. Strengthening public financial resilience, including and going beyond revenue mobilisation, is key to ensuring sound public finances which encompass efficient spending, debt transparency and debt sustainability**. To help ensure that countries have the funds necessary for their development, it is important that revenue reforms are growth-friendly and consistent with sound fiscal policies as a whole, including debt management.

- **II. A whole-of-government approach** (including all public actors involved in DRM and public financial management) **along with robust private sector and stakeholder engagement in partner countries** (including with civil society and academia) is essential to **foster country-ownership and achieve sustained results over time,** anchoring reforms in nationally defined financing strategies**. Such an approach can help foster greater policy coherence and stronger domestic accountability and impact.**

- **III. Well-sequenced reform programs and adequate prioritization are essential to take into account partner countries capacities and help ensure sustained progress.** DRM reforms generally benefit from multi-year engagement by capacity development providers and require realistic implementation timelines. It necessitates a balanced approach between short-term revenue and expenditure management gains and longer-term institutional strengthening, while taking into account further important trade-offs among revenue and spending considerations, growth, equity, and feasibility.

    - **Peer-to-peer learning, including multilateral and bilateral cooperation efforts are key for capacity building programs to be successful in the long-run. Sustained investment in skills, leadership and institutional capabilities is essential to support durable reform outcomes.**
    - **Design and implementation of DRM reforms should be systematically based on assessments tools, analytical data and evidence,** including political economy analysis, **in order to ensure that programs are tailored to partner countries' needs and results-oriented.** Several tools can be used to achieve this objective such as the Medium-Term Revenue Strategy (MTRS), the Tax Administration Assessment Tool (TADAT), the Public Expenditure and Financial Accountability (PEFA) framework and the Forum on Tax administration (FTA) Maturity model, among others.

- **IV. Data-driven monitoring and evaluation is key for successful reforms.**

    - **Investment in digitalization and related institutional capabilities is critical to support DRM, including to facilitate risk-based compliance management and to reduce burdens for taxpayers.**
    - **Data and research should also be used to support the programs' monitoring and evaluation, which is critical to draw lessons and make necessary adjustments.** A broader use of digital tools, where feasible, is encouraged to support more transparent, efficient and accountable public financial management, as well as investing in data quality, data access and analytical capacities.

- **V. Coordination and information sharing at country level among all technical assistance providers are crucial to avoid duplication, fragmentation and to exploit synergies to deliver tangible impacts of reforms through complementary actions.** Coordination is most effective when country-led and organized with clear frameworks, communication, processes and methodologies involving all technical assistance providers active in a country.

As a consequence, as G7, we endeavour to support the above-mentioned principles by participating in country-led initiatives aimed at coordinating our technical and financial assistance for DRM at country-level. Such coordinating mechanisms initiated by partner countries could facilitate synergies and information-sharing, in collaboration with international financial institutions and other development partners, where appropriate. **Moreover, we affirm that our national development investment and financing flows will endeavour to reflect this central focus, relying on co-investment and performance-based vehicles, where appropriate, to create positive incentives for DRM in developing countries.**