Received: 21 March 2022 | Revised: 9 November 2022 | Accepted: 18 January 2023

DOI: 10.1002/jid.3756

RESEARCH ARTICLE

JOURNAL OF INTERNATIONAL DEVELOPMENT WILEY

Tax and governance in rural areas: The implications of inefficient tax collection

Vanessa van den Boogaard[1] | Rachel Beach[2]

[1]International Centre for Tax and Development and Munk School of Global Affairs and Public Policy, University of Toronto, Toronto, Canada

[2]United Nations Development Programme, Amman, Jordan

Correspondence
Vanessa van den Boogaard, Munk School of Global Affairs and Public Policy, University of Toronto, 315 Bloor Street West, Toronto, ON M6P 3N9 Canada.
Email: v.vandenboogaard@utoronto.ca

Funding information
Norwegian Agency for Development Cooperation, Grant/Award Number: QZA-17/0153; UK Aid, Grant/Award Number: 300211-101; Bill & Melinda Gates Foundation, Grant/Award Number: OPP1197757

Abstract

While there has been increasing policy attention on broadening tax bases in low-income countries, taxing citizens in rural areas often leads to neither revenue gains nor stronger accountability outcomes. Through case studies of Sierra Leone and Togo, we demonstrate that revenue collection in rural areas is highly inefficient, leading to little, if any, revenue gains after factoring in collection costs. Accordingly, we question the existing rationales for extending taxation to rural citizens in low-income countries. Instead, we argue for a rethinking of the role of taxation in rural areas, considering the nature of social contracts and limited fiscal reciprocity.

KEYWORDS
fiscal reciprocity, governance, rurality, Sierra Leone, social contract, sustainable development financing, taxation, Togo

1 | 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 whilst reducing dependence on international aid, it is also influenced by the idea that expanded taxation can result in positive governance dividends for taxpayers (Moore, 2007; Prichard, 2015). In line with this, domestic and international policy attention has often focused on broadening the tax base. A growing body of research has questioned the logic of extending the tax base amongst 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 service delivery outcomes (Gallien & van den Boogaard, 2021; Joshi et al., 2014; Meagher, 2018). However, the challenges and impacts 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.[1]

Despite this lack of attention, rural taxation has significant implications for both a large group of taxpayers and governance and accountability outcomes related to taxation. Despite growing urbanisation in low-income countries, rural populations remain substantial; as of 2015, 57% of West Africans and the majority of citizens in 11 of 16 West African countries live in rural areas (OECD/SWAC, 2020). Consequently, rural tax collection efforts are how most people experience taxation. It is, in part, through the 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 revenue efficiency and potential and, consequently, for service delivery and nature of fiscal reciprocity. The reality of rural revenue inefficiency raises questions about the rationale for and appropriateness of rural tax collection efforts.

In this paper, we draw attention to the realities of rural taxation through two illustrative country case studies in West Africa: Togo 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 due to high concentrations of poverty and limited fiscal mandates, as well as high collection costs resulting in part from low population density and the illegibility of tax bases.

We argue that these realities have important implications for governance and service delivery, implying a need to rethink the nature of reciprocity relationships between citizens and the state, the role of government in rural areas and the appropriateness of taxing rural citizens. We suggest that there is a need to both calibrate citizen expectations when it comes to fiscal reciprocity and to emphasise the role of rural government administration in facilitating or lobbying for, rather than directly providing, public services and development. We further question whether rural citizens should be taxed at all, highlighting that, in part because of the realities of rural revenue inefficiencies, notions of the social contract and attendant citizenship rights should be conceptually and practically delinked from taxation. Though there may be an argument for abolishing taxes on poor, rural citizens from an efficiency and equity perspective, we further explore the various non-revenue motives for taxation that may make tax abolition unlikely in practise. As we show, rural taxation can serve other functions, including strengthening the state's authority and control over rural spaces, building linkages between the state and citizens, granting access to local citizenship rights and providing "seed money" to attract external revenues for development projects.

After introducing our case studies and data in Section 2, we outline the realities of inefficient tax collection in rural Sierra Leone and Togo (Section 3). In Section 4, we delineate the reasons behind rural revenue inefficiency, whilst in Section 5 we show how street-level tax collectors and local authorities respond to the realities of scarce revenues and manage inefficiencies. In Section 6, we consider the implications of revenue inefficiency for public goods provision in rural areas and call for a re-thinking of the nature of fiscal reciprocity, the role of government in rural areas and the desirability of taxing rural citizens. Section 7 addresses the lingering puzzle of why rural taxation persists despite the revenue inefficiencies. 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 reciprocity, the role of government and the nature of fiscal–social contracts in rural, low-income contexts.

2 | METHODS

Our analysis is based on two country case studies that are illustrative of broader patterns of rurality and revenue raising in West Africa and in low-income countries more generally (Table 1). Throughout our analysis, we provide

[1]Illustratively, in 2016, 98% of Togo's domestic (internal) revenues were mobilised in the metropolitan area of Lomé, its capital (data from the Togolese Revenue Authority).

TABLE 1 Case studies and relevant comparisons for West African and low-income states.

Case	GDP per capita (2016, current $US)	% Rural population (2016)	Tax to GDP ratio (2016)	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, French (semi-direct rule following WWI)
Sierra Leone	$501	59%	11.18%	Decentralisation post-2004, though issues with fiscal decentralisation in practise	British (indirect rule)
West Africa average	$1 177	57%	12.75%	–	–
LIC average	$746	67%	11.34%	–	–

Source: World Bank, UNU/WIDER GRD.

supporting examples from other case studies that indicate similar patterns of inefficient rural revenue collection, even in larger countries with greater revenue collection capacity. Whilst larger countries tend to have greater collection capacity, they also tend to have much more expansive rural areas; as such, our smaller case studies represent “least likely” cases where the remote expanses are fewer, and distances from urban areas often shorter. In these cases, we would, thus, expect revenue efficiency to be higher in rural areas than in larger territories.

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. Whilst some local governments charge local taxes and fees in rural areas, not all do so, with the central government collecting both centrally and locally designated taxes. 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). Meanwhile, in Sierra Leone, city, municipal and district councils were established in 2004 following the civil war, when an ambitious decentralisation programme was a priority for the government and donors. Nevertheless, chiefdom administrations retain an important role in formal decentralised tax collection outside of Freetown, collecting the most common tax, the local (poll) tax, on behalf of the local government, reflecting the British colonial legacy of indirect rule. There remains, however, significant confusion and tension between local government and chiefdom tax authorities, with chiefs remaining essential to local tax collection though not always sharing revenue with local governments (van den Boogaard, 2020). Meanwhile, the National Revenue Authority (NRA) collects limited taxes outside of the capital region; the NRA has three sub-offices in provincial capitals, though the vast majority of taxpayers are based in Freetown.

