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Working Paper 139

**Tax and Governance in the Context of  
Scarce Revenues: Inefficient Tax Collection  
and its Implications in Rural West Africa**

Rachel Beach and Vanessa van den Boogaard

February 2022

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# Tax and Governance in the Context of Scarce Revenues: Inefficient Tax Collection and its Implications in Rural West Africa

Rachel Beach and Vanessa van den Boogaard

## Summary

In recent years, domestic and international policy attention has often focused on broadening the tax base in order to include a greater share of the population in the 'tax net'. This is based, in part, on the hope that the expansion of taxation will result in positive 'governance dividends' for taxpayers. However, the implications of extending the tax base in rural areas in low-income countries has been insufficiently considered. Through the case studies of Togo, Benin, and Sierra Leone, we demonstrate that extending taxation to rural areas is often highly inefficient, leading to few, if any, revenue gains when factoring in the costs of collection. Where revenues exceed the costs of collection, they often only cover local government salaries with little remaining for the provision of public goods and services. The implications of rural tax collection inefficiency are thus significant for revenue mobilisation, governance and public service delivery, accountability relationships with citizens, and taxpayer expectations of the state. Accordingly, we question the rationale for extending taxation to rural citizens in low-income countries. Instead, we argue for a reconceptualisation of the nature of the fiscal social contract, disentangling the concept of the social contract from the individual. Rather, a collective social contract places greater emphasis on the taxation of wealth and redistribution and recognises that basic rights of citizenship are not, or should not, be contingent on paying direct taxes to the government. Rather than expanding taxation, we argue for the expansion of political voice and rights to rural citizens, through a 'services-first' approach.

**Keywords:** rural taxation, revenue efficiency, accountability, Sierra Leone, Benin, Togo.

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## Acronyms

CA	Chief Administrator
CCAC	Central Chiefdom Administrative Clerk
CFA	Central African franc
CONAFIL	National Commission for Local Finance – Benin
DC	District Council
DCC	District Council Chairman
DGI	General Directorate of Taxation – Benin
DRI	Direction Regionale des Impôts – Togo
LGFD	Local Government Finance Department
MoFED	Ministry of Finance and Economic Development – Sierra Leone
NRA	National Revenue Authority – Sierra Leone
OTR	Office Togolais des Recettes – Togolese Revenue Authority
SLL	Sierra Leonean Leone
TDL	Taxe de Développement Local – Benin

### Note on translation and exchange rates

Direct quotes from French-language interviews and literature are translated to English by the authors unless otherwise specified.

Unless otherwise noted, USD exchange rates are the following, from 1 December 2016:

Togo and Benin (CFA Franc BCEAO)	0.00162 USD
Sierra Leone (Sierra Leonean Leone)	0.000139 USD

# Introduction

The international development community has increasingly focused on domestic resource mobilisation as a means to achieve sustainable development financing (UN 2015). Though this agenda is primarily motivated by a desire to finance essential service delivery while reducing dependence on international aid, it is also influenced by the idea that expanded taxation can result in positive ‘governance dividends’ (Gadenne 2017; Moore 2007; Prichard 2015; Timmons 2005; Weigel 2020). In line with this, domestic and international policy attention has often focused on broadening the tax base in order to include a greater share of the population in the ‘tax net’ (Bonjean and Chambas 2004; Fjeldstad and Moore 2007; Mansour and Keen 2009; Moore 2013).

A growing body of research, however, has questioned the logic of extending the tax base, particularly among individuals and businesses in the urban informal economy, highlighting the associated revenue inefficiencies, negative equity implications, and lack of a direct relationship between tax payment and accountability outcomes (Beach 2018; Gallien and van den Boogaard 2021; Gallien, Moore, and van den Boogaard 2021; Higgins and Lustig 2016; Joshi, Prichard, and Heady 2014; Meagher 2016; Moore 2020; Pimhidzai and Fox 2012; La Porta and Shleifer 2014; Resnick 2020). By contrast, the challenges of extending taxation in rural areas have largely been overlooked, in part because the vast majority of revenue in low-income countries comes from urban centres – and often just from the capital.<sup>1</sup>

Despite this lack of attention, rural taxation has significant implications for both a large group of taxpayers and for governance and accountability outcomes related to taxation. Despite growing urbanisation in low-income countries, rural populations remain substantial; in West Africa, for example, most citizens in many countries live in rural areas (Appendix, Figure 6, Figure 7). Consequently, rural tax collection efforts are how most people experience taxation, while it is through these processes of tax payment and engagement with tax authorities that taxpayers develop expectations of the state and service delivery. Critically, the dynamics of rural taxation are often qualitatively different than those in urban settings. Most notably, the high cost of collection in these areas has important implications for service delivery and accountability of tax revenues, raising questions about the rationale for rural tax collection efforts.<sup>2</sup>

In this paper we draw attention to the realities of rural taxation through three illustrative country case studies in West Africa: Togo, Benin, and Sierra Leone. Within these case studies, we delineate the inefficiencies of rural tax collection, showing that the revenue collected in rural areas is often able to finance little, if anything, other than the costs of collection. We show that rural revenue inefficiencies emerge as a result of limited revenue potential, with high concentrations of poverty and limited fiscal mandates, and high collection costs, resulting from low population density, the illegibility of tax bases, and low quasi-voluntary tax compliance. To mitigate against these challenges, street-level collectors undertake a number of strategies, including the selective imposition of taxes, physical and temporal targeting of collections, and/or outsourcing tax collection.

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<sup>1</sup> Illustratively, 98 per cent of Togo’s domestic (internal) revenues were mobilised in the metropolitan area of Lomé, its capital (data from the Togolese Revenue Authority, 2016). Inefficiencies in taxing rural areas have also been discussed in the state-building literature (Herbst 2000; Scott 1998), though to the best of our knowledge no study has focused centrally on the topic.

<sup>2</sup> Tax collection costs range between 0.3–1.7 per cent of the revenues mobilised in high-income countries (OECD 2015a) and are estimated at an average of 2.3 per cent in African countries (ATAF 2019; see also Crandall, Gavin, and Masters 2019). Because there is a lack of operational data on tax efforts in African states, Moore (2020) surmises that costs of revenue production in some regions of these countries are likely to be much higher than the averages presented in recent studies, while in rural areas these costs are higher still.



We argue that these realities have important implications for service delivery and accountability, demanding a rethinking of the nature of rural fiscal social contracts. The act of paying taxes often raises citizen expectations of what the state can and should deliver (van den Boogaard, Prichard, Beach and Mohiuddin 2022; Mallett, Acharya, Sturge and Upriety 2016); where there is a mismatch between tax revenues and taxpayer expectations, citizen-state relations can be negatively affected, in turn limiting tax morale and reinforcing ‘low-tax, low-capacity’ traps. The reality of inefficient revenue collection thus challenges the expected increases in revenues and governance dividends of broadening rural tax bases in low-income states, with important implications for how we conceive of the value and rationale of taxation in areas with scarce revenues.

Fundamentally, we question the rationale for extending taxation to rural citizens. While policy attention has pushed for the extension of the tax net in low-income countries, we argue for a rethinking of the nature of the fiscal social contract. Instead of an individualistic fiscal social contract which emphasises reciprocal links between taxation and service delivery, we suggest that a collectivist contract is a more productive and accurate notion. Rather than expanding taxation, we argue for the expansion of political voice, rights, and services to rural citizens, enabled through a greater emphasis on the taxation of wealth and on redistribution. Overall, we highlight the need to manage taxpayer expectation, to rethink the role of the state and revenue potential in rural areas, and to reconsider the nature of the fiscal social contract. We consider the potential of kickstarting tax morale through a ‘services-first’ approach while recognising that rural administrations may have to continue to tax in the face of revenue inefficiencies. Indeed, while we argue for a rethinking of policy attempts to broaden tax nets and tax the poor in rural areas, it is also important to recognise the non-revenue motives that often exist for rural taxation, and which may help to explain its persistence despite revenue inefficiencies. These include donor-driven theories of change and project conditionalities, a desire to build a ‘taxpaying culture’, and the reality that taxation enhances legibility and institution building, serves to impose the authority of the state, and, in at least some instances, is central to reinforcing customary and local citizenship rights.

The rest of this paper proceeds as follows. After introducing our case studies and data in Section 1, we outline the realities of inefficient tax collection in rural West Africa (Section 2). In Section 3, we delineate the reasons behind rural revenue inefficiency while in Section 4 we show how street-level tax collectors and local authorities respond to the realities of scarce revenues and manage inefficiencies. In Section 5 we consider the implications of revenue inefficiency for public goods provision and accountability in rural areas. Section 6 calls for a rethinking of the relationships between tax, accountability, and the state in rural areas. We conclude by emphasising our key argument: there is a need to rethink the rationale for taxing rural citizens and to reconceptualise the nature of tax-accountability relationships and the fiscal social contract.

## 1 Case studies and data

Our analysis is based on three country case studies – Togo, Benin, and Sierra Leone – that are illustrative of broader patterns of rurality and revenue raising in West Africa and in low-income countries more generally (

Table 1). At the same time, these case studies capture diversity in terms of the actors involved in taxing rural areas, the nature and degree of decentralisation, and the history of colonisation and governance of the interior. In Togo, a semi-autocratic dynasty has ruled the country for half a century without any meaningful form of decentralisation. Municipalities are run by special delegations appointed by the president, many of which have not been replaced since the initial appointments in 2001. While some local governments charge local taxes and fees (e.g., market fees, water fees) in rural areas, not all do so, with the central government collecting both centrally- and locally-designated taxes.<sup>3</sup> It often does so with informal support from local chiefs, in a similar pattern to that established in the colonial era (Amenumey 1969; Beach 2018; Nieuwaal 1981; Tobolka 2014).<sup>4</sup>

In Benin, by contrast, decentralisation was initiated in the early 1990s following the collapse of the Soviet Union. However, *fiscal* decentralisation has remained limited. Local authorities collect small taxes and fees and are often left to develop informal strategies to make up for the shortfalls in revenue. Since its introduction in 1999, they have relied heavily on a Local Development Tax, known by its French acronym TDL (*Taxe de Développement Local*), which does not have an explicit tax base, but can be mobilised from the main resources of the municipality (Chambas, Brun and Graziosi 2007; OCS 2009: xi). In practice, it is generally collected as a roadside fee or by volume of produce at the time of harvest among local farmers. Without further specification, it has served as a 'catch-all' tax, having been applied variously to cotton, lumber, agricultural products and domestic trade (Beach 2018; Bierschenk 2006; Chambas et al. 2007). Most local and central taxes in rural areas are collected in a joint collaboration between central and local authorities, led by regional directors from the General Directorate of Taxation (known by its French acronym, the DGI) (Beach 2018; Bierschenk 2006; Chambas 2010).<sup>5</sup> Most tax collection efforts are organised and conducted by the DGI, with municipalities expected to provide local agents for support.<sup>6</sup> Critically, there remain uncertainties about local tax authority, with, for example, continued disputes between central and local authorities over who should be responsible for collecting revenues from the TDL,<sup>7</sup> as well as reluctance on the part of local governments to support tax collection efforts for taxes which are not designated in their entirety for the local government (Chambas 2010). Indeed, local governments have a tendency to view resource

<sup>3</sup> Some local chiefs also collect small fees (interview, Chef du Canton, Blitta Gare, Togo, 29 September 2016), although these were generally not considered 'taxes'. Taxing small businesses is generally regarded as the preserve of the central authorities, with few taxes and fees indicated for collections by local authorities collected in rural areas. Interview, taxpayer, Cinkassé, Togo, 6 October 2016; interview, Chef du Village, Korbongou, Togo, 7 October 2016; interview, field staff from OTR, Cinkassé, Togo, 7 October 2016; interview, Prefect (Presidential appointee), Cinkassé, Togo, 7 October 2016; interview, Chef du Quartier, Cinkassé, Togo, 7 October 2016.

<sup>4</sup> The German colonial administration, particularly in the north (commonly referred to by government officials as 'the interior') had entrusted local tax collection to local chieftains and designated chiefs in villages where they did not exist according to local tradition. The French, who assumed the colonial 'mandate' for Togo following World War I, more firmly entrenched a hierarchical system of 'administrative chieftaincy', wherein chiefs served as the lowest several rungs on the central state administrative apparatus (Dijk and Nieuwaal 1983). That structure essentially remains to this day, with chiefs playing an important role in supporting the central government in collecting taxes.

<sup>5</sup> Local taxes, as well as *impôts* designated for local budgets including the flat-rate small business tax, patents, licences, land and property taxes, are collected jointly, as is the TDL, though there is some disagreement as to whom should be responsible for this tax. Centrally designated taxes collected in rural spaces are also evidently collected through joint collaboration. In the rural commune of Pèrèrè, for instance, one officer assigned from the DGI and one officer 'attached' to the DGI from the mayor's office were the only salaried officials collecting taxes. The municipality and DGI then contract independent agents who are seconded to the DGI to collect taxes on behalf of the municipality (interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016; interview, long-time American expat resident, Pèrèrè, Benin, 2 December 2016; interview, Mayor's office staff member 'attached' to DGI, Pèrèrè, Benin, 2 December 2016; interview, Financial Manager for Mayor's office, Pèrèrè, Benin, 2 December 2016). Local taxes may include a variety of locally determined taxes and fees such as a tax on mining sand from local quarries or a fee for the use of water pumps (see also, Caldeira and Rota-graziosi 2014).

<sup>6</sup> Joint collections are deposited in the public treasury and transferred directly to the account of the municipality. A contractual agreement is signed annually between the central tax authority's director (who is posted to the region) and each local mayor's office. Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016. To support this arrangement, Benin has a cost-sharing collaborative structure for tax collection efforts in rural areas. Municipal governments commit to a certain revenue target, and the central government's regional tax bureau agrees to a cost share, usually receiving a 'rebate' of 15–20 per cent of collections for their support to the municipalities.

<sup>7</sup> Interview, senior official, National Association of Communes of Benin (ANCB), Cotonou, Benin, 22 November 2016.

mobilisation as the responsibility of the central state.<sup>8</sup> In contrast to Togo, though chiefs played a role in tax collection on behalf of the French colonial authorities, traditional authorities do not play any significant role in supporting tax collection efforts today.<sup>9</sup>

Finally, in Sierra Leone, the main actors in rural tax collection are local governments and chiefs, who collect taxes on behalf of local governments through both formal and informal mechanisms, as will be discussed below. Following the civil war (1991–2004), launching an ambitious decentralisation programme was an immediate priority for the government and donors, with city, municipal, and district councils established in 2004. Nevertheless, chiefdom administrations retained an important role in formal decentralised tax collection, collecting the most common tax, the local (poll) tax, on behalf of the local government, reflecting the British colonial legacy of indirect rule (Acemoglu, Chaves, Osafo-Kwaako, and Robinson 2014; Jibao, Prichard, and van den Boogaard 2017; Reed and Robinson 2012), with revenue at least in theory being shared with local governments.<sup>10</sup> There nevertheless remains significant confusion and tension between local government and chiefdom tax authorities, with chiefs remaining essential to local tax collection and not always sharing revenue (van den Boogaard 2018, 2020a; van den Boogaard, Prichard, and Jibao 2019; Fanthorpe 2005, 2007). Meanwhile, the National Revenue Authority (NRA) collects limited taxes outside of the capital region.<sup>11</sup> The NRA has three sub-offices in provincial capitals (ASI 2015), though the majority of taxpayers are based in Freetown.<sup>12</sup> Meanwhile, though the Department of Customs Services has nine outstations (NRA 2015), the vast majority (96 per cent) of customs declarations are cleared through the central port.

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<sup>8</sup> Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016; see also Fjeldstad, Chambas and Brun 2014.

<sup>9</sup> Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016. Traditional authorities were direct agents in the French administrative hierarchy, as the lowest tier of Chefs du Canton, with an emphasis on suppressing and limiting their authority (Crowder 1964; Magnusson 1997: 57–68). Most legitimate traditional, customary leaders were replaced during colonial times, in part due to the compromising roles in which colonial authorities placed them: mobilising the head tax on behalf of the French and enjoying an allowance of 10 per cent of collections for their efforts; see Magnusson 1997: 57–58.

<sup>10</sup> In a survey in three predominately rural districts in 2017, nearly all respondents paid the local tax, though for 60 per cent of respondents, this was the only formal tax paid (van den Boogaard 2020a), illustrating the limited reach of local government taxes in most areas. Local governments also have authority over property tax, market taxes and fees, business licences, and a range of other small taxes and fees.

<sup>11</sup> Key sources of central government revenue include income tax, payroll tax, rental income tax, GST, and customs revenues.

<sup>12</sup> For example, in 2014 and 2015 there were less than 6,000 large, medium, or small registered taxpayers, with more than half of small taxpayers registered in Freetown (NRA 2015).

