

History and evolution of the International Tax Compact

Born as a stakeholder platform against tax evasion and avoidance

The International Tax Compact (ITC) was initiated by the German Federal Ministry for Economic and Development Cooperation (BMZ) in 2009 as an informal stakeholder platform with the goal of fostering open discussions about how to combat tax evasion and avoidance as a means to support partner countries in mobilising domestic revenues for sustainable development. In those days, the topic of tax evasion and tax avoidance got less attention by the international development cooperation community, with only a few actors usually from academia and civil society invested in it. This provided the ITC with a niche to fill, as the BMZ recognised the immense value that combatting tax malpractices would bring to partner countries in their endeavours to increase development finance through public revenues.

From April 2017 to September 2019, and again since July 2022 to the present, the European Commission has provided co-financing to the ITC.

Originally, the ITC had its own membership. The so-called ITC stakeholders met up to twice a year. These meetings were attended by the ITC core group – consisting of the African Tax Administration Forum (ATAF), the Inter-American Center of Tax Administrations (CIAT), the International Monetary Fund, the Organisation for Economic Cooperation and Development (OECD), the World Bank and main organisations within German development cooperation (1) – and selected partner countries. The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) was mandated with facilitating the ITC Secretariat.

The ITC built strategic partnerships and engaged with its membership to foster research in the area of tax and development. Among the best known publications are the mappings of DRM support from 2010 ([here](#)) and 2012 ([here](#)), a paper on the control of transfer pricing manipulation in Latin America and the Caribbean in collaboration with CIAT ([here](#)), a study on information and communication technology (ICT) support for tax administrations ([here](#)), a discussion paper in collaboration with the OECD on successful DRM reforms and the role of international cooperation ([here](#)), and United Nations (UN) handbook on the management of double taxation treaties for partner countries ([here](#)). Regular newsletters saw contributions by relevant stakeholders on current taxation topics. All studies, newsletters and policy briefs ever published or drafted by the ITC can be found [here](#).

The ITC was a frontrunner in contributing to a more inclusive and participatory cooperation in the realm of DRM: it brought partner countries to the table as few have done before and played a crucial role in amplifying the voice of partner countries in the tax and development arena. The launch of the Base Erosion and Profit Shifting (BEPS) Project by the G20/OECD in 2015 marked a new era in the battle against tax evasion and tax avoidance on the international arena, with the G20 countries and the OECD putting international tax issues as high on the political agenda as they had never been. This gave the ITC the opportunity to reinventing itself.

(1) BMZ, the German Federal Ministry of Finance, and the Kreditanstalt für Wiederaufbau (KfW), the German development bank.

Launch of the Addis Tax Initiative in response to the Addis Accord as decisive turning point

The course of the ITC changed substantially with the Third International Conference on Financing for Development (FfD3), held in Addis Ababa, Ethiopia, in July 2015. While the UN elevated the urgency of closing recognised gaps in development finance with the first conference in Monterrey, Mexico, in 2002, and the second in Doha, Qatar, in 2008, the role of domestic public resources as the most reliable and sustainable source of financing for development failed to be adequately prioritised and acknowledged by the international community. It was therefore only in 2015 when DRM was finally recognised in the Addis Ababa Action Agenda (AAAA) as one of the four crucial pillars of financing for sustainable development.

Nevertheless, for some development partners, the UN negotiations ahead of the final presentation of the AAAA were not far reaching enough. It was with that perception that representatives from the Netherlands suggested to form a club of providers of official development assistance (ODA) willing to not only push harder for international cooperation in the area of DRM, but also hold partner countries accountable for tax and revenue reforms. Representatives from Germany, the United States, and the United Kingdom accepted the Dutch invitation to meet in the spring of 2015 in The Hague, the Netherlands, to conceptualise this idea and foster political buy-in.