Within our case studies, we rely on public revenue data, key informant interviews and participant observation, drawing on the specific experiences and challenges of tax collectors and administrators in rural areas. In Togo, one of the authors spent 5 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 officials at all levels of the Togolese Revenue Office (referred to by its French acronym OTR [Office Togolais des Recettes]), local government officials, chiefs and taxpayers. Data is also drawn from participant observation of the central revenue authority's monitoring of field agents. 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.[2] 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, 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.[3] We also draw on ethnographic observations of tax collection, customs outposts, district council offices and chiefdom administrations.

3 | THE REALITIES OF INEFFICIENT RURAL TAX COLLECTION

Tax collection in many low-income countries is costly and inefficient (e.g., Crook, 2003; Stotsky & WoldeMariam, 1997).[4] As Moore articulates (Moore, 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 suggests that these inefficiencies are often more extreme in rural areas, where most of the population in West Africa and much of Africa reside (OECD/SWAC, 2020).

In 2015 in Togo, for instance, the revenue collection costs of central government field offices in rural areas amounted to an average of 31% of total revenues collected, relative to 8% in the more urban coastal Maritime region.[5] Within the most remote territories, revenue collection costs were even higher—38% in the northernmost region of Savane and 43% in the expansive Plateaux. Illustratively, the entirety of 154 staff dedicated to tax efforts outside Lomé mobilised US$7.5 million — the equivalent of 2% of total revenues.[6] By comparison, 171 staff focused on small taxpayers in Lomé collected US$24.6 million in 2015 (Appendix, Table A1). On average, tax collectors outside of Lomé mobilised US$3 952 per month per staff member, compared with US$11 982 per month amongst small businesses in Lomé. With an average monthly salary of US$427, personnel costs alone consumed a minimum of 10% of revenues. Meanwhile, nine out of 41 customs posts in the interior collected revenues that amounted to less than the average annual cost of one staff member (Appendix, Table A2).[7] Overall, the tax and customs revenues generated from the interior of Togo represented 2.6% of total revenues collected by the OTR (Appendix, Table A3). These figures hold true when looking exclusively at customs where the proportion of customs revenues generated from an extensive number of customs posts positioned outside Lomé generated 3.2% of total customs revenues, and 1.9% of all OTR revenues.

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). For example, of nine customs outstations, 98% 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) (NRA, 2015a). Other outstations reported minimal revenues, with two outstations reporting no revenue at all for some years (NRA, 2015b). Meanwhile, sub-national tax revenues are much lower in rural areas

[2]Whilst this data does not exclusively report on rural areas, it is a useful source of information given the limited nature of urbanisation in the interior. The four largest cities in the interior had a population of less than 100,000 in 2010 (The General Directorate of Statistics and National Accounts, 2010), whilst almost no medium or large taxpayers file taxes outside of the Maritime region.

[3]Kailahun, Koinadugu and Kono are 71, 82 and 75% rural, respectively (GoRSL, 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.

[4]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. Tax collection costs range between 0.3 and 1.7% of the revenues mobilised in high-income countries (OECD, 2015) and are estimated at an average of 2.3% in African countries (ATAF, 2019). However, because there is a lack of operational data on tax efforts in African states, Moore (2020) suggests that costs of revenue production in some regions of these countries are likely to be much higher than the average.

[5]Costs are estimated based on staffing data, staff salary ranges, total revenues mobilised in by region and an assignment of operations and capital expenditures provided by the OTR.

[6]Unless otherwise noted, US$ exchange rate for CFA is 0.001687, the annual average for 2016 (World Development Indicators [WDI], World Bank).

[7]Based on the assumption that customs officials receive salaries on par with the salaries of tax collection agents, who both operate under the same umbrella of the OTR.

(Figure 1). Government officials reported that some types of taxes are simply "not worth it" to collect given the costs of transportation and fuel, the large distances to be covered and poor road conditions in many regions. For example, an official at the Ministry of Finance and Economic Development (MoFED) 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."[8] In Koinadugu, the most remote district in the country covering the largest area, the Chief Administrator (CA) noted that the cost of fuel alone was often more than they would collect in taxes.[9]

Illustratively, the costs of collecting the local poll tax, levied annually at a rate of 5 000 SLL (US$0.65) on every adult, are high.[10] For example, in Koinadugu, where 82% of the population is rural, total revenues from the local tax in 2016 equalled 658.3 million SLL (US$104 653), capturing payment from 131 662 taxpayers across 11 chiefdoms, representing about 11 taxpayers per square kilometre.[11] 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 (US$12 400) (Figure 2).[12] From one chiefdom, the district council gained as little as 3.7 million SLL (US$588).[13] Further, in 2017, projected revenue collection costs for the Koinadugu District Council amounted to 98% of average local government revenues from 2005 to 2017 (131 143 077 SLL or $US30 725).[14] Even the monthly allowance to the Valuation Officer, financed by the local government (300 000 SLL or US$41),[15] amounts to 3% of average local revenue, or 5% of average tax revenue, from 2005 to 2017.

Whilst this revenue collection inefficiency is stark, it is plausible that revenue potential is higher in rural areas than the figures above suggest given revenue leakages. Indeed, evidence shows that a share of revenue collection never reaches government budgets, particularly in rural areas away from central state oversight, but instead goes towards informally financing government activities "off the books" or is retained directly by tax collectors and higher levels of administration (e.g., van den Boogaard et al., 2019, 2021; Paler et al., 2017; Prud'homme, 1992; Sánchez de la Sierra et al., 2020). In Sierra Leone, for example, though chiefs are meant to remit a proportion of the revenue for the taxes they collect on behalf of local governments, they do not always do so in practise (van den Boogaard, 2020), meaning that the total revenue collected is higher than what is reflected in local government budgets. Meanwhile, collection of a significant amount of informal taxes in rural areas also suggests that revenue potential is higher than what is reported (Olken & Singhal, 2011).

However, in our cases, rural revenue potential remains low even when considering the revenue that does not get remitted to state coffers. As noted above, the amount of tax collected at the local level is relatively small—the local tax is 5 000 SLL (US$0.65) annually, whilst market dues are generally about 500 SLL (US$0.07) daily. The amount of possible tax revenues, thus, remains small from the perspective of the state: even if 100% of revenues from the local tax went to the state each year from 2005 to 2017, it would have only amounted to an average of 0.12% of total government revenues, or 0.013% of gross domestic product (GDP) (van den Boogaard, 2020, 150). For informal taxes, meanwhile, the cost of collection for the state is often prohibitively high, whilst there are many forms of informal taxes that the state has neither the capacity nor the interest to collect (van den Boogaard, 2020, 315–22). In part, this

[8]Interview, MoFED official, Freetown, 1 December 2016.

[9]Interview, CA, Koinadugu District Council (DC), Kabala, 20 May 2017.