**Table 1 Case studies and relevant comparisons for West African and low-income states**

Case	GDP per capita (2016) <sup>13</sup>	% Rural population (2016) <sup>14</sup>	Tax to GDP ratio (2016) <sup>15</sup>	Degree of de/centralisation	History of colonisation
Togo	\$803	59%	13.96%	Highly centralised	German (direct rule in southern coastal area; indirect rule in the north (Amenumey 1969)), French (semi-direct rule following WWI)
Benin	\$1,087	54%	9.15%	Decentralisation post-1990, though limited fiscal decentralisation in practice	French (semi-direct rule)
Sierra Leone	\$501	59%	11.18%	Decentralisation post-2004, though issues with fiscal decentralisation in practice	British (indirect rule)
West Africa average	\$1,177	57%	12.75%	–	–
LIC average	\$746	67%	11.34%	–	–

Within our case studies, we rely on public revenue data obtained from ministries of finance, revenue authorities, local governments, key informant interviews and participatory observation, drawing on the specific experiences and challenges of tax collectors and administrators in rural areas. In Togo, one of the authors spent five months in 2016 embedded with the Togolese Revenue Authority. Our evidence draws on an extensive set of interviews conducted in 17 towns located in the interior of the country, including with officials at all levels of the Togolese Revenue Authority, referred to by its French acronym OTR (Office Togolais des Recettes), local government officials, and taxpayers. Data is also drawn from participant observation of the central revenue authorities' monitoring of field agents and interviews with chiefs in relation to their role in tax collection efforts. We use OTR statistics on revenues mobilised by field offices outside of the Maritime Region and the metropolitan area of its capital city, Lomé, to provide illustrative information on the nature and extent of revenue mobilisation in largely rural areas.<sup>16</sup>

<sup>13</sup> Year: 2016. Presented in current US\$. Source: <https://data.worldbank.org/>

<sup>14</sup> Year: 2016. Data for low-income countries from the World Bank, <https://data.worldbank.org/>.

<sup>15</sup> Year: 2016. Source: UNU-WIDER Government Revenue Dataset, <https://www.wider.unu.edu/project/government-revenue-dataset>, averages calculated by authors. Values available for 27 (out of 31) low-income countries and 13 (out of 15) West African countries. Tax-to-GDP based on statistics for taxes excluding social contributions.

<sup>16</sup> While this data does not exclusively report on rural areas, it is a useful source of information given the limited nature of urbanisation beyond the coast – often referred to in Benin as 'in the interior'. Indeed, the four largest cities in the interior had a population of less than 100,000 in 2010 (source: La Direction Générale de la Statistique et de la Comptabilité Nationale, [www.stat-togo.org/](http://www.stat-togo.org/)). Almost no medium or large taxpayers file taxes outside of the Maritime Region: only 46 and 6 medium and large taxpayers, respectively, filed taxes with the OTR in Kara, and none (to the best of our knowledge) did so outside of Kara, while dossiers for medium and large taxpayers filing 'in the interior' are transferred to the headquarters.

In Sierra Leone, our data includes in-depth interviews conducted between 2016 and 2019 with local tax collectors, chiefs, taxpayers, civil society representatives, and central government officials tasked with managing fiscal decentralisation. We rely on local government revenue data provided by the Ministry of Finance and Economic Development (MoFED) as well as revenue and budgetary data provided by three remote and predominately rural district councils – Kailahun, Kono, and Koinadugu – and sub-district chiefdoms, where available.<sup>17</sup> In addition to interview and revenue data, we draw on ethnographic observations of tax collection, customs outposts, district council offices, and chiefdom administrations over several field trips between 2013 and 2019.

In Benin, our evidence emerges from interviews conducted in 2016 in Cotonou, the administrative capital and largest city, Ketu, in a rural central region, and Parakou and Pèrèrè, in the remote northern regions of Borgou. Interviewees include local and central government officials including within the customs and tax authorities, the national commission for local finance (CONAFIL), the national land management agency (ANDF) and mayors' offices, small taxpayers, traditional chieftains, and a petrol smuggler. We further rely on revenue data from an illustrative example of the rural town of Pèrèrè, at the centre of the eponymous commune, home to 78,988 inhabitants spread across 2,017 square kilometres (39 inhabitants per square kilometre),<sup>18</sup> and statistics from CONAFIL. While the empirical material for this country is more limited as a result of field work constraints, it provides a number of useful comparisons within the West African context.

## 2 The realities of inefficient rural tax collection

Tax collection in many low-income countries is costly and inefficient (e.g., Crook 2003; Smoke 2003: 20; Stotsky and WoldeMariam 1997).<sup>19</sup> As Moore articulates (2020: 8), many African tax administrations face particular challenges in taxing 'economies, characterised, to a greater extent than most of the world, by low incomes, small scale enterprise, rurality, subsistence agricultural production, and the dominance of cash transactions'. Our research points to stark empirical revenue inefficiencies in rural areas.<sup>20</sup> Our research suggests that these inefficiencies are often more extreme in rural areas, where a majority of the population in West Africa, much of Africa, and low-income states in general reside (

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<sup>17</sup> Kailahun, Koinadugu, and Kono are 71, 82, and 75 per cent rural, respectively (GoRSL SSL 2016). In 2017–2018, one of the case districts, Koinadugu, was de-amalgamated. We refer to Koinadugu District, meaning the territory now covered by Koinadugu and Falaba districts. Reported population and tax payment data covers the period prior to de-amalgamation.

<sup>18</sup> Statistics from Recensement Général de la Population et de l'Habitation, 2013, Benin.

<sup>19</sup> This is evident in West Africa and more broadly. In Ghana, for example, local governments retain 'authority over an incoherent and complex set of revenue instruments that offer low collection potential and high collection costs' (Prichard and van den Boogaard 2017: 176). In rural Senegal, Juul (2006) notes that for one village, expected revenues from the poll tax, set at 1,000 CFA francs (1.62 USD) were projected to bring in only about 3 million CFA francs (about 4,860 USD). Meanwhile, in Tanzania, Fjeldstad and Semboja (2000: 19) document multiple taxes at the local level – including 'the bicycle tax, livestock levy, the entertainment levy... pushcart fees, cattle trekking fees, bicycle registration fees, etc.' – that 'have a high nuisance value and that cost more to enforce than what they yield in revenue'. Similarly, in the DRC, Paler, Prichard, Sanchez de la Sierra and Samii (2017, 20) document a proliferation of taxes, with more than 400 tax categories available to provinces and decentralised territorial entities, that are 'frequently arbitrary, highly economically inefficient and prone to imposing heavy, regressive and unpredictable burdens on taxpayers'.

<sup>20</sup> In line with Levi (1988), we define the 'revenue efficiency' of taxation as the extent to which it maximises revenue net of collection and administration costs.

Table 1; Appendix,  
Figure 6 and

Figure 7).

In 2015 in Togo, for instance, the revenue production costs of central government field offices in rural areas in the ‘interior’ of the country amounted to an average of 31 per cent of total revenues collected, relative to 8 per cent in the more urban, coastal Maritime Region (Appendix, Table 6).<sup>21</sup> Within the most remote territories, revenue collection costs were even higher – 38 per cent in the northernmost region of Savane and 43 per cent in the expansive Plateaux. Illustratively, the entirety of 154 staff dedicated to tax efforts outside Lomé mobilised 7.2 million USD – the equivalent of 2 per cent of total revenues. By comparison, 171 staff in the directorate which manages small taxpayers in the metropolitan area of Lomé collected 23.6 million USD from small taxpayers in 2015 (Appendix, Table 2).<sup>22</sup> On average, tax collectors outside of Lomé mobilised 3,794 USD per month (per staff member) compared to 11,503 USD per month among small businesses in Metropolitan Lomé. With an average monthly salary of 410 USD, personnel costs alone consumed a minimum of 10 per cent of revenues. Meanwhile, a breakdown of customs revenues mobilised ‘in the interior’ reveals that nine out of 41 customs posts collected revenues amounting to less than the average annual cost of one staff member (Appendix, Table 3).<sup>23</sup>

In Sierra Leone, similar revenue inefficiencies are found outside of the urban centre of Western area (Freetown and the surrounding district of Western Area Rural).<sup>24</sup> For example, of the nine customs outstations, 98 per cent of revenues in 2014 and 2015 came from two outstations – one at the central airport (Lungi) and one at a major trading centre in the north (Kambia). Other outstations reported minimal revenues, with two outstations reporting no revenue at all for some years (NRA 2015).<sup>25</sup> Meanwhile, sub-national tax revenues are much lower in rural areas (

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<sup>21</sup> All field offices fall under the umbrella of the Regional Tax Directorate (referred to by its French acronym as DRI). Costs are estimated based on staffing data, staff salary ranges, total revenues mobilised by region, and an assignment of operations and capital expenditures provided by the Togolese revenue authorities.

<sup>22</sup> Only five large businesses and 47 medium-sized enterprises are based in Kara, the second largest city in Togo which is also further inland, in the northern portion of the country.

<sup>23</sup> This is based on the assumption that customs officials receive salaries on a par with the salaries of tax collection agents, who both operate under the same umbrella of the OTR. As we discuss in Section 6, customs officials also serve a paramilitary function which is not fulfilled by any other government agency – they are often positioned at key stations to prevent smuggling and illegal imports as well as to collect customs revenues.

<sup>24</sup> Western area is 3 per cent rural, while Eastern, Northern, and Southern provinces are 67, 75, and 80 per cent rural, respectively (SSL 2015).

<sup>25</sup> While the revenue potential of Lungi and Kambia are higher than other outposts, it is likewise the case that they are the only posts with digital data collection using the ASYCUDA system, with some reason to believe that the low revenue figures reported by other border posts do not necessarily reflect the full extent of revenues collected (see e.g., van den Boogaard, Prichard, and Jibao 2021).

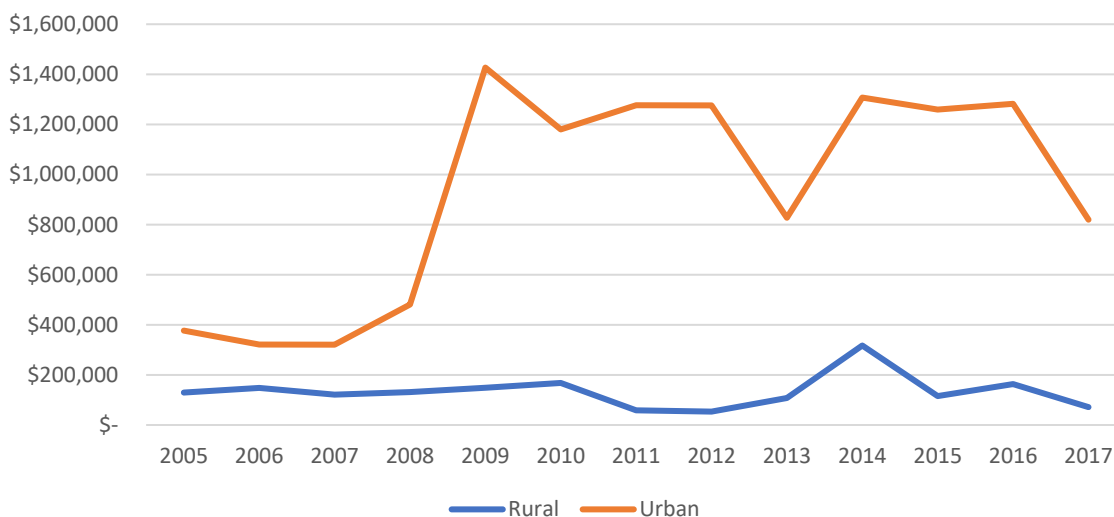
**Figure 1).** Given the low revenue potential of many local taxes in rural areas, local government officials consistently reported that some types of revenues are simply ‘not worth it’ for them to collect given the costs of transportation and fuel, the large distances that need to be covered, and poor road conditions in many rural regions. For example, a MoFED representative noted, that ‘the cost of collection in rural areas is problematic. For some taxes (like market dues), it costs more to pay the collector, to pay for fuel, to print demand notices [...] than they collect’.<sup>26</sup> In Koinadugu, the most remote district in the country covering the largest area, the Chief Administrator of the district council noted that the cost of fuel alone was often more than they would collect in taxes.<sup>27</sup>

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<sup>26</sup> Interview, representative of Local Government Finance Department, Ministry of Finance and Economic Development, Freetown, 1 December 2016. Supported by local government officials as well, e.g., interview, Valuator, Koinadugu District Council, Kabala, 15 February 2017.

<sup>27</sup> Interview, Chief Administrator, Koinadugu District Council, Kabala, 20 May 2017.

**Figure 1 Total sub-national tax revenues in Sierra Leone (USD), rural versus urban**



Data source: GoRSL MoFED n.d.

Illustratively, the costs of collecting the local (poll) tax, levied annually at a rate of 5000 SLL (0.7 USD) on every adult, are high. In Koinadugu District, where 82 per cent of the population is rural, for example, total local tax revenues in 2016 equalled 658.3 million SLL (91,504 USD), capturing payment from 131,662 taxpayers across 11 chiefdoms (or about 11 taxpayers per square kilometre). However, after deducting the cost of collection, including receipt printing costs and deductions to the chiefdom administrations who collect the tax on behalf of the local government, the local government only received 78 million SLL (10,842 USD) (Figure 2).<sup>28</sup> From one chiefdom, the district council gained as little as 3.7 million SLL (514 USD).<sup>29</sup> Considering all local revenues, including market dues and property taxes, collection costs for the district council in Koinadugu in 2017 were projected to make up 63 per cent of own source revenues – or 1,378 per cent of tax revenues.<sup>30</sup> Tax collection was much lower in 2017 than previous years (for which we do not have revenue collection costs), so this estimate may be unusually high. Nevertheless, if we compare the projected revenue collection costs for 2017 to the average revenue collected in the district between 2005 and 2016, revenue collection costs would have amounted to 95 per cent of local government revenues or 174 per cent of tax revenues. Even the monthly allowance to the Valuation Officer, financed by the local government (300,000 SLL or 42 USD/month), amounts to 40 per cent of tax revenues collected in 2017.

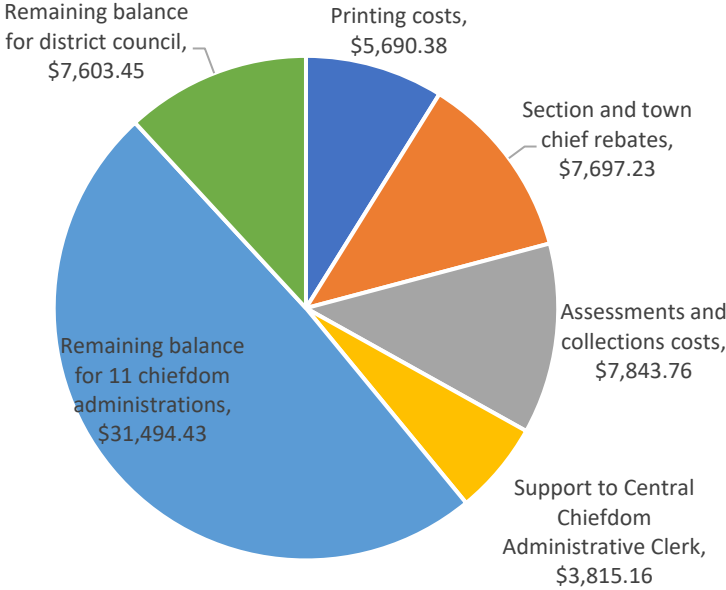
<sup>28</sup> Revenue sharing agreements between the district council and chiefdom administrations vary depending on the size of the chiefdom, with the district council keeping 15–20 per cent of revenues after all deductions, which include printing costs; section and town chief rebates – a stipend for their role in collections; a stipend to support the Central Chiefdom Administrative Clerk; and assessment and collection costs, which include 'entertainment to the District Officer entourage and chiefdom people during tax collection'.

<sup>29</sup> Revenue from the local tax is shared between the district councils and chiefdoms, though chiefdoms receive little revenue from the exercise. Across the district, chiefdoms received an average of 29 million SLL (4,031 USD).

<sup>30</sup> Revenue collection costs were covered through a combination of local revenues and intergovernmental transfers. Expenditures are based only on projected estimates (124,050,000 SLL; 17,243 USD) while actual tax revenues are reported (9,000,000 SLL; 1,251 USD). Accordingly, it is possible that expenditures were less than projected. Projected revenue collection expenditures include the following categories, with the relevant funder noted in brackets: procurement of laptop for the cadastral system (Government of Sierra Leone (GoSL)), printing of council receipt books and various other official documents (Koinadugu District Council (KDC)), fuel and oil for motorbikes (KDC), public relations expenses (KDC), local travelling (KDC), incentive allowance for the distribution of demand notices (KDC), incentive allowance for revenue collectors (KDC), training of 11 revenue collectors at the chiefdom level, including stationery, refreshments, local travelling, and fuel and oil (KDC), annual housing allowance for valuation officer (GoSL), support to the office of the valuation officer to undertake out of station functions (KDC), responsibility allowance for valuation officer (KDC), periodic maintenance of revenue mobilisation vehicle (KDC), periodic maintenance of two revenue mobilisation motorbikes (KDC), support to the running and maintenance of the cadastral system (KDC).



**Figure 2 Distribution of local tax: collection costs and remaining balances (USD), Koinadugu District, Sierra Leone (2016)**



Data source: Koinadugu District Council

Meanwhile, in the northern, remote town of Pèrèrè, Benin, we find similarly high outlays for tax collection efforts by the municipal government. It appears that the local government may dedicate more resources to local revenue mobilisation than is generated – in effect, drawing on fiscal transfers from the central government to subsidise local tax efforts. Roughly half the local government’s staffing is dedicated to collection of taxes and fees, and most of their operational expenses are likewise dedicated. In addition, the central government directly contributes manpower and resources to these efforts and requires a rebate out of taxes mobilised by local governments for this support. As a consequence, based on our conservative estimates informed by interviews, it appears that revenue collection costs in 2015 in Pèrèrè amounted to 128 per cent of own source and shared revenues (Appendix, Table 6 and Table 7).<sup>31</sup>

### 3 Understanding revenue inefficiencies

Our evidence clearly points to the inefficiency of rural revenue collection in Togo, Benin, and Sierra Leone. While revenue inefficiencies are not unique to rural areas, the starkness of the inefficiency in rural contexts reflects the realities of both extremely limited revenue potential and the high costs of collection, both of which result in and are reinforced by the low-tax, low-capacity traps that face rural administrators.