The meeting in The Hague turned out to be the birth hour of the Addis Tax Initiative (ATI) and the [original ATI Declaration](#). Policy makers and international development cooperation practitioners in the tax and development arena agree that its launch can be considered one of the most important products of the Financing for Development Conference of 2015. Officially launched at a side event of FfD3, the question of a suitable host for the secretariat of the ATI was raised. Upon Germany's proposal, the ITC took over this role, ensuring that impartiality and neutrality were at the core of its role.

Ever since its foundation, the ITC as ATI Secretariat has contributed to the initiative's evolution into an effective, inclusive initiative for consultation and collaboration on DRM that reinforced the importance of the topic in the international arena. The first ATI/ITC Conference took place in 2017 and the second one followed in 2019, turning into its flagship event. Members met regularly either back-to-back to international fora, such as the meeting of the Global Partnership for Effective Development Co-operation in 2016 or the Platform for Collaboration on Tax (PCT) Conference in 2018, where the ATI Consultative Groups first met, or in meetings of the ATI General Assembly, for instance in Paris or Stockholm. The development of the new [ATI Declaration 2025](#) in the course of 2020 by its members not only serves as milestone document in light of changing priorities and needs in tax and development, it also led to the renewal of the governance document from 2018, the development of a new monitoring framework and to the re-launch of the Consultative Groups in accordance with the new partnership Commitments.

Expanding secretarial function by bringing together tax organisations into one network and providing finance for innovative projects

In 2018, the ITC made further steps towards establishing itself as an impartial organisation that provides for results-oriented initiatives in the area of tax and development by taking over the Secretariat of the Network of Tax Organisations (NTO) and the DRM Innovation Fund. The NTO was founded as a network that brings together nine regional and international tax organisations representing over 180 national tax administrations worldwide. Today, ten regional and international tax organisations form the NTO, after the Study Group on Asia-Pacific Tax Administration and Research (SGATAR) joined the network in 2023. While the idea of an umbrella network for tax administrations dates back to the 1980s, the concrete idea of creating the NTO was driven by the tax organisations that had been working closely with the ITC for years. After the “Committee of International Organisations of Tax Administrations” (CIOTA) and the “International Tax Dialogue” (ITD) had not continued their work, there was need for a global exchange platform on tax administration issues. Following the signature of the letter of intent by the first five members in April 2017, a strategic meeting in February 2018 in New York City, United States, resulted in the official launch ceremony of the NTO back-to-back to the Inter-American Center of Tax Administrations (CIAT) Technical Conference in May 2018 in Ottawa, Canada. The member organisations unanimously supported the ITC as host of the secretariat of the initiative.

In parallel, the Bill & Melinda Gates Foundation, along with the BMZ sought to place greater emphasis on the piloting of innovative ideas in the area of DRM on the African continent. As a result, the DRM Innovation Fund was established in June 2018, and placed within the ITC. The Fund phased out in 2022.

The Fund aimed to enhance revenue mobilisation by supporting short- and medium-term innovative projects which specifically assisted African governments in tackling the persistent challenges of mobilising domestic revenue. The supported innovation projects were short- or medium-term in nature and had a direct impact on the performance of public administrations concerned with DRM.

The DRM Innovation Fund supported these projects with up to 100,000 EUR. In this context, innovation was defined broadly, in terms of developing new solutions and approaches to tackle persistent problems related to revenue mobilisation – including adapting approaches and practices used in other regions, sectors or industries and applying them to the context of DRM.

The fund operated on a demand-driven basis. Prospective recipients, who were primarily public entities, were invited from eligible African countries to apply. Throughout the term of the DRM Innovation Fund two funding cycles were carried out and five projects were implemented.

Throughout its duration, the fund launched two calls for proposals, supporting five digitalisation projects in Madagascar, Zambia, Ghana, Tanzania, and Cameroon to enhance tax compliance and local revenue collection through innovations such as e-payment systems, mobile applications, and integrated tax management platforms.



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