[10]Unless otherwise noted, US$ exchange rate for SLL is 0.000131, the average for 2016–2019 (WDI, World Bank).

[11]Using average exchange rate for 2016.

[12]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% of revenues after deducting the costs of collection at the chieftaincy level. Revenue from the local tax is shared between the district councils and chiefdoms, though chiefdoms also received little revenue from the exercise. Across the district, chiefdoms received an average of 29 million SLL (US$4 610). Using average exchange rate for 2016.

[13]Using average exchange rate for 2016.

[14]Using average exchange rate from 2005 to 2017. Meanwhile, average annual tax revenues from 2005 to 2017 amounted to only 66,432,307 SLL ($US15 564 using average exchange rate from 2005 to 2017). 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, or US$16 799 using average exchange rate for 2017); accordingly, it is possible that expenditures were less than projected. Tax collection was much lower in 2017 than previous years (for which we do not have revenue collection costs), which is why we compare collection costs with average revenue generation over a longer period. If we compare the projected revenue collection costs for 2017 with only 2017 revenues, we find that collection costs are projected to make up 66% of own sources revenues, or 1 434% of tax revenues.

[15]Using average exchange rate for 2017.

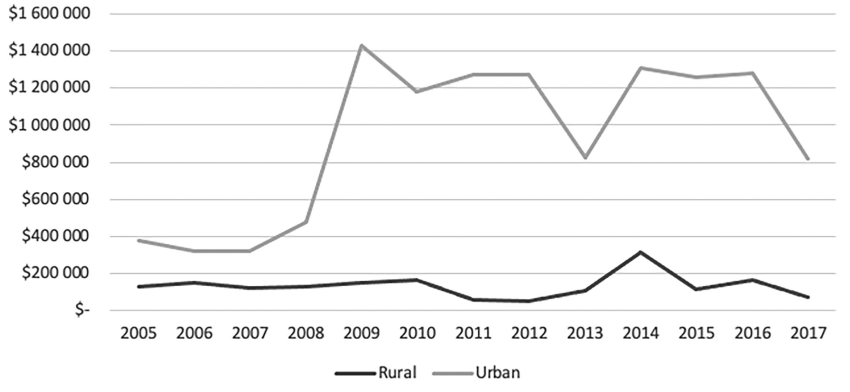

FIGURE 1 Total sub-national tax revenues in Sierra Leone (USD), rural versus urban.

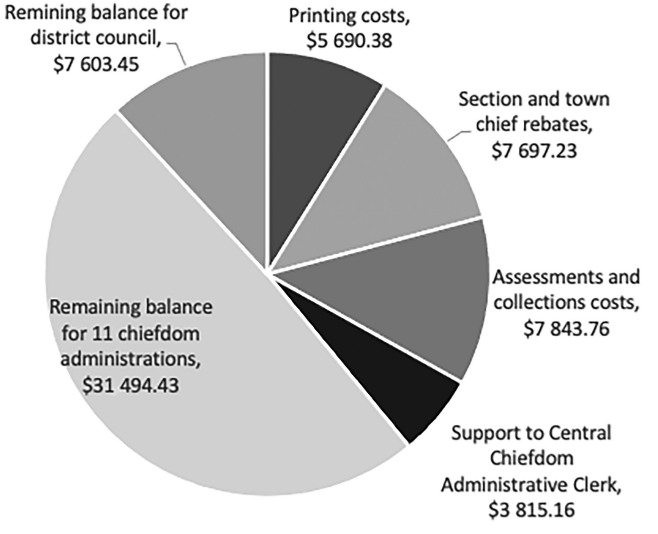

FIGURE 2 Distribution of local tax collection costs and remaining balances (USD), Koinadugu district, Sierra Leone (2016).

is because weak state capacity and the low legitimacy of the state relative to chiefs "may require more coercive (e.g., cost-intensive), rather than quasi-voluntary, methods of enforcement, significantly diminishing the cost-effectiveness of tax collection" (van den Boogaard, 2020, 321). At the same time, it is important to recognise the ways in which tax collection agents in Togo and Sierra Leone subsidise government tax collection costs, including by using their own personal means and resources to carry out their work. In such instances, reported revenue collection may actually be higher than it should be, as it does not accurately reflect revenue collection costs.

Of course, there may be exceptions where revenue collection potential is higher in rural areas, including in borderlands. Traders in rural areas are often amongst the wealthiest but face limited taxation as a result of less state surveillance in remote areas, collusion and revenue leakages (e.g., Bensassi et al., 2017; Chalendard et al., 2021). These leakages, however, are often embedded in political economy logics, central to sustaining local political settlements. In some contexts, as in Sierra Leone, governments may, thus, have limited incentive to rein in informal taxation or off-the-books collection because they may benefit from hierarchies of corruption (e.g., Sánchez de la Sierra et al., 2020) or because informal taxing institutions play a role in reinforcing state authority and statebuilding (van den Boogaard, 2020). Accordingly, even though greater revenue collection potential exists, there is no reason to think that the government may be able to capture it.

4 | UNDERSTANDING REVENUE INEFFICIENCIES

Our evidence clearly points to the inefficiency of rural revenue collection in Togo and Sierra Leone. Whilst 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.

4.1 | 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, scarce revenue potential is shaped by the high concentration of poverty in rural areas. More than three-fourths of rural populations in West Africa fall below the poverty line (OPHI and UNDP, 2020). A substantial majority of the rural population is engaged in (largely subsistence) agricultural production, suggesting highly constrained capital and wealth accumulation. In effect, "from the perspective of the state's tax collector", many rural areas may be considered "fiscally sterile" (Scott, 2017, 135).

Second, in decentralised states, sub-national governments often have only a limited set of tools available to them when taxing the rural economy. Importantly, many of these tools, including market dues and small business licences, target tax bases with the least revenue potential in a given region (Devarajan et al., 2009; Smoke, 2013). For example, in Togo, the 2007 decentralisation law ascribed an array of service provision competencies to local authorities, though most of the authority for the revenue collection instruments intended to finance these services remained in the hands of the central administration (Beach, 2018, 266–68).[16] Many local governments, finding themselves in short supply of tax instruments, resort to imposing fees on any economic activity or administrative service they can justify. This reflects the broader proliferation of low-revenue, highly inefficient small taxes and user fees—often described as "nuisance taxes"— across many low-income contexts (Bahiigwa et al., 2004; Moore et al., 2018, chap. 7).

4.2 | 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 and the illegibility of key sources of finance. 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.[17] 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 an average of 34 people per square kilometre. These collectors had only

[16] In most contexts, service delivery mandates are largely funded through intergovernmental transfers and would likely continue to be so even if local governments had more fiscal instruments at their disposal. Nevertheless, the limited nature of tax tools available to most local governments increases this reliance on fiscal transfers and aid. Conflict over revenue collection authority—whether between the central government and local governments, or local governments and traditional authorities—can further limit the fiscal tools available to local governments.