#### 3.1 Limited revenue potential

On one side of the equation, revenue potential is particularly limited in rural areas because of a high concentration of poverty and limited revenue handles and fiscal mandates. First, the

<sup>31</sup> We arrived at this estimate in the following manner: the Head of the Finance Department of the town of Pèrèrè explained that roughly half of their personnel costs were dedicated to revenue mobilisation and a substantial proportion of operating expenses were similarly committed. Interview, Financial Manager for Mayor’s office, Pèrèrè, Benin, 2 December 2016. See calculations in Table 7 in the Appendix.

scarce revenue potential is influenced by the high concentration of poverty in rural areas. Indeed, more than 80 per cent of the poor on the African continent live in rural areas (Allen, Heinrigs, and Heo 2018; Beegle and Christiaensen 2019), while more than three-fourths of the rural populations in West Africa fall below the poverty line (OPHI and UNDP 2020).<sup>32</sup> A substantial majority of the rural population is engaged in (largely subsistence) agricultural production, suggesting highly constrained capital and wealth accumulation (Osabohien, Matthew, Gershon, Ogunbiyi and Nwosu 2019). In Sierra Leone, almost ubiquitous poverty in rural areas implies that very few rural inhabitants (1 per cent) are liable for the central government income tax (van den Boogaard 2020a).<sup>33</sup> In effect, ‘from the perspective of the state’s tax collector’, many rural areas are what Scott (2017: 135) describes as ‘fiscally sterile’. Problematically, as we describe below, those with the least potential to contribute to revenue are generally the most costly to tax (Beach 2018: 259). Rural governments, with scarcer local revenue potential and economic activity than urban areas, often struggle to generate sufficient revenues from meagre tax bases.

Second, in decentralised states, sub-national governments often have only a limited set of tools available to them when taxing the rural economy. Many of these tools, moreover, target tax bases which have the least revenue potential in a given region (Bahl and Bird 2008; Bird 2011; Devarajan, Khemani, and Shah 2009; Guyer 1992; Jibao and Prichard 2013; Prichard and van den Boogaard 2017; Smoke 2013). Devolving service delivery and expenditure mandates without the requisite fiscal mandates to finance these competencies is a familiar pattern in decentralisation reforms across developing countries. Central governments are often less keen to relinquish control over potentially lucrative sources of revenue,<sup>34</sup> while principles of tax assignment often constrain tax instruments which should logically be assigned to local authorities (Bahl, Boex, and Martinez-Vazquez 2006; Musgrave 1998).

While this challenge is not unique to rural areas, coupled with the more limited revenue potential in rural contexts, this can lead to local government service delivery mandates which cannot be actualised with the revenue instruments available to local authorities. In Sierra Leone, for example, central and local government officials widely acknowledged that district councils have not yet been given the fiscal resources that they need, in part due to conflict and confusion over whether the local governments or chiefs have control over important revenue sources (van den Boogaard 2020a, chaps. 5 and 6; Srivastava and Larizza 2011).<sup>35</sup> At the same time, as will be described below, chiefs continue to control many of the revenues under the purview of local governments, while sometimes limiting local governments’ capacity to expand independent revenue collection. Many local governments, finding themselves in short supply of lucrative tax bases and tax instruments, resort to imposing fees on any economic activity or administrative service they can justify – in line with the broader proliferation of low-revenue, highly inefficient small taxes, user fees, and ‘nuisance taxes’ under the purview of local governments across many low-income contexts and as evidenced in our case studies and in West Africa more broadly (Bahiigwa, Ellis, Fjeldstad, and Iversen 2004; Fjeldstad 2001; Fjeldstad and Semboja 2000; Moore, Prichard, and Fjeldstad 2018, chap. 7). In Sierra Leone, this is reflected in the low rates and revenue potential of the key sources of revenue available to district councils (see Appendix, Table 5) – with rates often not increasing in line with inflation.

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<sup>32</sup> Author calculations for the regional average based on country-level statistics, all data from OPHI and UNDP 2020.

<sup>33</sup> Similarly, a review of NRA outstations found that in some areas the rental tax income threshold of 6,000,000 SLL (834 USD) is ‘somewhat huge for the provinces [i.e. outside Freetown]’ (NRA 2019).

<sup>34</sup> As summarised by MacLean and Hoon (2014: 3), ‘[i]n weak African states governed by neopatrimonial patronage networks, there is a constant tug-of-war between local authorities and central patrons’ (see also Hoon 2014). For an example of this see van den Boogaard (2020a).

<sup>35</sup> Interview, Acting Director, Local Government Finance Department (LGFD), MOFED, Freetown, 1 December 2016; interview, HR Officer, Kailahun DC, Kailahun, 24 May 2017; interview, District Council Chairman, Kailahun DC, Kailahun, 14 June 2017; interview, District Councillor, Kailahun DC, Kailahun, 28 February 2019.

Similarly, in Benin, despite post-Cold War decentralisation reforms, tax tools available to local governments are limited, particularly since the abolishment of the 'civic tax' in the mid-1990s, which, previously, was municipalities' primary tax instrument (Chambas et al. 2007; Magnusson 1997; OCS 2009), as well as given that the struggle for control over the TDL remains under dispute between central and local authorities.<sup>36</sup> Searching for other revenues in Pèrèrè, Benin, the Head of Finance explained that they also planned to impose a flat fee of 60,000 CFA (97.20 USD) on each water pump – water pumps which had been donated by NGOs and other development partners. They expected to bring in an additional 1 million CFA from this source.<sup>37</sup> Meanwhile, in Togo, while the 2007 decentralisation law ascribed an array of service provision competencies to local authorities, there was no clear distinction of mandates, while most revenue collection mandates intended to finance these services remained firmly in the hands of the central administration (see Beach 2018: 266–268).

### 3.2 High costs of collection

On the other side of the equation, the costs of collection are particularly high in rural areas because of low population density, the illegibility of key sources of finance, and limited quasi-voluntary compliance. First, low population density increases the costs of collection. Urban tax agents tasked with conducting a fiscal census of informal small businesses can, in theory, divide neighbourhoods and move street-by-street in a systematic way, covering many hundreds of businesses in a relatively short amount of time.<sup>38</sup> By contrast, tax agents in rural districts often cover large expanses of territory, often without logistical support or means of transportation or lodging. For example, in northern Sierra Leone in 2017, Koinadugu District Council had only five revenue collectors covering 11 chiefdoms across 12,121 sparsely populated square kilometres (with only 34 people per square kilometre). These collectors had only two motorbikes, in an area without public transportation options, limited private transportation options, and an extremely limited road network.<sup>39</sup> The road network in many parts of the country is notoriously bad and poorly maintained, with many rural roads only passable with a 4x4 or a motorbike. At least one of the NRA's customs outposts (Jendema), meanwhile, is completely impassable during rainy season. In Togo, one tax official even reported having to use a canoe to reach a remote village.<sup>40</sup>

While taxes collected by chiefs on behalf of local governments in Sierra Leone are often thought to be more efficient because of their localised nature, chiefdom administrations likewise highlighted issues of a lack of capacity to cover the territory under their control. More than 70 per cent of chiefdoms in Kailahun District, for example, noted that an impediment to tax collection was the low number of chiefdom police officers, used in tax enforcement, relative to the territory. For the 14 chiefdoms in the district, there was an average of six police officers per chiefdom, covering on average 106 villages, which are not well connected by roads or communication networks.

Second, most rural tax bases are highly illegible to the state.<sup>41</sup> While illegibility is likewise an issue among the urban poor and the broader informal economy,<sup>42</sup> property registers are

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<sup>36</sup> Interview, senior official, National Association of Communes of Benin, Cotonou, 22 November 2016.

<sup>37</sup> Interview, Financial Manager for Mayor's office in a small town in northern Benin, Pèrèrè, 2 December 2016.

<sup>38</sup> This does not, however, imply that taxpayer registration is an easy process in urban areas, as evidenced by the often-disappointing results of taxpayer registration drives (Gallien and van den Boogaard 2021).

<sup>39</sup> Interview, Valuator, Kono DC, Koidu, 22 June 2017. While the recent de-amalgamation of the district and some chiefdoms may lessen the distance to taxpayers, it likewise adds substantial costs associated with funding the new administrations.

<sup>40</sup> Interview, Bureau Chief for OTR, regional office, Dapaong, Togo, 7 October 2016.

<sup>41</sup> Scott (1998) identifies legibility as a fundamental problem in statecraft, limiting key functions of governance such as taxation. For our purposes, legibility refers to the presence of easily accessible, verifiable, catalogued information.

<sup>42</sup> This is particularly the case where local markets are dominated by cash or barter-based exchange, with limited record-keeping. The lack of digital records renders the tax collector's task substantially more tedious as records cannot be used for a face-value tax liability assessment, let alone efficient collation, sorting, analysis and auditing.

particularly lacking in rural areas of low-income countries (Boone 2013; Toulmin 2008). Only two to three per cent of property is formally registered with a written title in West Africa, and this is mostly in metropolitan areas (Deininger 2003; Toulmin 2008).<sup>43</sup> Most rural property ownership arrangements are managed through the stewardship of traditional chieftaincy customary land tenure systems, which may be preserved in oral record, paper documentation at the village level or visual marker. As a result, it is rare for tax collectors to have access to verifiable information on ownership to support property taxation. More generally, tax officials face a dearth of detailed, systematised, digitised information about the rural economy, such as identity cards, commercial transaction receipts, and addresses. Moreover, few West Africans, particularly in rural areas, possess personal, legally recognised identification documents which are important for taxpayer identification and management of tax rolls.<sup>44</sup> Of course, the lack of automation and digitisation among many tax collection offices, particularly at the local level, exacerbates the challenge of illegible revenue bases. In Sierra Leone, for instance, local tax collection relies entirely on chiefs manually aggregating a roster of eligible taxpayers, while most other records are likewise maintained manually.

To overcome issues of the illegibility of taxable income, tax collectors often assist small business owners in verbally reconstructing their daily and weekly expenditures and sales, and then extrapolate from that monthly and annual turnover and profit margins, from which to determine a tax bracket and liability. Similar patterns can be seen globally, in taxing informal businesses in rural and urban spaces. In Benin, similar efforts were made for assessing property tax liabilities.<sup>45</sup> In many cases, while technically illegal, either children or the tax collector may fill in the proper documentation and tax records for a (fiscally) illiterate taxpayer.<sup>46</sup> These efforts can consume significant amounts of time in the tax official's daily efforts, and agents in some remote offices in Togo reported working seven days a week to accomplish their mandate.<sup>47</sup> As a consequence, identifying taxable economic activity often becomes a tedious process based on visual inspection and oral approximation of daily, weekly, and monthly activities between tax collection agents and rural inhabitants. In other contexts, local governments may need to rely on local leaders with more information about citizens; in Sierra Leone, for example, local tax collection relies entirely on chiefs manually aggregating a roster of eligible taxpayers, while most other records are likewise maintained manually.

Third, tax collection is made more expensive by limited quasi-voluntary tax compliance, which is often particularly low in rural areas because of histories of marginalisation, low levels of investment in service delivery, and expansive distances from the state. Many rural areas, including in Sierra Leone and northern Togo, are characterised by long histories of marginalisation from the state, with limited state interaction, and low trust in state officials. In Togo, for example, field agents reported being attacked and chased from villages, with local residents warning tax collectors that they wanted to see more local development before

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<sup>43</sup> Only two African states (South Africa and Rwanda) currently maintain these records in a digital, easily accessible format (Deininger 2018); none in West Africa.

<sup>44</sup> Few West Africans, particularly in rural areas, possess legally recognised identification documents; for example, only 5 per cent of Sierra Leone's population and 6 per cent of Nigerian adults hold national ID cards (World Bank 2017). Coverage of national identification cards and registry varies widely, and rural areas often experience dramatically lower registration rates.

<sup>45</sup> Interview, Mayor's office staff member 'attached' to DGI, Pèrèrè, Benin, 2 December 2016.

<sup>46</sup> Interview, field staff from OTR, Pagouda, Togo, 4 October 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Bassar, Togo, 3 October 2016.

<sup>47</sup> Interview, senior official at OTR field office, Lomé, Togo, 1 September 2016; interview, field staff from OTR, Blitta, Togo, 29 September 2016; interview, Bureau Chief for OTR, regional office, Dapaong, Togo, 7 October 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Bassar, Togo, 3 October 2016.

contributing more to the state's coffers.<sup>48</sup> More generally, limited service and public goods provision, in the form of education and health as well as the scarce provision of electricity, water, internet and roads, all weaken the legitimate justification for and willingness of rural inhabitants to contribute to state coffers. As emphasised by a representative of the Ministry of Finance and Economic Development in Sierra Leone, 'People are not seeing what the [local] council is doing with their monies they pay as taxes, that's the reason they're apprehensive to pay taxes.'<sup>49</sup> At the same time, expansive distances help explain low tax compliance among rural inhabitants. Citizens in Togo reported that the transportation costs necessary to finance a return trip to their local tax office could cost as much as five times the tax liability, deterring their willingness to make the trip.

Limited voluntary compliance necessitates that Togolese officials go to taxpayers – village-to-village, door-to-door – instead of waiting for them to come to rural outposts.<sup>50</sup> Similarly, NRA officials noted that while self-assessment is the legal method used, in principle, to collect revenues across the country, in practice – particularly outside Freetown – taxpayers do not comply with self-assessment, forcing tax officers to visit them in person for assessment (NRA 2019). As described above, tax collectors often finance many of these expenses out of their own pocket as was commonly seen in Togo, or, in other circumstances, tax revenues are informally used to pay for the logistical expenses of tax collectors – further limiting local governments' capacity to provide services (see also Bierschenk and Olivier de Sardan 2014; Blundo, Olivier de Sardan, Bako Arifari, and Tidjani Alou 2006; Blundo 2007; Piracha and Moore 2016). A combination of long distances and limited supervision can also lead to informal payments and revenue leakage that can further undermine taxpayer trust and quasi-voluntary tax compliance (Englebert and Mungongo n.d.; Fjeldstad 2001; Paler et al. 2017; Prichard and van den Boogaard 2017).<sup>51</sup> As Juul (2006: 834) notes, '[l]ong distances and complicated bureaucratic measures contribute to making illicit appropriation of a part of the local fiscal resources a common complaint [among taxpayers]' (see also Blundo 2006).

### 3.3 Low-tax, low-capacity traps

The revenue inefficiency of rural areas both results in and is reinforced by the low-tax, low-capacity traps that face rural tax collection administrators. A problem often engendered by the reality of weak tax returns, there is a common tendency for local government tax administrations and central government (tax) field offices to operate with inadequate

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<sup>48</sup> E.g., interview, field staff from OTR, Blitta, Togo, 29 September 2016; interview, Chef du Canton, Yaloumbe, Togo, 29 September 2016; interview, Chef du Canton, Blitta Gare, Togo, 29 September 2016; interview, Chef du Village, Korbongou, Togo, 7 October 2016; interview, field staff from OTR, Cinkassé, Togo, 7 October 2016; interview, Chef du Quartier, city in northern Togo, Cinkassé, Togo, 7 October 2016; interview, traditional king, Goro, Benin, 2 December 2016; interview, Chef du Quartier, Parakou, Benin, 2 December 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Cinkassé, Togo, 6 October 2016.

<sup>49</sup> Research dissemination seminar, Freetown, 21 February 2018.

<sup>50</sup> Interview, official at headquarters, OTR, Lomé, Togo, 31 August 2016; interview, senior official at headquarters, OTR, Lomé, Togo, 31 Aug 2016; interview, regional office Director, OTR, Sokodé, Togo, 30 September 2016; interview, senior official, DGI, Cotonou, Benin, 30 November 2016; interview, senior official at field office, OTR, Lomé, Togo, 1 September 2016; interview, field staff from OTR, Badou, Togo, 27 September 2016; interview, senior customs official from regional office, OTR, Atakpamé, Togo, 28 September 2016; interview, field staff from OTR, Sokodé, Togo, 30 September 2016; interview, regional office Director, OTR, Sokodé, Togo, 30 September 2016; interview, officer from Kara Municipality, President's appointee, Kara, Togo, 4 October 2016; interview, field staff from OTR, Pagouda, Togo, 4 October 2016; interview, Director of a regional office, OTR, Kara, Togo, 4 October 2016; interview, field staff from OTR, Cinkassé, Togo, 6 October 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Notse, Togo, 26 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Sotouboua, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Bassar, Togo, 3 October 2016; participatory observation, field agents collecting door-to-door revenues in a city, OTR, Kara, Togo, 5 October 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Tchamba, Togo, 30 September 2016.