[17] 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 et al., Forthcoming; Gallien & van den Boogaard, 2021).

two motorbikes, in an area without public transportation options, limited private transportation options, and an extremely limited road network.[18] The road network in many parts of the country is notoriously bad and poorly maintained, with many rural roads only passable with a 4 × 4 or a motorbike. At least one of the NRA's customs outposts (Jendema), meanwhile, is completely impassable during rainy season. Whilst 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 that they are unable to cover the territory under their control. For example, for the 14 chiefdoms in the district, there was an average of six police officers (used in tax enforcement) per chiefdom, covering on average 106 villages, which are not well connected by roads. The distance to district council offices likewise creates an obstacle for taxpayers. For instance, rural citizens in Togo explained 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. This often means that officials have to go to taxpayers—village-to-village, door-to-door—instead of waiting for them to come to rural outposts.[19]

Second, most rural tax bases are highly illegible to the state.[20] Whilst illegibility is likewise an issue amongst the urban poor and broader informal economy, property registers are particularly lacking in rural areas of low-income countries (Boone, 2014). Only 2 to 3% of property is formally registered with a written title in West Africa, and this is mostly in metropolitan areas (Deininger, 2003; Toulmin, 2008). Most rural property ownership arrangements are managed through the stewardship of traditional chieftaincy customary land tenure systems, which may be preserved through oral record, paper documentation at the village level or visual markers. The lack of verifiable ownership information does not always make tax collection impossible—indeed, governments are increasingly recognising that they can collect property taxes without formal ownership information (Grieco et al., 2019)—though it can make collection and enforcement more time intensive whilst being particularly challenging for the collection of land and rental income taxes. More generally, tax officials face a dearth of systematised and digitised information about the rural economy, such as identity cards or commercial transaction receipts. 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, extrapolating from that to estimate turnover and profit margins. These efforts can consume significant amounts of time in tax officials' efforts.[21]

4.3 | Low-tax, low-capacity traps

The revenue inefficiency of rural areas both results in and is reinforced by 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—a fact that mirrors low-income realities more broadly (Bierschenk & Olivier, 2014). For instance, 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.[22]

---

[18]Interview, Valuator, Kono DC, Koidu, 22 June 2017. Whilst the recent de-amalgamation of the district and some chiefdoms may lessen the distance to taxpayer, it likewise adds substantial costs associated with funding the new administrations.

[19]As described above, tax collectors often finance many of these expenses out of 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 revenue efficiency.

[20]Scott (1998) identifies illegibility 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 and catalogued information.

[21]Interview, senior official, OTR Field Office, Lomé, 1 September 2016; interview, OTR field staff, Blitta, 29 September 2016; interview, OTR Bureau Chef, Regional Office, Dapaong, 7 October 2016.

[22]Interview, OTR field staff, Pagouda, 4 October 2016

A lack of internet connection or access to internal networks often forces agents to establish independent databases or rely on paper-based systems that create an abundance of inefficiencies, evidenced across our case studies. To manage their affairs, officers in our case studies frequently use their own motorcycles, computers, phones and internet connections to conduct their work; in Sierra Leone, for instance, "Most times the managers have to spend from their own pockets for official works" (NRA, 2019). At the same time, staffing is often limited in rural administrations and challenging given that postings are often seen as less favourable. In Togo, agents posted to some rural areas reported working 7 days a week and skipping lunches to cover their territory.[23] Similarly, the NRA's rural outposts are poorly staffed, with officials noting that "staff strength is a big challenge across all the outstation offices" (NRA, 2019). 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). In our case studies, limited revenue collection capacity is, thus, both a cause and consequence of revenue inefficiency, reinforcing low-tax, low-capacity traps.

5 | STRATEGIES TO MANAGE RURAL REVENUE INEFFICIENCIES

Rural revenue collection is inefficient, with tax collectors facing limited revenue potential and high collection costs. In response, street-level bureaucrats often undertake strategies to mitigate against inefficiencies (see also Beach, 2018); as Scott (2017, 130) describes, tax collectors are "interested, above all, in the ease and efficiency of appropriation". At the same time, in the face of rural poverty, revenue collectors in some contexts adjust mandated tax rates to mitigate against inequities. Whilst 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.

First, where officials recognise the inefficiency of collection, they may simply not collect revenues. In Sierra Leone, 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. Whilst the reasons for doing so are partly political (van den Boogaard, 2020, 126–63), they are also in part a result of the fact that it is not profitable for local governments to collect them. As a local government official explained, "We can't collect because of a lack of presence. We can't afford to have collectors there."[24] 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 not generating sufficient funds were under consideration to be closed.

Second, tax collectors adopt strategies to selectively target taxpayers to limit the time and cost of collection. In our case studies, tax collectors often treated the fiscal code as a toolkit rather than a guide, whilst targeting a limited subset of the most economically promising taxpayers. In Togo, for instance, tax agents were found to be selective in which tax instruments they impose in their door-to-door assessments, focusing only on the most easily imposable tax instruments, including outdated tax instruments, which had been replaced but were familiar to inhabitants. At the same time, 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.[25]

Third, in the interest of limiting logistical challenges in covering vast distances, tax and customs authorities make use of physical bottlenecks and ringfencing strategies, employing roadblocks at village access points, crossroads and entrances to regional markets—a strategy similarly imposed in urban areas in other contexts.[26] In Sierra Leone, for example, both local and central government tax collectors frequently target weekly *luma* markets as a way of making collection worth their effort for relatively small taxes and taxpayers. To improve tax mobilisation yields, rural tax

[23]E.g., Interview, senior customs official, OTR, Atakpamé; 28 September 2016; interview, OTR field staff, Pagouda, 4 October 2016.
[24]Interview, Finance Officer, Koinadugu DC, Kabala, 25 February 2019; interview, Valuator, Koinadugu DC, Kabala, 22 May 2017.
[25]Interview, OTR field staff, Blitta, 29 September 2016.
[26]This is line with reports that suggest 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 & van den Boogaard, 2017; Resnick, 2020).

agents in both countries also reported timing their collection efforts to coincide with harvest seasons, when residents were most likely to have cash.

Fourth, to overcome inefficiencies and low collection capacity, some governments have experimented with outsourcing tax collection (Fjeldstad et al., 2009; Kiser & Baker, 1994), building on millennia-old models of tax farming. In some instances, this outsourcing is informal, as in Sierra Leone where customs outposts often rely on volunteers who are compensated through revenues collected informally (van den Boogaard et al., 2021). Instances of privatised tax collection are better documented, though research suggests that privatisation is unlikely to alleviate the inefficiencies associated with public collection whilst often simply shifting the site of corruption or informal negotiation of tax rates (Iversen et al., 2006). In Sierra Leone, for example, attempts to privatise property tax collection in rural districts were widely seen as a failure, with high commission rates of private actors limiting revenue efficiency, whilst being accompanied by corruption scandals.[27] 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. Local actors may have informational advantages beneficial to tax collection and in some contexts enjoy greater legitimacy amongst taxpayers, making tax collection easier and less costly (Balán et al., 2020; van den Boogaard & Santoro, 2022). In both Togo and Sierra Leone, such reliance on chiefs is common because of their proximity to taxpayers, the hierarchy of chieftaincy and the legitimacy of traditional authorities relative to local governments (Beach, 2018; van den Boogaard, 2020). Most commonly, building on the colonial model of indirect rule, the Sierra Leonean government outsources the collection of the local poll tax to chiefs. In recent years, some sub-national governments in Sierra Leone have engaged in negotiations with chiefs to consider a "partnership" model of tax collection. The nature of these partnerships and the proportion of revenues accruing to local governments vary significantly, largely dependent on the balance of power between chiefs and local governments (van den Boogaard, 2020, 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 efficiency. As described by the Director of one of the non-governmental organisations (NGOs) that facilitated the agreements, "The law says that the DC [district council] should get 100% [of revenues]. But this is not practical. The DC is not able to collect 10%, so why not get 60% [giving 40% to chiefs]?… [It's] technically illegal, but it works."[28] Similarly, a central government official saw the arrangements as ultimately "a really positive thing", allowing for greater state collection and revenues whilst seeing the disadvantage—sharing revenues with chiefs—as an unfortunate but necessary "cost of doing business."[29] Similarly, in keeping with colonial patterns in Togo, the OTR's tax agents were found to be relying increasingly on the assistance of local chiefs to ensure compliance amongst villagers — chiefs who are perceived as a much more effective authority than the far-away central state (Beach, 2018, 340–47).

6 | IMPLICATIONS FOR PUBLIC GOODS PROVISION, ACCOUNTABILITY AND THE ROLE OF THE STATE IN RURAL AREAS

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 relationships between the state and taxpayers? Critically, our evidence suggests that rural tax efforts are often only sufficient to cover salaries and a minimal level of operating expenses of rural administrations, reflecting broader trends in West Africa and beyond (e.g., Guyer, 1992; Juul, 2006; Salah, 2014). Official data from sub-national governments

[27]Interview, representative, Kailahun DC, Kailahun, 23 March 2017.
[28]Interview, Executive Director, Fambul Tok, Freetown, 7 April 2017.
[29]Interview, official, LGFD, MOFED, Freetown, 4 May 2017.

across sub-Saharan Africa show that per capita revenue collection outside of capital cities is frequently in the range of US$1–3 per year and often only modestly higher even in larger secondary cities.[30] 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".[31] Local government tax revenues in rural areas amounted to an average of only US$0.02 per capita from 2005 to 2017, relative to US$0.40 in urban areas (Figure 3). Unsurprisingly, local government budgets primarily cover recurrent costs, though even the salaries of staff are dependent on transfers from the central government. For example, in Koinadugu, 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.[32] In the following year, budget projections in the district, including expenditures from both own-source revenues *and* government transfers, allowed for only SLL126 million (US$17 063) in capital investments or public service provision (sufficient only for the construction of three box culverts), amounting to about 6% of the total budget for 2017.[33] This was equivalent to 94% of the average of own-source revenues from 2005 to 2017, or 190% of local tax revenues. The rest of the local budget (including own-source revenues and intergovernmental transfers) were spent on recurrent office and administrative costs. The same is true for chiefdom administrations, with revenues that predominately fund recurrent costs like personnel (Figure 4). In Kailahun in 2017, development projects were undertaken by only two of 14 chiefdoms, with an average project size in those chiefdoms of SLL5.8 million (US$785).[34] In Togo, commune expenditures outside of Lomé are likewise largely dedicated to recurrent expenditures (World Bank, 2019, 16).

This inability to finance capital investments, development projects and public services has significant implications for relationships with taxpayers and their expectations of fiscal reciprocity. Indeed, the inefficiency of rural tax collection in our case studies points to a fundamental disconnection between taxpayer expectations of what the government should provide and the reality of what tax yields in rural areas can finance. In Sierra Leone, for example, local officials described being in a "budget trap", with local government revenues incommensurate to public expectations of services.[35] This creates considerable obstacles for local governments' authority. As described by a representative of the Local Government Finance Department (LGFD) 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.[36]

The Acting Director of the LGFD 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'.[37] Similarly, a local government official explained that there is "not enough money to take on capital expenditures. We have limits. There are challenges communicating this [with taxpayers]. The expectations are very high […] People

[30] See, for example, data from Sierra Leone (Jibao & Prichard, 2016), Ghana (Prichard & van den Boogaard, 2017) and Côte d'Ivoire (Sanogo & Brun, 2016).

[31] Interview, CA, Koinadugu DC, Kabala, 20 May 2017.

[32] Interview, CA, Koinadugu DC, Kabala, 20 May 2017; interview, DC Chairman, Koinadugu DC, Kabala, 22 May 2017.

[33] Using average exchange rate for 2017.

[34] As a forecast of future activities, this figure is likely overestimated. These projects were the rehabilitation of feeder roads and the construction of a toilet. Using average exchange rate for 2017.

[35] Interview, Valuator, Koinadugu DC, Kabala, 16 February 2017.

[36] Interview, Acting Director, LGFD, MoFED, Freetown, 1 December 2016.

[37] Interview, Acting Director, LGFD, MoFED, Freetown, 1 December 2016.

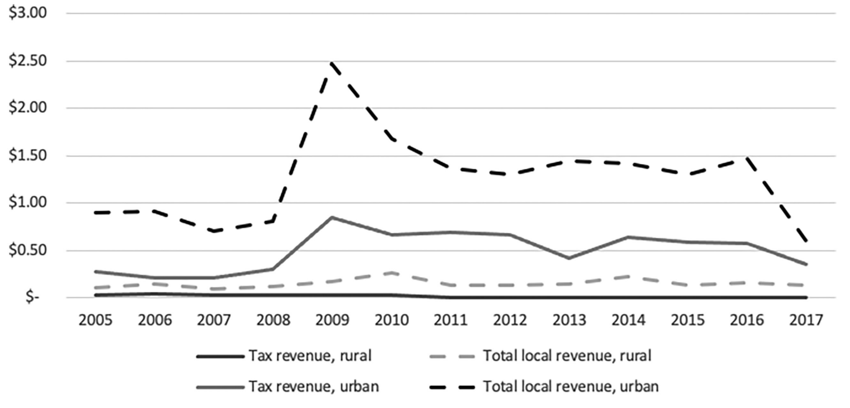

FIGURE 3 Per capita local government revenue data for Sierra Leone (USD), 2005 to 2017. *Abbreviations*: SSL, Statistics Sierra Leone; WDI, World Development Indicators.