<sup>51</sup> Of course, this is not the only possible outcome, as the lack of discretion can lead to informal exemptions and create reductions in line with local moral economies (Beach 2018; Fjeldstad and Semboja 2001; Prichard and van den Boogaard 2015).

resources for tax collection in rural areas. For example, in Togo, the resource allocation for the OTR's field offices reportedly could not exceed revenues mobilised, essentially capping operational expenses at the total sums the office yielded for the revenue authority.<sup>52</sup> A field agent noted that they are constrained by the limited allocations by the central government for revenue collection, noting that central office says that they are given what they need and that 'this work is about making revenue. But we can't allow you to spend more than you bring in'.<sup>53</sup>

Across our case studies, there is limited investment in the capacity needed to raise more revenues, including staffing, transportation and fuel, office materials, electricity, administrative intranets and internet, and provisions for lodging. For example, in a 2019 review of NRA outstations and revenue collection points in Sierra Leone, officials variously highlighted issues related to transportation (lack of vehicles, motorbikes, rain gear, fuel); poor office conditions (lack of electricity, piped water, internet, air conditioning, computers, and, in some cases, lack of offices entirely); lack of relocation allowances or accommodation, and lack of reimbursements for expenses paid to complete work. To manage their affairs, officers in our case studies frequently use their own motorbikes, computers, phones, and internet 'keys' to conduct their work.<sup>54</sup> In Sierra Leone, 'Most times the managers have to spend from their own pockets for official works' (NRA 2019). Meanwhile, in Togo, an OTR field agent posted to Pagouda, with a population of 13,200 inhabitants, described that the support for tax collection was extremely limited in relation to that which is available in Lomé:

The conditions should be the same, but unfortunately, it's not. You saw in Lomé when you went, you saw the parking lot of vehicles. You arrived here, did you see a vehicle? There are none. The whole region has two vehicles. So when you want to go to the interior of the prefecture, you have to make a request and we send a vehicle, maybe for five days, and it is gone for a while.<sup>55</sup>

In Benin, for the two northern departments (and provinces) of Alibori and Borgou, central government agents had access to one functioning vehicle and two motorbikes to cover a territory of 52,098 square kilometres and an average population density of 40 people per square kilometre and were often required to self-finance fuel for transportation.<sup>56</sup>

Further, rural administrators in our case studies had limited ICT resources and connectivity, a fact which mirrors low-income realities more broadly (Bierschenk and Olivier de Sardan 2014). In Sierra Leone, central and local government revenue offices frequently lack internet connections, with NRA officials noting that poor connections between servers at customs outposts slow down clearance times (NRA 2019). In Togo, while urban tax offices are more likely to be connected to an internal network and government tax systems and databases, rural area tax offices are often forced to establish their own stand-alone databases due to the lack of broadband internet and fibre-optic cable networks to access and merge tax records.<sup>57</sup> Tax officials in our case studies often maintained basic Excel spreadsheets which do not require a high-powered computer or an internet connection, and manually entered collections. The reliability of collection reports following this basic protocol is also weak (and

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<sup>52</sup> E.g., interview, official at headquarters, OTR, Lomé, Togo, 31 August 2016; interview, field staff from OTR, Pagouda, Togo, 4 October 2016; interview, follow-up mid-level manager from OTR headquarters, confidential, Togo, 19 October 2017; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016.

<sup>53</sup> Interview, field staff from OTR, Pagouda, Togo, 4 October 2016.

<sup>54</sup> E.g., interview, field staff from OTR, Badou, Togo, 27 September 2016; interview, field staff from OTR, Blitta, Togo, 29 September 2016; interview, field staff from OTR, Bassar, Togo, 3 October 2016; interview, field staff from OTR, Pagouda, Togo, 4 October 2016; interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016.

<sup>55</sup> Interview, field staff from OTR, Pagouda, Togo, 4 October 2016.

<sup>56</sup> Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016.

<sup>57</sup> As noted elsewhere, marginal differences in resourcing rural government offices do exist, sometimes motivated by political aspects (Dasgupta and Kapur 2020).

reports are sometimes doctored to impress headquarters, as was frequently the case in Benin). The common resultant reliance on paper-based systems creates an abundance of inefficiencies, evidenced across our case studies.<sup>58</sup>

At the same time, staffing is limited. In Togo, agents posted to some rural areas reported working seven days a week and skipping lunches to cover their territory.<sup>59</sup> In Benin, for the Commune of Pèrèrè (with a population of 78,988 spread across 2,017 square kilometres), the central government provided one staff member and the commune provided one agent.<sup>60</sup> The central government's Director of Impôts in Parakou – responsible for overseeing two northern provinces, including Pèrèrè's province of Borgou – noted, however, that many rural municipalities do not always provide the collectors that they are supposed to.<sup>61</sup> Similar staffing shortages are evident in local governments' and chiefdoms' administrations in Sierra Leone, as described above with the case of Koinadugu. Similarly, the NRA's rural outposts are poorly manned, with officials noting that 'staff strength is a big challenge across all the outstation offices' (NRA 2019).<sup>62</sup> For example, at Dogolia border post, there was 'only one staff working there with no motorbike and other logistical support to perform his duties amidst the many crossing points coupled with the poor road network around the border' (NRA 2019). Staffing rural outposts can be particularly challenging, with officials in Sierra Leone describing that rural local government positions or customs outposts were much less favourable relative to central government positions. The NRA (2019) review notes that 'Most outstation managers highlighted that relocation allowance is not forthcoming which may be the reason why some staff are frowning at relocating to the provinces.' In our case studies, limited revenue collection capacity is thus both a cause and a consequence of revenue inefficiency.

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<sup>58</sup> These inefficiencies include manual reviewing of accounting books, manual entry of tax declarations, manual compilations of collections and manual reporting methods without built-in automation for tracking arrears, deadlines, validating declarations and monitoring compliance. Interview, senior official at field office, OTR, Lomé, Togo, 1 September 2016; interview, field staff from OTR, Badou, Togo, 27 September 2016; interview, senior customs official from regional office, OTR, Atakpamé, Togo, 28 September 2016; interview, field staff from OTR, Sokodé, Togo, 30 September 2016; interview, regional office Director, OTR, Sokodé, Togo, 30 September 2016; interview, officer from Kara Municipality, President's appointee, Kara, Togo, 4 October 2016; interview, field staff from OTR, Pagouda, Togo, 4 October 2016; interview, Director of a regional Office, OTR, Kara, Togo, 4 October 2016; interview, field staff from OTR, Cinkassé, Togo, 6 October 2016; interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016; interview, American expat resident, local residents, including petrol smuggler, Pèrèrè, Benin, 2 December 2016; interview, Financial Manager for Mayor's office in a small town in northern Benin, Pèrèrè, Benin, 2 December 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Notse, Togo, 26 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Sotouboua, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Bassar, Togo, 3 October 2016; participatory observation, field agents collecting door-to-door revenues in a city, OTR, Kara, Togo, 5 October 2016.

<sup>59</sup> E.g., interview, senior customs official from regional office, OTR, Atakpamé, Togo, 28 September 2016; interview, field staff from OTR, Pagouda, Togo, 4 October 2016.

<sup>60</sup> It is unclear how many towns or communes this tax collection agent from the central tax administration supported, or whether he was dedicated primarily to Pèrèrè. In addition, the commune contracted additional survey agents for part of the year, to support the conducting of a fiscal census, as well as collection agents, contracted by the mayor's office, 'attached' to the central tax agency, situated at roadblocks collecting fees and taxes, on behalf of the mayor's office. Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016; interview, Mayor's office staff member 'attached' to DGI, Pèrèrè, Benin, 2 December 2016; interview, Financial Manager for Mayor's office in a small town in northern Benin, Pèrèrè, Benin, 2 December 2016.

<sup>61</sup> Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016.

<sup>62</sup> As of June 2015, the NRA had 513 staff, considered on the low side relative to countries with similar populations (ASI 2015).

## 4 Strategies to manage rural revenue inefficiencies

Rural revenue collection is inefficient, with tax collectors facing limited revenue potential and high collection costs. Even where records and data-keeping are scarce, street-level bureaucrats are often very aware of the inefficiencies of their task; as Scott (2017: 130) describes, tax collectors are ‘interested, above all, in the ease and efficiency of appropriation’. This is in part based in common sense but can also be a result of top-down pressures to improve revenue collection efficiency.<sup>63</sup> As a result, tax administrators and officials commonly develop strategies to mitigate against inefficiencies, including through the selective imposition of taxes, physical and temporal ringfencing, and outsourcing tax collection. While not unique to rural areas, these strategies are often more important in rural contexts because of the pressing revenue challenges and limited options described above.

### 4.1 Selective imposition of taxes

Where officials recognise the inefficiency of collection, they may simply not collect revenues or do so selectively. In Sierra Leone, for example, local government officials do not try to collect many taxes, either ceding revenues to local chiefs, as happens with market dues in some areas, or not attempting to collect revenues, including property tax. As a local government official explained, ‘We can’t collect because of a lack of presence. We can’t afford to have collectors there.’<sup>64</sup> Similarly, interviews with an official from the headquarters of Togo’s revenue authority mentioned that several field offices had been shut down because they ‘simply could not justify the expense’, and others were under consideration which were not generating sufficient funds. In some instances, forbearance of tax collection is also based in a recognition of individuals’ inability to pay. For example, an officer from the Fiscal Control Unit at OTR headquarters in Togo noted that, ‘If they are in misery, in their little mud house ... [and] barely have anything... just a little table and few things [to sell], who is going to ask them to pay the property tax?’<sup>65</sup> Similarly, a mid-level manager from headquarters in Togo exclaimed, ‘You are going to kill them [if you try to impose so many taxes on them]!’<sup>66</sup>

Tax collectors also adopt strategies to selectively target taxpayers to limit the time and cost associated with collection. In our case studies, tax collectors often treated the fiscal code as suggested rather than mandatory guidance, in addition to targeting a limited subset of the most economically promising taxpayers.<sup>67</sup> In Togo, for instance, tax agents were found to be selective in which tax instruments they impose in their door-to-door assessments, wielding the most easily imposable tax instruments, or even outdated tax instruments which had been

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<sup>63</sup> Indeed, at the revenue authority’s headquarters in Togo, a high-level official declared that ‘donors would have my head’ if he surpassed the 3 per cent threshold for collection costs (interview, mid-level manager (Strategic Planning Unit) of OTR, Lomé, Togo, 9 December 2016). While the revenue production costs cited above clearly show that he is surpassing those costs, these pressures are passed to tax agents in the field, who then develop strategies to improve cost efficiencies, however minimally.

<sup>64</sup> Interview, Finance Officer, Koinadugu DC, Kabala, 25 February 2019; interview, Valuator, Koinadugu DC, Kabala, 22 May 2017.

<sup>65</sup> Interview, field staff from OTR, Blitta, Togo, 29 September 2016.

<sup>66</sup> Group interview, field staff and Fiscal Control Unit staff from OTR headquarters, Blitta, Togo, 29 September 2016.

<sup>67</sup> Interview, fiscal control official, OTR, Niamtougou, Togo, 5 October 2016; interview, field staff from OTR, Cinkassé, Togo, 6 October 2016; interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016; interview, Mayor’s office staff member ‘attached’ to DGI, Pèrèrè, Benin, 2 December 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Tchamba, Togo, 30 September 2016; see also Beach (2018: 263–288).



replaced but were familiar to inhabitants, and disregarding the rest.<sup>68</sup> In Benin and Togo, this can mean that street-level collectors target taxpayers selectively. Agents generally disregarded the smallest and most remote villages, and engaged in visual selection and estimation processes to speed their tax collection efforts and ensure some level of returns for their efforts.<sup>69</sup> Similarly, in Benin, the central government's agent assigned to Pèrèrè explained that their team would only target the largest villages, and within these, only the residences and shops displaying the most visual cues of economic wealth and activity, respectively: 'The land guides [us]', he explained.<sup>70</sup>

## 4.2 Bottlenecks, ringfencing and timing collections

Similarly, in the interest of limiting manpower and logistical challenges in covering vast distances, tax and customs authorities make use of physical bottlenecks and ringfencing strategies, employing road blocks at village access points, crossroads and entrances to regional markets – a strategy similarly imposed in urban areas in other contexts.<sup>71</sup> In Sierra Leone, for example, both local and central government tax collectors frequently target weekly outdoor 'luma' markets as a way of ensuring sufficient revenue potential to make collection worth their effort for relatively small taxes and taxpayers.<sup>72</sup>

To improve the tax mobilisation yields, tax agents in our case studies also reported timing their collection efforts to coincide with harvest seasons, when residents were most likely to be flush with cash.<sup>73</sup> In Benin's rural villages, local governments time tax collection with harvests, waiting for the arrival of trucks loading local produce to take to markets to impose flat taxes per harvest unit or to tax lorries passing through village roadblocks upon leaving town to reach regional markets.<sup>74</sup> Similarly, in Sierra Leone, rural tax collectors try to time the collection of the local tax with the dry season, expressing frustration when they were unable to do so because of common delays in the printing of tax books needed for collection. OTR agents in Togo also timed collection efforts in rural regions to coincide with harvest seasons.<sup>75</sup>

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<sup>68</sup> In practice, this implied that tax instruments requiring documentation that is not readily available (e.g., rental contracts, proof of ownership, more advanced bookkeeping records), or that are simply unfamiliar to a taxpayer and require additional time for providing explanations and justifications may be disregarded in favour of simplified, flat rate taxes e.g., those which require only a basic classification of the type of commercial activity to impose.

<sup>69</sup> E.g., interview, field staff from OTR, Blitta, Togo, 29 September 2016.

<sup>70</sup> Interview, Mayor's office staff member 'attached' to DGI, Pèrèrè, Benin, 2 December 2016.

<sup>71</sup> Interview, field staff for DGI in rural Benin, Ketu, Benin, 24 November 2016; interview, American expat resident, Pèrèrè, Benin, 2 December 2016; interview, American expat resident, local residents, including petrol smuggler, Pèrèrè, Benin, 2 December 2016; interview, Mayor's office staff member 'attached' to DGI, Pèrèrè, Benin, 2 December 2016; interview, Financial Manager for Mayor's office in a small town in northern Benin, Pèrèrè, Benin, 2 December 2016; interview, field staff for DGI, Ketu, Benin, 24 November 2016; interview, Financial Manager for Mayor's office, Pèrèrè, Benin, 2 December 2016. This is likewise often the case in urban areas. For instance, in urban centres in predominately rural districts, tax officials in Sierra Leone noted the need to set up roadblocks in order to collect the local tax and other annual fees – largely because local governments have less capacity to rely on chiefs in urban areas, as chiefs' authority is more significant in rural contexts.

<sup>72</sup> This is line with reports that suggest that that local governments more broadly often rely heavily on market dues not because they offer the highest revenue potential, but because market traders are relatively easy to tax given that they are concentrated in a known location (Morange 2015; Prichard and van den Boogaard 2017; Resnick 2020).

<sup>73</sup> E.g., interview, field staff from OTR, Badou, Togo, 27 September 2016; interview, regional office Director, OTR, Sokodé, Togo, 30 September 2016. This reflects that in a bad season, a fixed tax applied with 'blind rigor' is in effect 'an expanding proportional claim on... diminishing resources' (Scott 1976: 52, 92).

<sup>74</sup> E.g., interview, American expat resident, Pèrèrè, Benin, 2 December 2016; interview, Mayor's office staff member 'attached' to DGI, Pèrèrè, Benin, 2 December 2016.

<sup>75</sup> E.g., interview, field staff from OTR, Badou, Togo, 27 September 2016; interview, regional office Director, OTR, Sokodé, Togo, 30 September 2016.

### 4.3 Outsourcing tax collection

Even with strategic targeting and these extra efforts, however, rural tax collection often remains inefficient. To overcome inefficiencies and low collection capacity, some governments have experimented with outsourcing tax collection (Fjeldstad, Katera, and Ngalewa 2009; Kiser and Baker 1994), building on millennia-old models of tax farming (Stella 1993). In some instances, this outsourcing is informal, as in Sierra Leone where customs outposts frequently rely on volunteers, who are compensated through revenues collected informally (van den Boogaard, Prichard, and Jibao 2021). More well documented are instances of privatised tax collection, which at least in theory, ‘provides local government with an opportunity to save costs associated with collection and, perhaps more importantly to alleviate problems of collusion between taxpayers and collectors’ (Lund 2007). This is often not the case in practice, however; as Iversen, Fjeldstad, Bahiigwa, Ellis, and James (2006) show, privatisation is unlikely to alleviate the inefficiencies associated with public collection, while often simply shifting the site of corruption or informal negotiation of tax rates. In Sierra Leone, for example, attempts to privatise property tax collection in rural districts were widely seen as a failure, with the high commission rates of private actors limiting revenue efficiency, while being accompanied by corruption scandals.<sup>76</sup> Monitoring is particularly a problem where there is uncertainty about the size of the tax base, as in rural areas (Iversen et al. 2006).

Additionally, in some contexts, particularly those with a history of colonial indirect rule, tax administrators rely on local elites, often traditional authorities, who often have informational advantages in tax collection and in some contexts enjoy greater legitimacy among taxpayers, making tax collection easier and less costly (Balán, Bergeron, Tourek, and Weigel 2020; van den Boogaard 2020a: 164–202; van den Boogaard and Santoro 2021b). In Sierra Leone, such reliance on chiefs is common as a result of their proximity to taxpayers, the hierarchy of chieftaincy, and the legitimacy of traditional authorities relative to local governments. Chiefs in some contexts, as in Sierra Leone, hold significant popular respect as a result of the role they play in safeguarding custom and tradition, as well as in securing land and local citizenship rights, and providing informal social welfare provision.<sup>77</sup> These roles can facilitate tax collection; indeed, in Sierra Leone, tax morale is higher for chiefs relative to state actors (van den Boogaard 2020a). A local government official in Sierra Leone explained ‘taxpayers won’t resist to [pay to] the paramount chief, even for property tax [which they disagree with]’,<sup>78</sup> while another official noted that paramount chiefs can ‘can instil fear in subjects’.<sup>79</sup> This legitimacy lowers the costs of collection for chiefs, in a way that local governments are simply not able to replicate.

In Sierra Leone, this reliance on chiefs for tax collection takes several different forms, with different implications for the revenue accrued by local governments and overall revenue efficiency. In some areas the government has simply conceded some local government revenues, including market dues, to chiefs. While the reasons for doing so are partly political (van den Boogaard 2020a: 126–63), they are also in part a result of the fact that it is not profitable for local governments to collect them. More generally, building on the colonial model of indirect rule, the government outsources the collection of the local poll tax to chiefs, who are more easily able to collect taxes as a result. While chiefs are supposed to remit a proportion of local tax revenues to district councils, in practice they often remit much less than they should or fail to do so at all (van den Boogaard 2020a: 126–63). At the same time, the costs of collection of the local tax are underestimated, given that the sub-chiefs tasked

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<sup>76</sup> Interview, representative, Kailahun DC, Kailahun, 23 March 2017.