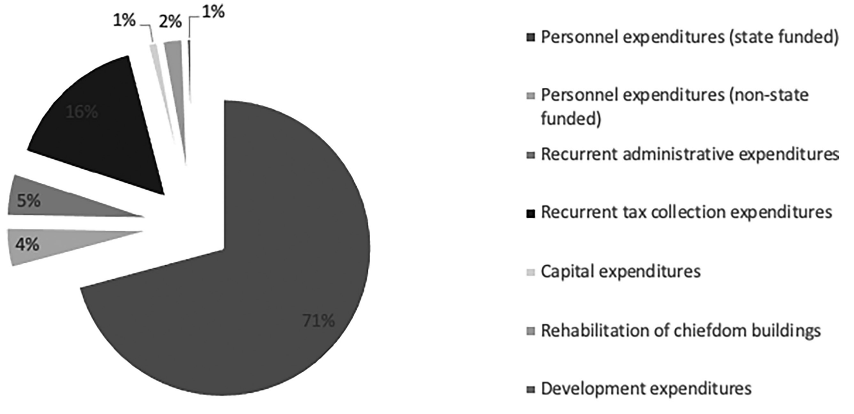

FIGURE 4 Average projected chiefdom expenditures as a proportion of total expenditures, Kailahun (FY2017).

blame you for everything."[38] In Togo, meanwhile, rural taxpayers and even entire villages reportedly became aggressive with tax collectors on a number of occasions, exclaiming that the levels of development were low and that the government should do more before they would agree to pay more taxes.[39] This disconnect between expectations and service delivery has important implications for the nature of the relationship between taxpayers and the state; as van den Boogaard et al. (2022, 18) noted, "When citizens do not see the results they expect, they are less likely to remain engaged in accountability processes."

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. First, the disconnect between taxpayer expectations and what rural administrations can actually finance points to a need to calibrate taxpayer expectations and rethink how taxation is framed to rural taxpayers. Whilst 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 for compliance if those expectations

[38]Interview, Revenue Supervisor, Makeni City Council, Makeni, 16 May 2017.

[39]Interview, OTR field staff, Badou, 27 September 2016.

are not met. 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.

Second, and relatedly, there may be a need to reconceptualise the role of government in rural areas. In the short-term, the nature of rural revenue mobilisation suggests a role for rural administrations that are not primarily about direct service provision but instead leveraging 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 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.[40] The council, thus, uses tax revenues, as described by the DC Chairman, as 'seed money' to 'show commitment' to donors: 'we can use the small tax money to attract more money'.[41] In this way, the CA 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].[42] Some government officials believe that 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.[43] This resonates with evidence that citizens may care less about how public goods are financed, just so long as they are provided (Sacks, 2012; van den Boogaard, 2020).

Finally, and more fundamentally, there is a need to rethink the appropriateness of taxation in rural areas. Given the inefficiency of rural revenue collection and the often-negative implications for equity, it may, in some cases, make sense to avoid taxing rural citizens at all. This argument for limiting rural taxation raises questions about how taxation relates to the social contract between citizens and states, particularly as arguments for expanding the tax net are often based in a logic that taxation can lead to positive accountability and governance dividends for taxpayers (Joshi et al., 2014). Though we know that taxation does not consistently lead to accountability or greater taxpayer engagement (Gallien et al., 2021; Gallien & van den Boogaard, 2021; Joshi et al., 2014; Prichard, 2015), in policy and popular narratives, there is often the perception that in "the modern world, taxation *is* the social contract" (Martin et al., 2009, 1 original emphasis). Paying taxes is often central to asserting rights to citizenship and property or to access state services or other benefits (Johansson, 2020; Roitman, 2007; Smith, 2020; Vicol, 2020). "No taxation without political representation" (Locke, 1698), however, need not imply that there be no political representation without taxation. It may be useful to conceptually and practically delink taxation from understanding of the social contract (Bak Foged, 2019; Johansson, 2020; Makovicky & Smith, 2020), recognising that the basic rights of citizenship are not, or should not, be contingent on paying direct taxes to the government. Instead of a social contract rooted in tax payment and reciprocity in the form of services and political representation, strengthening the social contract in rural areas may mean expanding the political voice, rights of and services for marginalised rural communities, without necessarily expanding their tax liabilities.

7 | RECOGNISING THE NON-REVENUE MOTIVES FOR RURAL TAXATION

If rural revenue collection is so inefficient, why do administrations tax rural populations? Whilst we argue for a rethinking of policies to broaden tax nets and tax rural citizens, it is also important to recognise the non-revenue

[40]Interview, Valuator, Koinadugu DC, Kabala, 22 May 2017. They cited a 4.3% district contribution to a 700 million SLL (around US$94,794, using average exchange rate for 2017) project funded by donors.

[41]Interview, Chairman, Koinadugu DC, Kabala, 22 May 2017.

[42]Interview, CA, Koinadugu DC, Kabala, 20 May 2017.

[43]Interview, Chairman, Koinadugu DC, Kabala, 22 May 2017.

motives for rural taxation that help to explain its persistence despite revenue inefficiencies. Doing so is necessary to understand the political economy context of any attempt to reform or abolish inefficient taxes or fees—and, therefore, the likelihood of success of any such attempt. Whilst it may seem compelling to abolish such revenue instruments on account of both their efficiency and their burden on often poor taxpayers, there are other motives for taxation that become particularly important in rural areas — the revenue imperative is only weakly supported.

First, the impetus for expanding the rural tax base can stem from donor priorities (Beach, 2018; Gallien & 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. For donors, this often fits within a broader logic of expanding the tax base and "capturing" informal businesses, though evidence suggests that doing so is often ineffective and inequitable (Gallien et al., Forthcoming; Gallien & van den Boogaard, 2021; Moore, 2023).

Second, some policymakers and administrators justify rural taxation based on the logic that it is necessary to build a "taxpaying culture". 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" (Juul, 2006, 829). To paraphrase the head of the Togolese revenue authority, taxpayers do not just emerge as wholly formed contributors to the state's development: they must be groomed.[44] Recruiting small taxpayers and investing in building positive taxpayer habits is thought to lead to future positive returns in quasi-voluntary compliance amongst small- and medium-sized enterprises. Tax officials in Togo explained, "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."[45] Taxation can create linkages between a state and its citizens in remote areas where there is little other public presence and engagement.

Third, and relatedly, states may view rural taxation as providing benefits through data gathering, e.g., tax registration and records of businesses and households, and thus as a step in building their institutional and bureaucratic capacity (Bräutigam et al., 2008; Herbst, 2000). These processes of increasing the legibility of rural populations are an important aspect of extending the control and authority of the state — admittedly a double-edged sword (Juul, 2006; Scott, 1998). In Sierra Leone, the process of "seeing" rural citizens is largely achieved through tax assessment rosters created by paramount chiefs and their subordinates, as Fanthorpe (1998, 558) noted, "many rural people remain unknown to the state except as chiefdom taxpayers". In Togo, the state's tax collection agents were often the only state officials with which rural inhabitants interacted.