<sup>77</sup> Conversely, in the context of Benin, where colonial powers worked to undermine their legitimacy and power, chiefs play little to no role in the rural tax collection efforts of the state and local governments.

<sup>78</sup> Interview, Finance Officer, Koinadugu DC, Kabala, 25 February 2019.

<sup>79</sup> Interview, Central Chiefdom Administrative Clerk, Kono district, Koidu, 24 June 2017.

with collecting it are compensated only with a small stipend – sometimes only 5000 SLL (0.49 USD).

In recent years, some sub-national governments in Sierra Leone have engaged in negotiations with chiefs to ‘improve the revenue basis’ of local government through a ‘partnership’ model of tax collection (Kono DC 2018: 5–6). The nature of these partnerships and the proportion of revenues accruing to local governments varies significantly, largely dependent on the balance of power between chiefs and local governments. In many areas, chiefs have considerably more power and influence than local government, meaning that they often retain the bulk of revenues collected, while being in a position to cancel agreements at any time (van den Boogaard 2020a: 164–202). In any case, local governments receive much less revenue than is collected, but more than they would be able to without the support of chiefs, thus potentially having positive impacts on overall revenue efficiencies. In Kono District, where they had just five district tax collectors, the Valuation Officer noted that ‘joint revenue mobilisation with chiefs makes a big difference... [The] five revenue collectors... are [now] supervisors of chiefdom revenue mobilisers. They [chiefdom revenue mobilisers] get 10 per cent of collection, but it is much more effective.’<sup>80</sup> As described by the Director of Fambul Tok, one of the NGOs that facilitated the agreements, ‘The law says that the DC should get 100 per cent [of revenues]. But this is not practical. The DC is not able to collect 10 per cent, so why not get 60 per cent [giving 40 per cent to chiefs]?... [It’s] technically illegal, but it works.’<sup>81</sup> Similarly, a central government official saw the arrangements as ultimately ‘a really positive thing’, allowing for greater state collection and revenues, while seeing the disadvantage – sharing revenues with chiefs – as an unfortunate but necessary ‘cost of doing business’.<sup>82</sup> While the outsourcing of tax collection can increase revenues available to governments in rural areas, their efficiency thus depends on the terms of the agreement and the ability of the government to monitor collection and remittance processes.

In Togo, meanwhile, though chiefs have no formal mandate for tax collection, the Togolese government often secures their support to facilitate tax collection efforts in rural area. Chiefs, who in some cases command greater authority and legitimacy than the state, have been integrated into the formal power structure at local tiers as Quartier, Village and Canton Chiefs, and they are granted a degree of autonomy in local affairs, in exchange for patronage of the regime (Beach 2018; HI 2008; Loi n°2007-002; Nieuwaal 1996). While they can advocate on their constituents’ behalf when they find tax impositions unjust, they generally enforce compliance. The use of chiefs for collection is particularly effective given that taxpayers often lack trust in or fear central government tax agents. Indeed, prior to the establishment of the national revenue authority in 2014, there were reports of citizens and entire villages in rural areas ‘fleeing’ tax collectors.<sup>83</sup> While the new revenue authority attempted to correct negative taxpayer perceptions, OTR agents posted to field offices under the new agency often hailed from the capital city of Lomé and had no local experience, knowledge, or social capital to ingratiate them to these remote populations. As one agent

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<sup>80</sup> Interview, Valuator, Kono DC, Koidu, 9 March 2017.

<sup>81</sup> Interview, Executive Director, Fambul Tok, Freetown, 7 April 2017.

<sup>82</sup> Interview, representative, LGFD, MOFED, Freetown, 4 May 2017.

<sup>83</sup> Interview, senior official at headquarters, OTR, Lomé, Togo, 20 September 2016; interview, field staff from OTR, Badou, Togo, 27 September 2016; interview, senior customs official from regional office, OTR, Atakpamé, Togo, 28 September 2016; interview, senior official from regional office, OTR, Atakpamé, Togo, 28 September 2016; interview, field staff from OTR, Blitta, Togo, 29 September 2016; interview, field staff from OTR, Sokodé, Togo, 30 September 2016; interview, regional office Director, OTR, Sokodé, Togo, 30 September 2016; interview, field staff from OTR, Sokodé, Togo, 30 September 2016; interview, director of a regional office, OTR, Kara, Togo, 4 October 2016; interview, field staff from OTR, Cinkassé, Togo, 6 October 2016; interview, field staff from OTR, Cinkassé, Togo, 7 October 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Kara, Togo, 5 October 2016; participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Cinkassé, Togo, 6 October 2016.

described, 'We are strangers here.'<sup>84</sup> As a consequence, the support of local chiefs became critical to achieve the tax collection mandate in many outposts, though revenue collection still remains inefficient across rural areas.

## 5 Implications for public goods provision and accountability

The high costs of revenue production apparent in our case studies raise important questions: what can taxation in rural West Africa realistically finance and what implications does this have for public goods provision and accountability relationships between the state and taxpayers?

### 5.1 Tax revenues and accountability

Critically, our evidence suggests that rural tax efforts are often only sufficient to cover salaries and a minimal level of operating expenses, reflecting a broader trend in West Africa and beyond (Guyer 1992; Juul 2006; Salah 2014). Official data from sub-national governments across sub-Saharan Africa show that per capita revenue collection outside of capital cities is frequently in the range of 1–3 USD per year, and often only modestly higher even in larger secondary cities.<sup>85</sup> In essence, rural tax collection finances tax collection.

In rural Sierra Leone, local governments collect so little that they are unable to fund public services in any meaningful way, with local government officials commonly lamenting their limited autonomy and capacity 'to do development'.<sup>86</sup> Local government tax revenues in rural areas amounted to an average of only 0.02 USD per capita from 2005 to 2017, relative to 0.40 USD in urban areas (Figure 3).<sup>87</sup> Unsurprisingly, local government budgets primarily cover recurrent costs, though even the salaries of staff are dependent on transfers from the centre. For example, in Koinadugu District, tax revenues from the local tax in 2016 were only enough to purchase some tools for each of the 24 wards in the district – intended to support community development and self-help projects, rather than the district getting involved in development more directly.<sup>88</sup> In the following year, budget projections in the district, including expenditures from both own source revenues *and* government transfers, allowed for only 126 million SLL (17,514 USD) in capital investments or public service provision (sufficient only for the construction of three box culverts), amounting to about 6 per cent of the total budget, including both own source revenues and government transfers, 64 per cent of own source revenues, and *1,400 per cent of tax revenues*.<sup>89</sup> The rest of the local budget (taxes and transfers) was spent on recurrent office and administrative costs. The same is true for chiefdom administrations, with revenues that predominately fund recurrent costs like

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<sup>84</sup> Interview, field staff from OTR, Cinkassé, Togo, 7 October 2016.

<sup>85</sup> See, for example, data reported from Sierra Leone (Jibao and Prichard 2015, 2016), Ghana (Prichard and van den Boogaard 2017), and Côte d'Ivoire (Sanogo and Brun 2016).

<sup>86</sup> Interview, Chief Administrator, Koinadugu DC, Kabala, 20 May 2017. Sierra Leone's central government directly funds devolved public services, such as health care and education. However, since 2012, block development grants have been under the control of MPs rather than local councils.

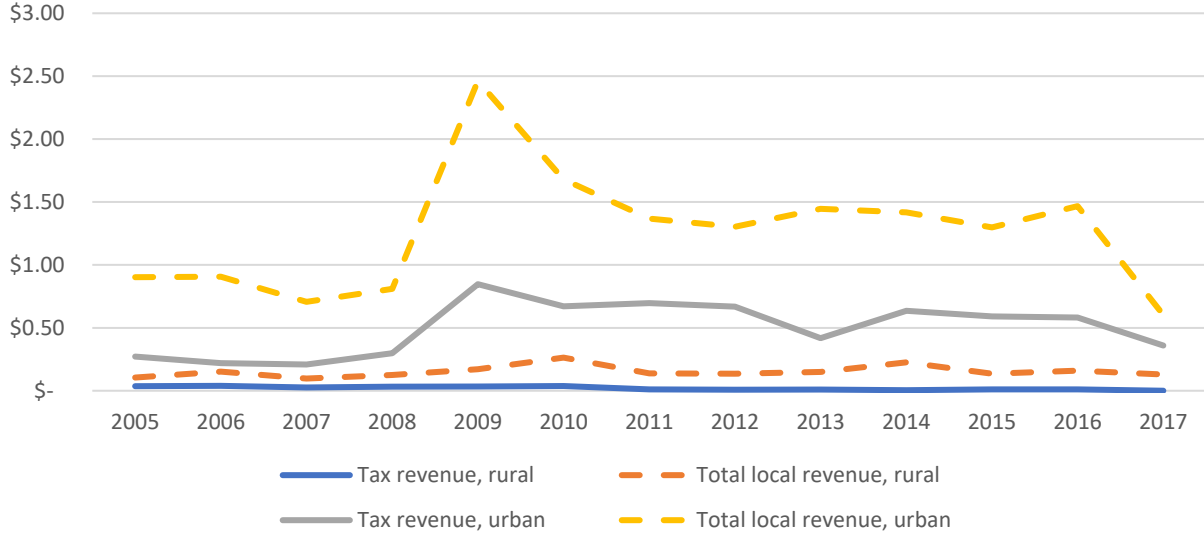
<sup>87</sup> Taking into account revenues from Western area only increases the figure to 0.17 USD per capita over the same period.

<sup>88</sup> Interview, CA, Koinadugu DC, Kabala, 20 May 2017; interview, District Council Chairman (DCC), Koinadugu DC, Kabala, 22 May 2017. This situation is not unusual across the country and is not limited to rural areas. For example, in Makeni, the third largest city in the country, in 2016 the city council spent less than 5000 USD (2.4 per cent of the total budget) on any development-related expenditures in the city. This came in the form of a single public toilet rehabilitation in the lorry park.

<sup>89</sup> Based on data provided by Koinadugu DC. As above, we recognise that tax collection was lower in 2017 than other years; taking the average revenue collection from 2015–2016, the project capital investment would be the equivalent of 97 per cent of own source revenues and 177 per cent of local tax revenues.

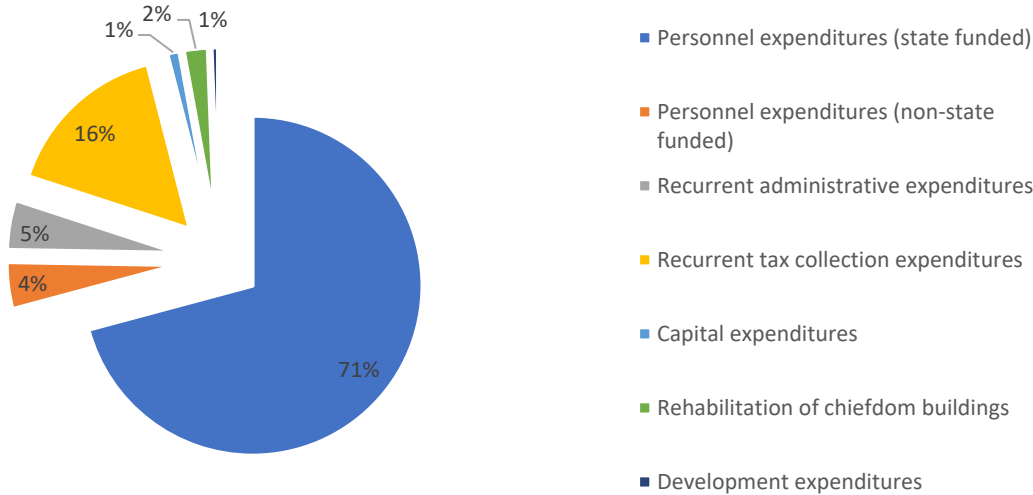
personnel (Figure 4). In Kailahun District in 2017, for example, development projects were undertaken by only two of 14 chiefdoms, with an average project size in those chiefdoms of 5.8 million SLL (806 USD).<sup>90</sup>

**Figure 3 Per capita local government revenue data for Sierra Leone (USD), 2005 to 2017<sup>91</sup>**



Data source: GoRSL MoFED n.d.

**Figure 4 Average projected chiefdom expenditures as a proportion of total expenditures, Kailahun District, FY2017<sup>92</sup>**



Source: Kailahun District CCAC

<sup>90</sup> As a forecast of future activities, this figure is likely overestimated. These projects were the rehabilitation of feeder roads (Jawei chiefdom) and the construction of a toilet (Upper Bambara chiefdom).

<sup>91</sup> Total revenue refers to total own source revenue. Population data is from Statistics Sierra Leone censuses 2004 and 2015, with population weighted according to average annual population change between this period. Exchange from LCU to USD based on the annual average official exchange rate from the World Development Indicators for 2005 to 2013. For years that WDI data is not available (2014–2017), annual average exchange rate is based on annual market exchanges.

<sup>92</sup> CCAC data, Kailahun District, FY 2017. Total expenditures on average were projected to be 136,876,179 SLL (19,026 USD). Capital expenditures include purchases of furniture, computers, etc. Rehabilitation of chiefdom buildings includes

In Togo, commune expenditures outside of Lomé are likewise largely dedicated to recurrent expenditures (i.e., salaries, office material and utilities) (World Bank 2019: 16).<sup>93</sup> Similarly, in Benin, locally-designated tax collections carried out in the joint collaborative efforts by central and local government authorities largely finance salaries – the majority of which are dedicated to tax collection including contracted tax collection labour.<sup>94</sup> The national average in Benin for local tax per capita is 144 CFA (0.23 USD) while total expenditures per capita amount to 5,897 CFA (9.55 USD), largely financed by central transfers. As we discussed in Section 2, in the case study in Pèrèrè, Benin, costs associated with local resource mobilisation consumed an estimated 128 per cent of revenues, suggesting that the central government’s fiscal transfers must actually subsidise local resource mobilisation. Local tax revenues amounted to under a third of personnel expenditures for local governments. Between 2003 and 2019, CONAFIL reported that Pèrèrè had collected an average of 650 CFA (1.05 USD)/inhabitant in own revenues and spent 230 per cent of this amount, on average, in operating expenses; 41 per cent of this in service provision expenditures, and 571 per cent per inhabitant in capital investment expenditures – i.e., financed by fiscal transfers from the central government and donor grants.<sup>95</sup>

This inability to finance service provision has significant implications for accountability: indeed, the efficiency of rural tax collection in our case studies points to a fundamental disconnect between taxpayer expectations of what the government should provide and the reality of what tax yields in rural areas can actually finance. In Sierra Leone, for example, local officials described being in a ‘budget trap’, with local government revenues incommensurate to public expectations of services.<sup>96</sup> This creates considerable obstacles for local governments’ authority. As described by a representative of the Local Government Finance Department of the MoFED:

People expect services if they pay, but even if everyone pays, it’s impossible to deliver services across all the mandated areas... We need to make people understand that collection is not about collecting and providing services immediately, particularly as not all, or even most, of collection can be used for services at the local level. Much of the revenue goes to paying for administration, management of waste, and salaries for those employees that are not paid by the central government. At the same time, the cost of collection in rural areas is problematic. For some taxes (e.g. market dues), it costs more to pay the collector, to pay for fuel, to print demand notices [...] than they collect. [...] Over time people are reluctant to pay.<sup>97</sup>

The Deputy Director of the Local Government Finance Department similarly noted, ‘People don’t understand [...] they think if they pay, they should get something’, but because so much of the revenue goes to administration, ‘over time people are reluctant to pay’.<sup>98</sup> Similarly, a

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‘rehabilitation of chiefdom police quarters’, ‘rehabilitation of chiefdom police cells’, ‘rehabilitation of local court barry’, ‘rehabilitation of treasury office’, ‘rehabilitation of toilet at police quarters’, and ‘construction of toilet at court barry’. Recurrent administrative expenditures include uniforms, stationery, ‘official reception and entertainment’, travelling, fuel, ‘sitting allowances’ for chiefdom committee meetings, and unspecified ‘donations’. Recurrent tax collection costs include the cost of printing local tax and market due receipts, the local tax rebate to chiefs, the local tax precept to the CCAC, the local tax and market dues precept to the DC, local tax assessment costs (transport and food), payments to market dues collectors, and other unspecified ‘collection costs’.

<sup>93</sup> While data is limited, using existing data comparing expenditures for the commune of metropolitan Lomé to the Maritime, semi-urban commune of Tsevie, we find a significant shift in investment expenditures (from 43 per cent of Lomé’s budget to 10 per cent of Tsevie’s, World Bank 2019: 17).

<sup>94</sup> Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016; interview, Mayor’s office staff member ‘attached’ to DGI, Pèrèrè, Benin, 2 December 2016; interview, Financial Manager for Mayor’s office in a small town in northern Benin, Pèrèrè, Benin, 2 December 2016.

<sup>95</sup> See links for finances by commune on CONAFIL’s website: <http://conafil.org/index.php/2015-03-31-15-28-43/situation-financiere>

<sup>96</sup> Interview, Valuator, Koinadugu DC, Kabala, 16 February 2017.

<sup>97</sup> Interview, Acting Director, LGFD, MoFED, Freetown, 1 December 2016.

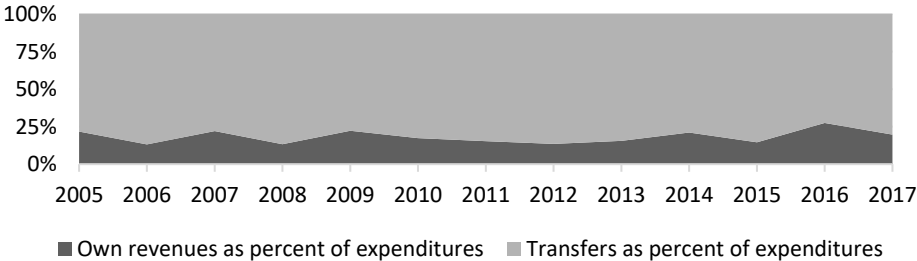
<sup>98</sup> Interview, Acting Director, LGFD, MoFED, Freetown, 1 December 2016.

local government official explained there's 'not enough money to take on capital expenditures. We have limits. There are challenges communicating this [with taxpayers]. The expectations are very high [...] People blame you for everything.'<sup>99</sup> In Togo, meanwhile, rural taxpayers and even entire villages reportedly became aggressive with tax collectors on a number of occasions, exclaiming (in small villages near Badou, for example) that the levels of development were very low and that the government should do more before they would agree to pay more taxes.<sup>100</sup> This disconnect has important implications for tax and accountability and the nature of the relationships between taxpayers and the state; as van den Boogaard et al. (2022: 18) note, 'When citizens do not see the results they expect, they are less likely to remain engaged in accountability processes.'

### 5.2 Non-tax revenues and accountability

Given such minimal own source revenues, local governments in rural areas often remain highly dependent on alternative sources of financing – namely, from central government transfers, development partner grants, and community-based informal taxation – with implications for broader accountability relationships with citizens. For example, in 2017 in Sierra Leone, direct and indirect central government transfers made up over 80 per cent of local budgets (in rural and urban areas), which has been common since local governments were established in 2004 (Figure 5). Similarly, in Benin, fiscal transfers from the central state and NGO grants have long surpassed local revenues in volumes (e.g., Bierschenk 2006). In the centralised state of Togo, communes receive no fiscal transfers from the central government, but are instead beholden to the OTR and public treasury for unstable revenues collected on their behalf, and can offer very little in the way of public goods and services (World Bank 2019).<sup>101</sup>

**Figure 5 Average local council budget composition (Sierra Leone)**



Data source: (GoRSL MoFED n.d.)

In addition to transfers, rural administrations are often highly reliant on international aid and NGOs, sometimes coordinated through the central government and sometimes coordinated directly with local leaders. Meanwhile, in the absence of sufficient local revenue raising or an effective national tax and redistribution system, the delivery of public goods is often effectively dependent on informal taxation and revenue generation by local leaders and households. In Sierra Leone, for example, essential public goods in rural areas – including schools, the salaries of teachers and nurses, and water wells – are financed to a large extent, sometimes solely, by informal taxes levied on individuals and households (van den Boogaard 2020a, 2020b; van den Boogaard, Prichard, and Jibao 2019). These informal taxes would be inefficient for governments to collect, 'represent[ing] a de facto decentralisation of tax collection more consistent with limited local resources and the high

<sup>99</sup> Interview, Revenue Supervisor, Makeni City Council, Makeni, 16 May 2017.

<sup>100</sup> E.g., interview, field staff from OTR, Badou, Togo, 27 September 2016.

<sup>101</sup> Revenues dedicated to local budgets are instead transferred to deconcentrated sector units of the central government and local appointees which serve in place of mayors, and even these funds are limited.

costs of collection in remote areas' (van den Boogaard 2020a: 321)<sup>102</sup> Nevertheless, given resource constraints, in some contexts local governments seek alternative ways to raise revenue informally. In some areas of Benin, for example, local governments supplement weak formal tax instruments with institutionalised informal taxes on illegally smuggled petrol and illegal logging to raise revenues (Beach 2018: 371–372).<sup>103</sup> A municipal finance officer explained that they were searching for additional sources of revenue to fund local governance, where few gainful sources existed.<sup>104</sup>

Relying on transfers, aid, or informal taxation has important implications for the feasibility of financing public goods, as well as concerns for the quality and reliability of service delivery, fiscal autonomy for rural administrations, and distributional impacts. For example, in both Togo and Sierra Leone, local government dependence on the central government creates issues for local operations and public goods provision, particularly as transfers are unreliable and often late (World Bank 2019).<sup>105</sup> As described by Kono DC (2018: 4):

In the absence of effective own source revenue mobilisation, in order to function effectively and deliver services to their people, [the] District Council has to solely rely on Central Government grants... Central Government grants to the District Council are mostly inadequate and most times transferred very late, limiting the potential to make the required impact.

Furthermore, grants from donors and even intergovernmental fiscal transfers are often unstable, limiting a rural government's ability to govern effectively. In Benin, in 2015, fiscal transfers to local governments amounted to 3.6 per cent of central revenues.<sup>106</sup> In 2016, the amount was halved to 1.7 per cent. Similarly in Togo, revenues collected by the central government on behalf of communes declined by 88 per cent between 2015 and 2017 (World Bank 2019). Politics, meanwhile, can influence the distribution of intergovernmental transfers, weakening horizontal equities between regions (Boone 2003a, 2003b, 2013; Caldeira 2012; Jiang and Zhang 2020), while transfers or grants with performance criteria, including revenue metrics, can exacerbate inequality without necessarily helping rural administrations emerge from low-tax, low-capacity traps (Juul 2006).

Critically, local governments often have little control over how central government revenues are spent on development in their districts. In contexts of a high dependence on transfers, 'Citizens may see development outcomes and become frustrated with the lack of responsiveness of the local government, who may not control the related expenditures; they may likewise blame the local government for poorly delivered outcomes that are outside of their control' (van den Boogaard 2020: 38).<sup>107</sup> The limited fiscal autonomy of rural administrations has implications for state-society relations and accountability channels. In

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<sup>102</sup> Similarly, Olken and Singhal (2011) argue that the most persuasive explanation for the pervasiveness of informal revenue generation is an 'optimal tax' story, in which in some contexts informal taxation may be the most efficient means of collecting revenue. However, they focus on the information advantage of local informal taxing actors – allowing them to have better information about local incomes that may not be verifiable by courts – rather than the cost of collection per se.

<sup>103</sup> Interview, Director of regional office for DGI, Parakou, Benin, 1 December 2016; interview, American expat resident, Pèrèrè, Benin, 2 December 2016; interview, American expat resident, local residents, including petrol smuggler, Pèrèrè, Benin, 2 December 2016; interview, Financial Manager for Mayor's office in a small town in northern Benin, Pèrèrè, Benin, 2 December 2016. Eighty-five per cent of Benin's petrol is smuggled from Nigeria and sold informally (Mlachila, Ruggiero, and Corvino 2016; Ndoye 2014). While smuggled petrol should be confiscated by officials, our evidence suggests that officials profited from it rather than prevented it.

<sup>104</sup> Interview, Financial Manager for Mayor's office in a small town in northern Benin, Pèrèrè, Benin, 2 December 2016.

<sup>105</sup> This was a commonly expressed complaint across councils. Interview, CA, Kailahun DC, Kailahun, 23 March 2017; interview, DC Deputy Chairman, Kailahun DC, Kailahun, 12 June 2017.

<sup>106</sup> Interview, senior official, National Association of Communes of Benin (ANCB), Cotonou, Benin, 22 November 2016.

<sup>107</sup> This is in line with research from Ghana showing that greater reliance on government transfers does not improve the delivery of local goods and services, while greater fiscal autonomy has a positive impact on local governments' efficiency and service provision (Otoo and Danquah 2021).



effect, despite widespread hopes that decentralisation would bring development closer to the people and allow for greater accountability (Agrawal and Ribot 1999; Litvack and Seddon 1999; Ribot 2002), in practice, services, revenues, and accountability are often not actually any more tangible to rural citizens. In contexts of inefficient rural revenue collection, ‘the larger implications of rudimentary taxation for a democratic process modelled on anything resembling a European or American model, where the taxpayer is invoked, polled, quoted and organized with respect to every conceivable issue, needs to be addressed in empirical, theoretical and comparative terms’ (Guyer 1992: 43–44). The anticipated governance dividends of taxation in these rural spaces do not unfold in the ways predicted by a tax and accountability hypothesis, largely due to revenue inefficiencies. As Guyer (1992: 57) describes in the context of rural Nigeria:

With such low contributions in rural Nigeria, financial management becomes a poor basis for people’s demands for accountability; with no graduation of taxation there is no official theory of inequality and no way for the poorer majority to demand higher contributions from their wealthy brethren... with no policy-making about, or financial instruments for, local development of locally defined projects within the government system, the extension of national plans to local areas becomes an act of fate whose financing bears no relation to the population affected by them.

## 6 Rethinking tax, accountability, and the state in rural areas

The realities of inefficient rural tax collection limit local governments’ capacity to provide public goods and have important implications for the accountability relationships between rural administrations and citizens. We argue that these realities require a reconceptualisation of the relationship between tax and accountability and between the state and citizens in rural areas, with a need to manage taxpayer expectations, rethink the relationship between tax and accountability and the nature of fiscal social contracts, rethink the role of the state in rural areas, and, potentially, address low-tax, low-capacity traps. At the same time, there is a need to recognise the non-revenue motives for rural taxation that can help to explain an apparent remaining puzzle – if rural revenue collection is so inefficient, why do administrations tax rural populations at all?

### 6.1 Managing taxpayer expectations

The disconnect between taxpayer expectations and what rural administrations can actually finance points to a need to manage taxpayer expectations and rethink how taxation is framed to rural taxpayers. While taxpayer education and engagement strategies often emphasise the links between tax payment and service delivery, they may serve to unrealistically raise taxpayer expectations, with potentially negative implications if those expectations are not met (van den Boogaard et al. 2022; Brinkerhoff, Wetterberg, and Dunn 2012; McLoughlin 2015). Instead, radical transparency initiatives may help to calibrate expectations and increase citizen perceptions of government trust and responsiveness. As bluntly put by a MoFED representative from Sierra Leone, ‘We need to tell citizens, “Even if you pay, don’t expect anything”’,<sup>108</sup> while another government official stated that ‘[receiving] services shouldn’t be an absolute condition for paying tax’.<sup>109</sup> While hearing such news may not inspire tax morale, rural administrations may benefit from transparently articulating tax collection returns vis-à-

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<sup>108</sup> Interview, Acting Director, LGFD, MOFED, Freetown, 1 December 2016.

<sup>109</sup> Interview, CA, Koinadugu DC, Kabala, 20 May 2017.

vis costs of local governance and public service delivery by the central government to these regions, as well as the costs of project and capital investment plans for infrastructure. A clear delineation of the costs of recurrent goods and services provision as well as forecasts of capital expenditure outlays to improve public goods and services presented in laymen's terms and visually accessible to illiterate inhabitants could well assist in improving trust between citizens and governments in rural areas (van den Boogaard et al. 2022). Greater awareness and education, however, can also have adverse effects by increasing the spotlight on a rural government's chronic inability to finance (publicly mandated) services with these limited local resources (see Bratton 2007). Most basically, therefore, tempering a more realistic understanding of what taxation can do for citizens and local development, without overpromising unrealistic expectations, could help to manage taxpayer expectations, in turn strengthening their perceptions of government capacity (see Woolcock, Lant, and Andrews 2010).

## **6.2 Rethinking tax and accountability and the nature of fiscal social contracts**

More fundamentally, there is a need to rethink the theories of tax and accountability and the nature of the fiscal social contract in rural areas – and in low-income countries more broadly. Too often, as when taxpayer education strategies advertise the services that will follow from taxation, the social contract is framed as an individual rather than a collective one. Essentially, taxation is framed as a quid pro quo: as billboards across Sierra Leone state, 'Pay your tax for development'. This framing is in line with the broader narrative that taxpayers need to be brought into the tax 'net' in order to bargain with government and receive services in return. Instead, policymakers and taxpayers alike need to disentangle the concept of the social contract from the individual, recognising that basic rights of citizenship are not, or should not be, contingent on paying direct taxes to the government. Where basic public goods provision, and basic dignity, is made conditional on tax payment, we believe that the very concept of the fiscal social contract is distorted. Instead of an individual contract between the taxpayer and the state, we therefore argue for the conceptualisation of a collective contract, focusing primarily on expanding the political voice of marginalised populations, without necessarily expanding tax liabilities. This, in turn, implies that tax efforts should place a greater emphasis on taxing wealth and redistribution as part of a collective fiscal contract.

In this context, international and domestic policymakers need to reconsider the validity of the typical channels through which taxation is expected to lead to greater accountability. In rural areas, and particularly where local elites and traditional authorities play a role in tax collection, taxation may not serve to encourage tax bargaining or strengthen the relationship between taxpayers and rural state administrations – though it may nevertheless be an important mechanism through which rural citizens make demands of local leaders and ensure the rights of local or community-based citizenship. While citizenship is often conceptualised through a colonial lens, it may be more appropriate and more meaningful for rural citizens to think about 'community-based citizenship', which Côte (2020: 172) describes as 'a claim for the "right to have rights" that takes shape within the politics of a globalised community-based approach to governance' (see also Berry 2009; Lentz 2013; Lund 2011).

## **6.3 Addressing low-tax, low-capacity traps through a 'services-first' approach**

While much policy attention centres on the practicalities of expanding the tax base, much less attention has been paid to strengthening tax morale in contexts of weak tax capacity. Government officials frequently explained to us that taxpayers must develop the habit of paying taxes to build a stronger taxpaying culture.<sup>110</sup> However, their perspectives rarely

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<sup>110</sup> E.g., interview, field staff from OTR, Badou, Togo, 27 September 2016; interview, field staff from OTR, Sokodé, Togo, 30 September 2016.

reflected on the ways in which fiscal culture is shaped by the underlying fiscal social contract, the nature of fiscal reciprocity, and the effectiveness of accountability mechanisms. Where rural administrations are unable to even fund basic public services, inefficient revenue collection fuels what may be described as a self-reinforcing vicious cycle – the ‘low-tax, low-capacity’ trap – with insufficient tax collection limiting service provision, in turn limiting quasi-voluntary tax compliance. If the goal is to ‘build’ taxpaying culture, policymakers and development partners may consider the ways in which tax morale may be stimulated by tangible, highly visible, and desired service delivery *prior* to demanding tax payment. Doing so may represent a show of good faith to taxpayers and may help administrations break out of the ‘chicken and egg’ problem of taxation and service delivery.<sup>111</sup>

In line with a reconceptualisation of the fiscal social contract and an emphasis on redistribution, a growing body of evidence shows that providing services *first* may have an impact on tax morale. For instance, in Uganda, Cohen (2020) shows that reminders to pay tax are particularly effective in areas where there has been recent government investment in services such as health and education. While these investments may be financed through more targeted and rationalised tax collection and redistribution, in line with the concept of a collective fiscal social contract, they may also be kickstarted by external investment, whether through transfers or aid (see e.g., van den Boogaard and Santoro 2021a). In any case, the tangibility of these investments to taxpayers and the credibility that they can be sustained will be important. Where initial investments in public services are not sustainable, they may serve to further raise citizen expectations, which may backfire (Blair, Karim, and Morse 2019; Brinkerhoff et al. 2012; Karim 2020; McLoughlin 2015; Morse 2020). Building trust with taxpayers is a long-term process, with relatively short-term interventions or displays of performance not necessarily being enough to change taxpayers’ prior beliefs about the government or to outweigh their negative experiences of a lack of service delivery.

#### 6.4 Reconceptualising the role of government in rural areas

In the short-term, the nature of revenue mobilisation in remote areas further suggests a role for rural administrations that is not primarily about direct service provision, but instead leverages their capacity to serve as intermediaries between rural citizens and central governments or donors. Effectively, rural administrations may serve to both calibrate taxpayer expectations and attract development partner financing by acting as a lobbyist for rural citizens, using sparse rural revenue as ‘seed’ funding for larger projects. This type of relationship was well articulated by the district property tax valuator of Koinadugu DC in Sierra Leone, who reported that most development projects in the district are not funded from taxes; rather, ‘What we collect enables us to attract other funds’, particularly since donors increasingly ask for a community contribution for development projects.<sup>112</sup> The council thus uses tax revenues, as described by the District Council Chairman, as ‘seed money’ to ‘show commitment’ to donors: ‘We can use the small tax money to attract more money.’<sup>113</sup> In this way, the Chief Administrator saw the council as a lobbyist for projects from the central government or donors: ‘[We] use tax revenues not to provide development, but to *lobby* for development’ [emphasis added].<sup>114</sup> Some government officials believe that some taxpayers recognise that the council is ‘spending far more than [the value of] their money’, and thus getting more value for their tax revenues than they could get if they used it to fund public services directly.<sup>115</sup> In some cases, this role may be much in line with what taxpayers expect,

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<sup>111</sup> This builds on the idea of there being a ‘legitimacy threshold’ that may be ‘stimulated’ through an initial show of performance (Stel, de Boer, and Hilhorst 2012).

<sup>112</sup> Interview, Valuator, Koinadugu DC, Kabala, 22 May 2017. He cited a 4.3 per cent district contribution to a 700 million SLL (around 71,400 USD) project funded by donors.

<sup>113</sup> Interview, DCC, Koinadugu DC, Kabala, 22 May 2017.

<sup>114</sup> Interview, CA, Koinadugu DC, Kabala, 20 May 2017.

<sup>115</sup> Interview, Chairman, Koinadugu DC, Kabala, 22 May 2017.

with data from northern and eastern Sierra Leone showing that 47 per cent of respondents believe that the most important role of the local government is to advocate and represent the local area to development partners or the central government (van den Boogaard 2020a: 298). Meanwhile, only 17 per cent responded that its main role was to provide services or development.