Finally, in some contexts, rural taxation can reinforce customary and local citizenship rights, including access to property. This is the case, for instance, with the local poll tax in Sierra Leone. On its surface, at only 5 000 SLL (US$0.65) per adult per annum, the tax seems to make sense for no one. In rural areas with high poverty, the effective burden of the tax on taxpayers is relatively high, whilst the costs of collecting the tax from every citizen are also high. However, the local tax, collected by chiefs, is central to conferring local, chiefdom-based citizenship rights, including the right to vote in chieftaincy elections, secure land and mining rights and have disputes settled (Fanthorpe, 1998; Jackson, 2005). At the same time, chiefs maintain an important role in informal social welfare, with taxation making up an important part of the reciprocal relationship between chiefdom taxpayers and their local authorities. This relationship shapes both taxpayers' willingness to pay the local tax and, given its link to local elections, the fervour with which chiefdom authorities collect it. Whilst rural taxation does not always lead to tangible public goods delivery by the government, it can be central to accountability channels outside of the state.

8 | CONCLUSIONS

The reality of revenue inefficiency highlighted above raises important questions for policymakers about the rationale for rural tax collection. The revenue motivation for broadening the "tax net" to rural spaces is only weakly supported

[44]Interview, OTR Director, Lomé, 18 November 2016.

[45]Participatory Observation, meeting between Fiscal Control Unit and a Field Office, OTR, Blitta, 29 September 2016.

whilst risk of leading to inequitable outcomes is considerable. We argue that these realities have important implications for governance and service delivery, implying a need to rethink the nature of reciprocity relationships between citizens and the state and the role of government in rural areas. Whilst taxation in rural areas is often unable to finance service delivery and development projects, rural administrations may embrace the idea 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. Whilst we question whether rural citizens should be taxed at all and recommend cautious realism in the prospects of achieving sustainable development financing through these means, we highlight the non-revenue motives for rural taxation that may make the abolition of inefficient taxes unlikely in practise. Whilst 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.

ACKNOWLEDGMENTS

This work was supported by UK Aid under grant number 300211-101, the Bill & Melinda Gates Foundation under grant number OPP1197757 and the Norwegian Agency for Development Cooperation under grant number QZA-17/0153. The authors are grateful to the many individuals that supported their research in Togo and Sierra Leone, including but not limited to those at the National Revenue Authority, the Sierra Leonean Ministry of Finance and Economic Development, the Centre for Economic Research and Capacity Building and the Office Togolais des Recettes. They are also grateful to Harshita Sinha for excellent research assistance; many colleagues at the International Centre for Tax and Development, in particular Giovanni Occhiali, for providing thoughtful feedback; Wilson Prichard and Colette Nyirakamana for providing key points of clarification related to land and property-based taxes; and two anonymous reviewers for providing constructive suggestions for improving the article.

CONFLICT OF INTEREST

The authors have no conflicts of interest to report.

DATA AVAILABILITY STATEMENT

The data are not publicly available because of privacy or ethical restrictions, but the qualitative data collection instruments are available from the corresponding author upon request.

ORCID

Vanessa van den Boogaard https://orcid.org/0000-0003-4327-2930

REFERENCES

Amenumey, D. E. K. (1969). German administration in Southern Togo. *The Journal of African History*, *10*(4), 623–639. https://doi.org/10.1017/S0021853700009749

African Tax Administration Forum. (2019). *African Tax Outlook*. https://events.ataftax.org/index.php?page=documents&func=view&document_id=49

Bahiigwa, G., Ellis, F., Fjeldstad, O.-H., & Iversen, V. (2004). *Rural taxation in Uganda: Implications for growth, income distribution, local government revenue and poverty reduction*. Economic Policy Research Center.

Bak Foged, A. K. (2019). *When the fiscal social contract is not about tax: Understanding the limited role of taxation in social accountability in Senegal*. Politica.

Balán, P., Bergeron, A., Tourek, G., & Weigel, J. L. (2020). *Local elites as state capacity: How city chiefs use local information to increase tax compliance in the D.R. Congo*. Centre for Economic Policy Research. CEPR Discussion Paper.

Beach, R. (2018). *The hunt for revenues in a poor state*. Politica.

Bensassi, S., Brockmeyer, A., Pellerin, M., & Raballand, G. (2017). Algeria–Mali Trade: The normality of informality. *Middle East Development Journal*, *9*(2), 161–183. https://doi.org/10.1080/17938120.2017.1353767

Bierschenk, T., & Olivier de Sardan, J.-P. (Eds.). (2014). *States at work states at work: Dynamics of African Bureaucracies*. Brill.

Boone, C. (2014). *Property and political order in Africa: Land rights and the structure of politics*. Cambridge University Press. https://doi.org/10.1017/CBO9781139629256

Bräutigam, D., Fjeldstad, O.-H., & Moore, M. (Eds.). (2008). *Taxation and state building in developing countries: Capacity and consent*. Cambridge University Press.

Chalendard, C., Fernandes, A. M., Raballand, G., & Rijkers, B. (2021). *Corruption in customs*. World Bank Policy Research Working Paper. World Bank.

Crook, R. C. (2003). Decentralisation and poverty reduction in Africa: The politics of local–central relations. *Public Administration and Development*, *23*, 77–88. https://doi.org/10.1002/pad.261

de la Sierra, S., Titeca, R. K., Malukisa, J. A., & Lameke, A. A. (2020). *Corruption (with a Hierarchy)*. (December 16, 2020).

Deininger, K. (2003). *World Bank land policies for growth and poverty reduction*. World Bank.

Devarajan, S., Khemani, S., & Shah, S. (2009). The politics of partial decentralization. In E. Ahmad & G. Brosio (Eds.), *Does Decentralization enhance service delivery and poverty reduction?* (pp. 102–122). Edward Elgar.

Fanthorpe, R. (1998). Locating the politics of a Sierra Leonean chiefdom. *Africa: Journal of the International African Institute*, *68*(4), 558–584. https://doi.org/10.2307/1161166

Fjeldstad, O.-H., Katera, L., & Ngalewa, E. (2009). *Outsourcing revenue collection to private agents: Experiences from local authorities in Tanzania*. REPOA.

Gallien, M., & van den Boogaard, V. (2021). *Rethinking formalisation: A critique and new research agenda*. Institute of Development Studies. ICTD Working Paper.

Gallien, M., Moore, M., & van den Boogaard, V. (2021). *Taxing the informal economy is not a silver bullet for financing development – or the covid-19 recovery*. Institute of Development Studies. ICTD Summary Brief.