Our findings resonate with other research suggesting that citizens may care less about how public goods are financed, just so long as they are provided (van den Boogaard 2020a; Mandefro, Noor, and Stel 2012; Sacks 2012; Stel et al. 2012), and that this may be particularly likely with public goods and services that taxpayers view as salient to questions of the government's legitimacy (Sharp, Sweet, and Menocal 2019). For instance, Sacks (2011) finds that citizens' assessment of government performance depends not on objective measures of service delivery but instead on perceptions of how well the government was 'trying to improve services and goods'. Thus 'citizens who believe that donors and non-state actors are helping their country by delivering essential goods and services are more likely to be willing to defer to the tax department' (Sacks 2012: 22). As van den Boogaard (2020a: 298) notes, 'Citizens may still view the state as fulfilling its broader responsibility, even if it is not central in delivering services directly.'

It's not clear, however, what this means for accountability and state-society relations. To what extent can citizens make demands of local leaders when they do not actually hold the purse strings? To what extent does this conceptualisation of the role of the state empower political patrons or unaccountable leaders? Local leaders may not be responsible for bringing in new development but may 'suggest that they are personally responsible for the arrival of such acts of fate' (Guyer 1992: 75), benefitting from external funding without actually being accountable for the funds (see also Cruz and Schneider 2017). Indeed, in our case studies, we saw evidence of local government officials taking credit for projects not financed through local taxes. In one example, a local government official explained that in trying to encourage taxpayer compliance, the council tells taxpayers that their own tax revenues have funded certain development projects that, in reality, have been funded from other sources. 'We're not honest [with taxpayers] 100 per cent of the time', he admitted.<sup>116</sup>

## 6.5 Recognising the non-revenue motives for rural taxation

In addition to raising questions about the relationship between taxation and accountability in rural areas, the limited revenue potential in rural areas raises some questions about the value of collecting taxes at all in these contexts. While we argue for a rethinking of policy attempts to broaden tax nets and tax the poor, it is also important to recognise the non-revenue motives that exist for rural taxation and which may help to explain its persistence despite revenue inefficiencies. For one, motivations for expanding the tax base and rural revenue raising can stem from donor priorities (Gallien and van den Boogaard 2021), particularly where receiving transfers is dependent on meeting revenue targets, as has been the case, for example, in Sierra Leone or Ghana. In such contexts, rural administrations have 'little other choice than to strengthen their ability to mobilize local financial and bureaucratic resources' (Juul 2006: 822).

Second, some policymakers and administrators justify rural taxation based on the logic that it is necessary to build a 'taxpaying culture' (see also Fjeldstad and Heggstad 2012). Indeed, taxation in rural areas can be conceived as 'a process through which local inhabitants come to accept and abide by the norms and laws of the state, as part of their creation as citizens'

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<sup>116</sup> Interview, CA, Makeni City Council, Makeni, 16 May 2017.

(Juul 2006: 829).<sup>117</sup> As the head of the Togolese Revenue Authority articulated, taxpayers do not just emerge as wholly formed contributors to the state's development: they must be groomed.<sup>118</sup> Instead of waiting until some small proportion of micro enterprises become productive and profitable, recruiting inconsequential taxpayers and investing in building positive taxpayer habits is thought to lead to future returns in voluntary compliance among medium sized enterprises. The Head of the OTR described this as their 'shotgun method', where they targeted large numbers of small traders in remote areas, with little sense of whom among them will one day develop into larger businesses, gambling that perhaps 5 per cent of them in the future would bring profitable returns to these inefficient efforts.<sup>119</sup> Frontline tax officials similarly reflected this view that grooming voluntary taxpayer habits precedes effective taxation. For example, as described by tax officials, 'above all, for us, it's not just collecting money that we're looking for. After all, it is a public service, an administration. Making this trip and collecting even zero francs, but going to raise awareness, to speak, for us it is an added value.'<sup>120</sup> Similarly, as a tax supervisor from the OTR's headquarters described, it's not just about revenue:

That's what we always forget. There's outreach ... That's why [*name withheld*] talks about a recruiter or a taxpayer, that in fact we shouldn't be assigning budget numbers to certain departments. Because it is assumed that these services are there to recruit new taxpayers. That is, your job is to do everything and anything to get the base to grow... performance is measured against achievements. In principle for some services like yours, performance should be measured by the number of new taxpayers recruited over a period of time. That's what broadening the tax base is all about.<sup>121</sup>

Third, and relatedly, states may view rural taxation, through the processes of data gathering and population identification, as a step in building their institutional and bureaucratic capacity (Besley and Persson 2009; Bräutigam, Fjeldstad, and Moore 2008; Herbst 2000). At the same time, these processes of increasing the legibility of rural populations are an important aspect of extending the control and authority of the state (Juul 2006; Scott 1998; Therkildsen 2001). In Sierra Leone, for example, the process of 'seeing' rural citizens is largely achieved through tax assessment rosters create by paramount chiefs and their subordinates; as Fanthorpe (1998: 558) notes, 'many rural people remain unknown to the state except as chieftom taxpayers'. In Togo and Benin, the state's tax collection agents were often the only state officials with which rural inhabitants interacted. Meanwhile, customs outposts represent an important show of state authority and can provide a security function, even where revenue is limited (Cantens and Raballand 2021).

Finally, in at least some instances, rural taxation is connected more closely to traditional authorities and is central to reinforcing customary and local citizenship rights. Taxation, after all, is 'not only about the extraction of public revenue for public goods. It is also an act of recognition, a sign of membership and belonging with certain rights attached to it' (Juul 2006: 831). This is the case, for instance, with the local (poll) tax in Sierra Leone. On its surface, at only 5000 SLL (USD 0.49) per adult per annum, the tax seems to make sense for no one. In rural areas, the effective burden of the tax on taxpayers is often high, while the costs of collecting the tax from every citizen is also very high in rural areas. However, the local tax, collected by chiefs, is central to conferring local, chieftom-based citizenship rights, including

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<sup>117</sup> This is in line with recent research from Uruguay and Rwanda that demonstrates that habits are a powerful determinant of tax compliance, and routine engagement with tax officials, taxpayer registration and guidance in tax filing can breed self-reinforcing habits of citizenship (Dunning, Monestier, Pinero, Rosenblatt and Tunon 2017; Mascagni and Santoro 2018; OECD 2015b: 45–49). It may reflect the notion that, 'States cannot assume either readymade subjects/citizens or state promoting agents, they have to strive to produce them' (Wilson 1999: 96).

<sup>118</sup> Interview, Director of OTR, Lomé, Togo, 18 November 2016.

<sup>119</sup> Interview, Director of OTR, Lomé, Togo, 18 November 2016.

<sup>120</sup> Participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016.

<sup>121</sup> Participatory observation, meeting between Fiscal Control Unit and a field office, OTR, Blitta, Togo, 29 September 2016.

the right to vote in chieftaincy elections, secure land and mining rights, and have disputes settled (Fanthorpe 1998; Jackson 2005: 200; Richards 2003). At the same time, chiefs maintain an important role in informal social welfare, with tax making up an important part of the reciprocal relationship between chieftom taxpayers and their local authorities (see van den Boogaard 2018, 2020a; Fanthorpe 2001). This relationship shapes both taxpayers' willingness to pay the local tax and, given its link to local elections, the fervour with which chieftom authorities collect it (van den Boogaard 2020a). Though rural taxation rarely leads to tangible public goods delivery by the government, it can nevertheless be central to accountability channels outside of the state.

## 7 Conclusions

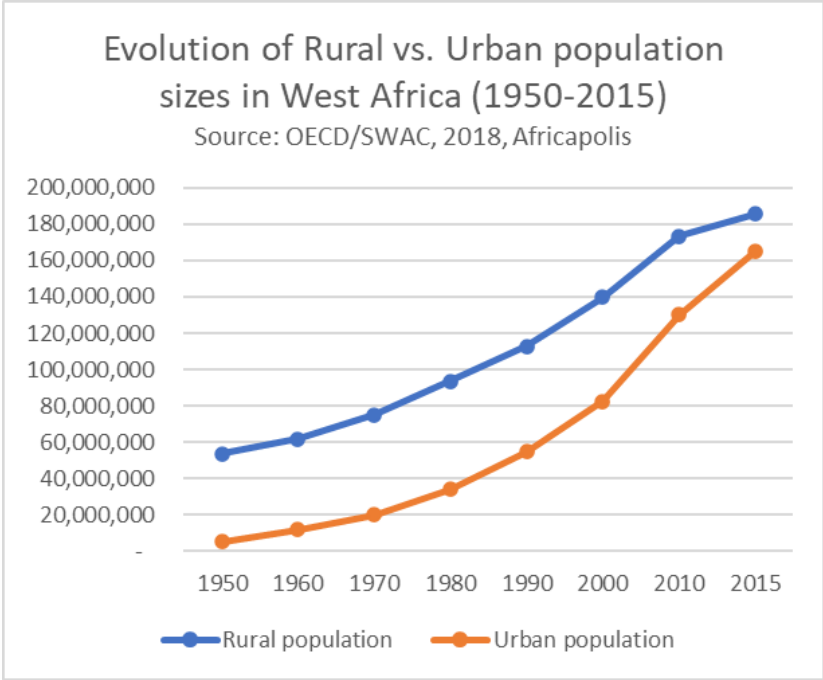
These case studies have illuminated a common pattern in the inefficiencies of revenue mobilisation in the rural spaces of West Africa. Across our cases, we find similar issues: scarce revenue potential; illegibility of rural tax bases and weak tax handles; sparsely populated jurisdictions which further drive up the costs of collections; limited fiscal mandates for local authorities; weak quasi-voluntary tax compliance; and resource constraints to support rural tax collection efforts. Our case studies highlight scenarios where the costs of revenue production in rural areas far exceed the typical thresholds, with rural budgets unable to finance more than basic recurrent expenditures for salaries and office materials.

These findings raise important questions regarding the very rationale behind rural tax collection. The risk of economic devastation of rural economic actors is considerable, and agents in Togo, Benin and Sierra Leone all reported adjusting mandated tax rates to the ability-to-pay among rural inhabitants for this very reason. Albeit crude in form, the concept of Olson's stationary bandit is helpful here (Olson 2000). Rudimentary state apparatus and tax administrations must ensure they are not economically devastating rural inhabitants to ensure sustainable, growing future returns as economic actors grow small businesses and amass small fortunes over time. The realities of rural tax collection also disrupt the classic tax-accountability hypothesis, as tax collections simply cannot produce sufficient resources to finance the provision of basic public goods. Rural administrations, instead, often find themselves in a position of using locally generated revenue as seed money to 'lobby' on behalf of their communities with potential development partners and their central government, shifting conventional ideas about the role of the state in these contexts. While rural taxation may be reasonably disconnected from orthodox views of the links between taxation, accountability, and government responsiveness, the nature of these relationships may be reimagined in line with rural realities.

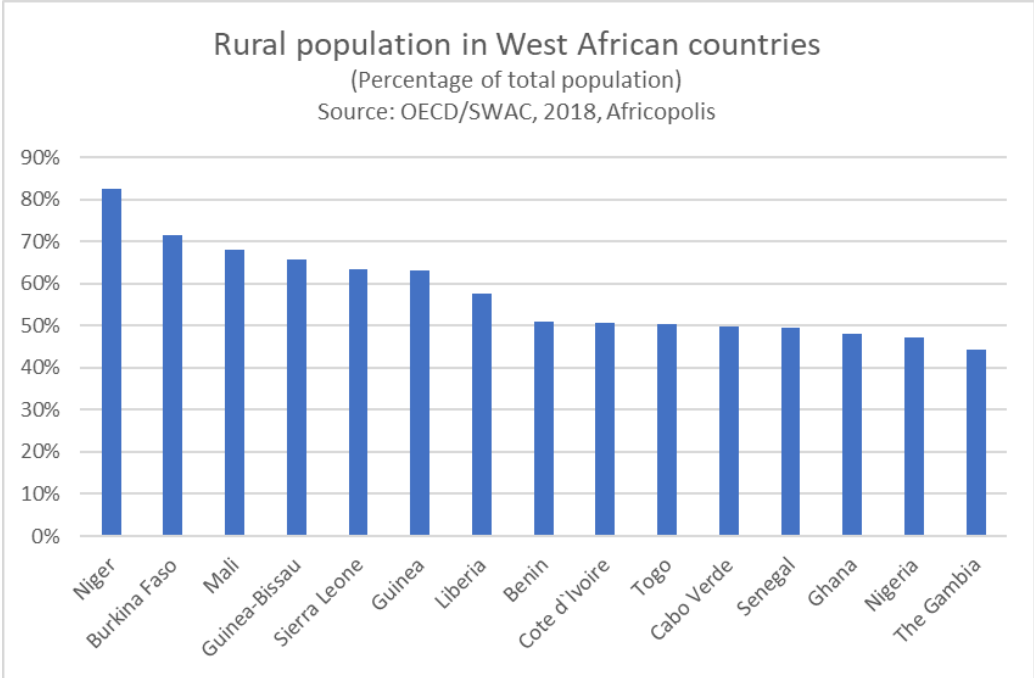
For domestic policymakers and advocates of broadening tax bases and decentralisation efforts, these findings demand some rethinking of the role of the state in redistribution, particularly where the central government collects taxes in rural areas. It will be essential to develop strategies which take these revenue production inefficiencies into account, e.g., revise tax policy and regulations to better account for rural-taxation-specific inefficiencies, institutionalise revenue production cost assessments, and legalise strategies which can best address inefficiencies. The implications of these findings for the development policy agenda around domestic revenue mobilisation more broadly are consequential. The prospects of achieving sustainable development financing through a broader tax base – when this implies reaching further into the hinterlands of West Africa and deeper into the pockets of rural subsistence farmers – suggests a disconnect between the expectations of the international community and the reality of what rural taxation can realistically achieve. Greater realism is required in considering the prospects of generating substantial revenue and achieving sustainable development financing in the near term by broadening tax bases, and more specifically, in expanding rural taxation.

# Appendix

**Figure 6 Evolution of rural vs. urban population sizes in West Africa**



**Figure 7 Evolution of rural population in West African countries**



**Table 2 Revenue mobilisation in Togo, by agent and department**

Total revenue mobilized in 2015 by Tax Authority Department in Togo, or other institution	Collected in Lomé OR Interior	Revenue Mobilised (in USD)	% of total revenues	# of Personnel	Revenues mobilised/staff annually	Revenues mobilised/staff monthly
DGE (Office of Large Taxpayers)	Lomé	\$ 311,334,726	73%	71	\$ 4,384,996	\$ 365,416
DME (Office of Medium Taxpayers)	Lomé	\$ 22,393,345	5%	73	\$ 306,758	\$ 25,563
DIG (Manages small businesses in Metropolitan area of Lomé)	Lomé	\$ 23,604,548	6%	171	\$ 138,038	\$ 11,503
DRI (Manages small taxpayers in all regions besides metropolitan area of Lomé) + DRI Management at HQ (5)	Interior + Maritime Region (exclusive of metropolitan Lomé)	\$ 7,239,683	2%	159	\$ 45,533	\$ 3,794
Recovery from tax disputes and exemptions department	Lomé	\$ 8,866,755	2%	11	\$ 806,069	\$ 67,172
Other senior management, fiscal control		\$ -	0%	36	\$ -	\$ -
Stamps revenues	Lomé	\$ 3,598,085	1%	Unknown	Unknown	Unknown
Revenues from other Government Institutions: Customs and Indirect Taxes, Togolese warehouse society, Domaines and Cadastre	Lomé	\$ 48,670,590	11%	Unknown	Unknown	Unknown
<b>TOTAL REVENUES FOR 2015</b>		<b>\$ 425,707,732</b>				
<i>Proportion mobilised in Lomé</i>		418,468,049	<b>98%</b>			
<i>Proportion mobilised in Togo outside Lomé</i>		7,239,683	<b>2%</b>			
<i>Source: Office Togolais des Recettes, analysis by author</i>						



**Table 3 Estimated costs of revenue production among small taxpayers in rural Togo (2015)**<sup>122</sup>

Regional Divisions of the Direction Regionale des Impôts (DRI, OTR)*	Revenues mobilised by region in 2015 (small taxpayers)* All figures in CFA, (USD in parentheses)	Revenues by region LESS estimated expenditures & salaries 2015	Estimated cost of revenue production by region – including operating and capital expenditure, 2015	Estimated cost of revenue production – operating expenditures only, by region 2015	Total est. salaries, operational, equip. & investment expenditures by regional bureau 2015	Estimated annual salaries for staff 2015	Estimated operational costs 2015	Estimated equipment & investments expenditures 2015**	Staff by region 2015**	Annual revenues/ staff member 2015	Pop. density (per sq. km.)
SAVANES Region	436,564,639 (\$707,235)	271,878,484 (\$440,443)	38%	22%	164,686,155 (\$266,792)	54,000,000 (\$87,480)	43,519,153 (\$70,501)	67,167,001 (\$108,811)	20	21,828,232 (\$35,362)	98
KARA Region	987,752,314 (\$1,600,159)	829,060,006 (\$1,343,077)	16%	12%	158,692,308 (\$257,082)	97,200,000 (\$157,464)	24,177,307 (\$39,167)	37,315,001 (\$60,450)	36	27,437,564 (\$44,449)	66
CENTRALE Region	615,440,925 (\$997,014)	453,751,693 (\$735,078)	26%	18%	161,689,232 (\$261,937)	75,600,000 (\$122,472)	33,848,230 (\$54,834)	52,241,001 (\$84,630)	28	21,980,033 (\$35,608)	46
PLATEAUX Region	542,069,377 (\$878,152)	311,084,760 (\$503,957)	43%	29%	230,984,617 (\$374,195)	108,000,000 (\$174,960)	48,354,615 (\$78,334)	74,630,002 (\$120,901)	40	13,551,734 (\$503,957)	81
<i>Avg. costs of revenue production for (mostly) rural regions, small taxpayers</i>	793,154,512 (\$1,284,910)	615,296,357 (\$996,780)	31%	20%	179,013,078 (\$290,001)	83,700,000 (\$135,594)	37,474,827 (\$60,709)	57,838,251 (\$93,698)	31	21,199,391 (\$34,343)	73
Compared to...											
MARITIME Region (i.e., coastal, more dense population, but excludes Metropolitan Lomé)	1,383,945,305 (\$2,241,991)	1,210,706,843 (\$1,961,345)	13%	8%	173,238,462 (\$280,646)	81,000,000 (\$131,220)	36,265,961 (\$58,751)	55,972,501 (\$90,675)	30	46,131,510 (\$74,733)	430
Source: Author estimates and calculations based on statistics from Office Togolais des Recettes, 2016 with slight discrepancies in total revenue mobilised and staff numbers between different datasets. See methodology note below.											

<sup>122</sup>

Includes all divisions posted outside the urban, coastal Maritime region. These divisions are dedicated to small taxpayers, as the few medium and large enterprises filing outside the capital city are referred to the headquarters for management.

The DRI is responsible only for small taxpayers. The Maritime Region is included as one regional bureau of the DRI, but is situated at the more urban coastal area. The Maritime regional bureau specifically excludes the metropolitan area of Lomé, which has its own dedicated Direction, the Direction du centre des Impôts du Golfe (DIG).

\*\* Five additional staff are based in Lomé which manage the DRI regional offices.

Methodology note: These statistics were developed by the author based on a variety of indicators provided by two departments of the Office Togolese des Recettes: 1) Revenues mobilised by region 2015 (as reported by agency source table), source: interview 131. 2) Estimated annual salaries based on the author's conservative estimate of 225,000 CFA (365 USD) per staff member (field office staff fall between three grades. Grade 1: >100,000 CFA (162 USD); <200,000 CFA (324 USD); Grade 2: >200,000 CFA (324 USD) <300,000 CFA (486 USD); Grade 3 – officers: >300,000 CFA (486 USD) <400,000 CFA (648 USD), source: interview 131) multiplied by the reported staff for each bureau, source: interview 131. Estimated operational costs developed by author based on the following elements: 1) Reported 2015 annual expenditures for the entire Office Togolais des Recettes, 'Dépense de l'OTR Gestion 2015', all line items under total operational expenditures ('Total dépenses de fonctionnement', internal source) excepting the following lines: Conférences et reunions; Cérémonies et réceptions; and Fourniture factures normalisées (TVA) as most regional bureaus are not handling many taxpayers who are eligible/relevant for VAT tax payments. The author established a ratio of each line item as a percentage of the total agency salary expenditure line, and then multiplied this ratio for each line by the estimated salary per regional bureau to arrive at an estimate of operational costs by regional bureau. The estimated equipment and investment expenditures statistics were developed following the same approach, incorporating all line items within the internal expenditure report under the section 'Total des dépenses d'équipement et investissement' (internal source). Please note: the estimates may be high as the OTR has invested heavily in the construction of the new headquarters in the capital. Accordingly, a column is included which specifically excludes capital expenditures. In addition, while the revenues mobilised by regions and staff members reported for each region were verified by internal sources, the approach used to develop these operational and investment expenditure cost estimates was not verified by the OTR following the author's analysis. The OTR did not possess operational cost estimates for revenue production by bureau or department. All errors and misrepresentations are the responsibility of the author.

**Table 4 Customs revenues by interior customs post, Togo (2015)**

CUSTOMS REVENUE	TOGO, 2015			
LOCATION	BUDGETED REVENUES	ACTUALS	% of Total Customs Revenues	In USD
<b>DIRECTION DES OPERATIONS DOUANIERES REGIONALES</b>	<b>14,222,070,000</b>	<b>10,604,089,674</b>	<b>3.209%</b>	\$ 19,087,361
<b>Division Maritime</b>	<b>9,959,610,000</b>	<b>7,264,642,259</b>	<b>2.199%</b>	\$ 13,076,356
Brigade d'Afagnan	2,280,000	3,013,120	0.001%	\$ 5,424
Poste d'Agouègan	2,280,000	33,480	0.000%	\$ 60
Poste de Batoumé	2,280,000	1,330,142	0.000%	\$ 2,394
Bureau de Kpémé	2,280,000,000	1,369,899,333	0.415%	\$ 2,465,819
Bureau de Noépé	1,824,000,000	1,038,012,560	0.314%	\$ 1,868,423
Bureau de Sanvee Conджи	4,560,000,000	4,019,988,204	1.217%	\$ 7,235,979
Brigade de Tabligbo	2,850,000	369,032	0.000%	\$ 664
Bureau de Ségbé	1,254,000,000	813,576,160	0.246%	\$ 1,464,437
Brigade de Tsévié	3,420,000	3,209,540	0.001%	\$ 5,777
Poste de Zolo	28,500,000	15,210,688	0.005%	\$ 27,379
<b>Division Régionale des Plateaux</b>	<b>245,100,000</b>	<b>211,069,513</b>	<b>0.064%</b>	\$ 379,925
Ahlon-Sassanou	2,280,000	-	0.000%	\$ -
Anié	22,800,000	15,649,824	0.005%	\$ 28,170
Atakpamé	25,080,000	39,449,559	0.012%	\$ 71,009
Badou	114,000,000	85,605,808	0.026%	\$ 154,090
Kamina-Afolé	11,400,000	12,536,568	0.004%	\$ 22,566
Kloto	11,400,000	2,333,236	0.001%	\$ 4,200
Kpadapé	19,380,000	21,736,077	0.007%	\$ 39,125
Ountivou	6,840,000	5,850,120	0.002%	\$ 10,530
Tohoun	22,800,000	13,284,489	0.004%	\$ 23,912
Yikpa-Dafo	9,120,000	14,623,832	0.004%	\$ 26,323
<b>Division Régionale du Centre</b>	<b>167,580,000</b>	<b>95,886,085</b>	<b>0.029%</b>	\$ 172,595
Sokodé	91,200,000	45,024,317	0.014%	\$ 81,044
Dantcho	22,800,000	6,149,786	0.002%	\$ 11,070
Kambolé	22,800,000	4,238,663	0.001%	\$ 7,630
Kri-kri	17,100,000	22,337,708	0.007%	\$ 40,208
Tindjassé	2,280,000	1,256,344	0.000%	\$ 2,261
Yégué	11,400,000	16,879,267	0.005%	\$ 30,383
<b>Division Régioanle de la Kara</b>	<b>101,460,000</b>	<b>98,603,227</b>	<b>0.030%</b>	\$ 177,486
Kara	17,100,000	13,793,528	0.004%	\$ 24,828
Guérin-Kouka	3,420,000	2,809,529	0.001%	\$ 5,057
Kétao	28,500,000	42,242,616	0.013%	\$ 76,037
Kidjaboum	2,280,000	242,812	0.0001%	\$ 437
Nadoba	2,280,000	1,117,779	0.000%	\$ 2,012
Natchamba	43,320,000	33,212,336	0.010%	\$ 59,782
Soudou	4,560,000	5,184,627	0.002%	\$ 9,332
<b>Division régionale des savanes</b>	<b>3,748,320,000</b>	<b>2,933,888,590</b>	<b>0.888%</b>	\$ 5,280,999
Dapaong	34,200,000	24,334,083	0.007%	\$ 43,801
Cinkassé	3,648,000,000	2,842,918,196	0.860%	\$ 5,117,253
Gando-Namoni	2,280,000	2,108,750	0.001%	\$ 3,796
Gouloungoussi	2,280,000	3,411,073	0.001%	\$ 6,140
Mandouri	2,280,000	-	0.000%	\$ -
Mango	11,400,000	16,582,794	0.005%	\$ 29,849
Ponio	34,200,000	38,136,115	0.012%	\$ 68,645
Yembour	13,680,000	6,397,579	0.002%	\$ 11,516
<b>TOTAL INTERIEUR DU PAYS</b>	<b>14,222,070,000</b>	<b>10,604,089,674</b>	<b>3.209%</b>	<b>\$ 19,087,361</b>
<b>TOTAL Customs Revenue</b>	<b>324,522,170,000</b>	<b>330,402,817,621</b>		\$ 594,725,072

Source: Office Togolais des Recettes, 2016; analysis by author

**Table 5 Revised schedule of local revenue sources for Kono District Council, Sierra Leone (2012–13)<sup>123</sup>**

Type	Yearly payment (Le)	Yearly payment (USD)
Store license (large)	100,000	\$ 23.36
Store license (small)	75,000	\$ 17.52
Hawker's license	30,000	\$ 7.01
Patent medicine	60,000	\$ 14.02
Herbalist/vendor license	60,000	\$ 14.02
Masons (imported)	500,000	\$ 116.82
Masons (local)	75,000	\$ 17.52
Carpenter's license	50,000	\$ 11.68
Gold smith license	50,000	\$ 11.68
Black smiths	30,000	\$ 7.01
Plumbers	60,000	\$ 14.02
Motor mechanics/fitters	60,000	\$ 14.02
Bakers	100,000	\$ 23.36
Barbers/hairdressers	30,000	\$ 7.01
Butchers	150,000	\$ 35.05
Carts/omolankays	15,000	\$ 3.50
Radio repairers	10,000	\$ 2.34
Television license	20,000	\$ 4.67
Milling machines	100,000	\$ 23.36
Tailors/seamstresses	50,000	\$ 11.68
Restaurant keepers	50,000	\$ 11.68
Guest houses	250,000	\$ 58.41
Entertainment centers	50,000	\$ 11.68
Hotels	500,000	\$ 116.82
Dog license	5,000	\$ 1.17
Shoe repairers/cobbler's license	15,000	\$ 3.50
Fridge repairers	25,000	\$ 5.84
Watch repairers	20,000	\$ 4.67
Bicycle license	15,000	\$ 3.50
Cookers shop	50,000	\$ 11.68
Timber stores	50,000	\$ 11.68
Auto electricians	30,000	\$ 7.01
Distiller's license	50,000	\$ 11.68
Local gin retailers	50,000	\$ 11.68
Kiosks	50,000	\$ 11.68
Building contractors (imported)	1,000,000	\$ 233.64
Building contractors (local)	500,000	\$ 116.82
Tyre repairers	20,000	\$ 4.67
Bike fitters	40,000	\$ 9.35
Cow traders	150,000	\$ 35.05
Sheep/goat traders	50,000	\$ 11.68
Video club's license	50,000	\$ 11.68
Mobile charging centers	25,000	\$ 5.84
Private clinics	100,000	\$ 23.36
Private nurses	50,000	\$ 11.68
Photographer's license	30,000	\$ 7.01
Coffee buying agents	100,000	\$ 23.36
Cocoa buying agents	100,000	\$ 23.36
Kola nut buying agents	100,000	\$ 23.36
Spice and bush pepper buyers	75,000	\$ 17.52
Timber companies	5,000,000	\$ 1,168.22
Communication poles	5,000,000	\$ 1,168.22
Mining companies (large)	5,000,000	\$ 1,168.22
Petrol/fuel stations	250,000	\$ 58.41
Diamond dealers association	5,000,000	\$ 1,168.22
Bike riders union	100,000	\$ 23.36
Motor drivers union	150,000	\$ 35.05
International chiefdom crossings		

<sup>123</sup> Exchange rate for 31 December 2012 (4280).

Type	Daily payment (Le)	
Cocoa (exit tax per bag)	3000	\$ 0.70
Coffee (exit tax per bag)	3000	\$ 0.70
Spice (exit tax per bag)	3000	\$ 0.70
Bush pepper (exit Tax per bag)	3000	\$ 0.70
Boards 2 inch (exit tax)	1000	\$ 0.23
Boards 1 inch (exit tax)	500	\$ 0.12
Palm oil per batta (exit tax)	10,000	\$ 2.34
Kola nut (exit tax per bag)	3000	\$ 0.70
Palm kernel (exit tax per bag)	2000	\$ 0.47
Cow entrance (entrance per cow)	5000	\$ 1.17
Goat/sheep (entrance tax)	2000	\$ 0.47
National chieftdom crossings		
Type	Daily payment (Le)	
Banana (per bag)	500	\$ 0.12
Plantain (per bag)	1000	\$ 0.23
Cocoa (per bag)	1000	\$ 0.23
Coffee (per bag)	1000	\$ 0.23
Kola nut (per bag)	1000	\$ 0.23
Spice (per bag)	2000	\$ 0.47
Bush pepper (per bag)	2000	\$ 0.47
Palm kernel (per bag)	1000	\$ 0.23
Boards 2 inch (exit tax)	1000	\$ 0.23
Board 1 inch (exit tax)	500	\$ 0.12
Palm oil (per batta)	500	\$ 0.12
Cow (exit tax per cow)	5000	\$ 1.17
Goat/sheep (exit tax per head)	2000	\$ 0.47
Scrap metals (exit tax per truck)	100,000	\$ 23.36
Scrap metals (exit tax per trailer 10 tyre)	120,000	\$ 28.04
Scrap metals (exit tax per trailer above 10 tyre)	150,000	\$ 35.05

**Table 6 Financial summary of the Commune of Pèrèrè, Benin (2015)**

<b>FINANCIAL SUMMARY OF THE COMMUNE OF PERERE</b>			
Source: CONAFIL, (données en milliers de Fcfa)		(data in thousands of CFA francs)	
<i>(English translation)</i>		2015	Expressed as % of Total Revenues
<b>Recettes totales</b>	<b>Total revenues</b>	429,079	100%
<b>Recettes de Fonctionnement</b>	<b>Operating revenues</b>	124,804	29%
<b>Recettes propres</b>	<b>Own revenues</b>	19,346	5%
Recettes fiscales	Tax revenues	12,872	3%
dont Patentes et licences	of which Patents and licenses	4,404	1%
dont Foncier	of which Land	3,397	1%
dont TDL	of which TDL	3,621	1%
dont Taxes locales	of which local taxes	1,451	0%
Recettes non fiscales	Non-tax revenues	6,474	2%
dont Exploitation, services	of which Operating, services	6,474	2%
dont Domaine	of which Domain	0	0%
Recettes partagées	Shared revenues	8,717	2%
dont Taxe de voirie	of which road tax	5,020	1%
dont Taxe sur expl. carrières et mines	of which tax on quarries and mines	76	0%
Transferts de fonctionnement	Operating transfers	93,936	22%
dont FADeC fonct.*	of which FADeC fonct.*	126,374	29%
<b>Recettes d'investissement</b>	<b>Investment revenues</b>	304,275	71%
dont Prélèvement sur fonct.	of which Operating Levy	0	0%
dont Transferts d'investissement	of which Investment transfers	304,275	71%
dont FADeC invest.*	of which Investment ADF*	271,837	63%
dont Orga. Internationaux	of which Orga. International	39,844	9%
<i>(English translation)</i>		2015	Expressed as % of Total Expenditures
<b>Dépenses totales</b>	<b>Total Expenditures</b>	430,445	100%
<b>Dépenses de fonctionnement</b>	<b>Operating expenses</b>	96,837	22%
dont Charges de personnel	of which Personnel costs	36,812	9%
dont Dépenses de structure	of which structural expenses	8,354	2%
dont Dépenses de services A et B	of which A and B services	7,776	2%
dont Entretien, répar. et maintenance	of which maintenance, repair and upkeep	1,998	0%
dont Indemnités et frais de missions...	of which allowances and mission expenses...	3,565	1%
dont Prélèvement pour investissement	of which Investment levy	0	0%
<b>Dépenses d'investissement</b>	<b>Capital expenditure</b>	333,608	78%
dont Ouvrages d'infrastructure	of which Infrastructure works	76,164	18%
dont Bâtiments admi. et commerciaux	of which administrative and commercial buildings	121,097	28%
dont Bâtiments scolaires	of which school buildings	0	0%
dont Bâtiments sanitaires	of which sanitary buildings	0	0%
dont Bâtiments commerciaux	of which commercial buildings	59,457	14%
dont Réseaux d'adduction d'eau	of which water supply networks	0	0%
dont Réseaux d'assainissement	of which sewerage networks	18,238	4%
dont Réseaux d'électrification	of which electrification networks	0	0%
dont Matériel et outillage de voirie	of which road equipment and tools	0	0%
dont Matériel et mobilier	of which equipment and furniture	0	0%

Source: CONAFIL

**Table 7 Author estimates of costs of revenue production in Pèrèrè, Benin**

Estimated costs of revenue production in Pèrèrè, Bénin, in 2015, according to financial statistics from CONAFIL and author's cost estimates based on interviews. Expressed in thousands of CFA	Estimates of Costs related to tax collection	Estimated costs in USD	Costs expressed as a % of locally mobilised revenues	Costs expressed as a % of total revenues
Personnel costs (an estimated 50% of total personnel costs dedicated to DRM)	18,406	\$ 33,492		
Conservative estimate for operational expenses related to tax collection	12,000	\$ 21,835		
Total estimated costs related to tax collection, outlay by Perere Municipality	30,406	\$ 55,328	108%	7%
Total estimated costs related to tax collection, rebate / reimbursement to central revenue authority, 20% of total "operating revenues" (revenues mobilised locally)	5,613	\$ 10,213		
Total conservative estimate for revenue production costs	36,019	\$ 65,541	<b>128%</b>	
Total conservative estimate for revenue production costs, expressed as a % of total local revenues				

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