Gallien, M., Occhiali, G., & van den Boogaard, V. (Forthcoming). Catch them if you can: The politics and practice of a taxpayer registration exercise. In *ICTD Working Paper*. International Centre for Tax and Development.

GoRSL, S. S. L. (2016). *2015 population and housing census: Summary of final results*. Government of the Republic of Sierra Leone, Statistics Sierra Leone.

Grieco, K., Bakarr Kamara, A., Meriggi, N. F., Michel, J., Prichard, W., & Stewart-Wilson, G. (2019). Simplifying Property tax administration in Africa: Piloting a points- based valuation in Freetown, Sierra Leone. In *ICTD and IGC Summary Brief*. International Centre for Tax and Development/International Growth Centre.

Guyer, J. (1992). Representation without taxation: An essay on democracy in rural Nigeria: 1952–990. *African Studies Review*, *35*(1), 41–79. https://doi.org/10.2307/524445

Herbst, J. (2000). States and power in Africa: Comparative lessons in authority and control. In *Princeton Studies in International History and Politics*. Princeton University Press.

Iversen, V., Fjeldstad, O.-H., Bahiigwa, G., Ellis, F., & James, R. (2006). Private tax collection — Remnant of the past or a way forward? Evidence from Rural Uganda. *Public Administration and Development*, *26*(2), 317–328. https://doi.org/10.1002/pad.412

Jackson, P. (2005). Chiefs, money and politicians: Rebuilding local government in post-war Sierra Leone. *Public Administration and Development*, *25*(1), 49–58. https://doi.org/10.1002/pad.347

Jibao, S., & Prichard, W. (2016). Rebuilding local government finances after conflict: Lessons from a property tax reform programme in post-conflict Sierra Leone. *The Journal of Development Studies*, *52*(12), 1759–1775. https://doi.org/10.1080/00220388.2016.1153073

Johansson, M. S. (2020). Taxes for independence: Rejecting a fiscal model of reciprocity in peri-urban Bolivia. *Social Analysis*, *64*(2), 18–37. https://doi.org/10.3167/sa.2020.640202

Joshi, A., Prichard, W., & Heady, C. (2014). Taxing the informal economy: The current state of knowledge and agendas for future research. *Journal of Development Studies*, *50*(10), 1325–1347. https://doi.org/10.1080/00220388.2014.940910

Juul, K. (2006). Decentralization, local taxation and citizenship in Senegal. *Development and Change*, *37*(4), 821–846. https://doi.org/10.1111/j.1467-7660.2006.00503.x

Kiser, E., & Baker, K. (1994). Could privatization increase the efficiency of tax administration in less-developed countries? *Policy Studies Journal*, *22*(3), 489–500. https://doi.org/10.1111/j.1541-0072.1994.tb01483.x

Levi, M. (1988). *Of rule and revenue*. University of California Press.

Locke, J. (1698). *Two treatises of government* (3rd ed.). Awnsham and John Churchill.

Makovicky, N., & Smith, R. (2020). Introduction: Tax beyond the social contract. *Social Analysis*, *64*(2), 1–17. https://doi.org/10.3167/sa.2020.640201

Martin, I., Mehrotra, A., & Prasad, M. (2009). *The new fiscal sociology: Taxation in comparative and historical perspective*. Cambridge University Press.

Meagher, K. (2018). Taxing times: Taxation, divided societies and the informal economy in Northern Nigeria. *The Journal of Development Studies*, *54*(1), 1–17. https://doi.org/10.1080/00220388.2016.1262026

Moore, M. (2007). How does taxation affect the quality of governance? In *IDS Working Paper 280*. Institute of Development Studies.

Moore, M. (2020). *What is wrong with African tax administration?* Institute of Development Studies. ICTD Working Paper.

Moore, M. (2023). Tax obsessions: Taxpayer registration and the "informal sector" in sub-Saharan Africa. *Development and Policy Review*, *41*, e12649. https://doi.org/10.1111/dpr.12649

Moore, M., Prichard, W., & Fjeldstad, O.-H. (2018). *Taxing Africa: Coercion, reform and development*. Zed Books. https://doi.org/10.5040/9781350222861

Morange, M. (2015). Street Trade, neoliberalisation and the control of space: Nairobi's central business district in the era of entrepreneurial urbanism. *Journal of Eastern Africa Studies*, *9*(2), 247–269. https://doi.org/10.1080/17531055.2015.1018407

NRA. (2015a). *National Revenue Authority Annual Report 2015*. Government of the Republic of Sierra Leone, National Revenue Authority.

NRA. (2015b). *Half year operational monitoring report on the outstations offices*. National Revenue Authority.

NRA. (2019). *Half year operational monitoring report on the outstations offices*. National Revenue Authority.

OECD. (2015). *Tax administration 2015*. Organisation for Economic Co-operation and Development.

OECD/SWAC. (2020). Africapolis (Database). OECD. www.africapolis.org

Olken, B., & Singhal, M. (2011). Informal taxation. *American Economic Journal: Applied Economics*, *3*, 1–28. https://doi.org/10.1257/app.3.4.1

OPHI and UNDP. (2020). *Global Multidimensional Poverty Index 2020*. Charting pathways out of multidimensional poverty: Achieving the SDGs. United Nations Development Programme and Oxford Poverty and Human Development Initiative. United Nations Development Programme.

Paler, L., Prichard, W., de la Sierra, R. S., & Samii, C. (2017). *Survey on total tax burden in the DRC*. Department for International Development.

Prichard, W. (2015). *Taxation, responsiveness and accountability in sub-Saharan Africa: The dynamics of tax bargaining*. Cambridge University Press. https://doi.org/10.1017/CBO9781316275511

Prichard, W., & van den Boogaard, V. (2017). Norms, power and the socially embedded realities of market taxation in Northern Ghana. *African Studies Review*, *60*(1), 171–194. https://doi.org/10.1017/asr.2017.3

Prud'homme, R. (1992). Informal local taxation in developing countries. *Environment and Planning. C, Government & Policy*, *10*, 1–17. https://doi.org/10.1068/c100001

Resnick, D. (2020). Taxing informality: Compliance and policy preferences in urban Zambia. *The Journal of Development Studies.*, *57*, 1063–1085. https://doi.org/10.1080/00220388.2020.1841171

Roitman, J. (2007). The right to tax: Economic citizenship in the Chad Basin. *Citizenship Studies*, *11*(2), 187–209. https://doi.org/10.1080/13621020701262636

Sacks, A. (2012). *Can donors and non-state actors undermine citizens' legitimating beliefs*. World Bank.

Salah, A. S. (2014). *Equity and taxes in Puntland and Jubbaland*. Diakonia.

Sanogo, T., & Brun, J.-F. (2016). *The effect of central grants on local tax and non-tax revenue mobilisation in a conflict setting: Evidence from Côte d'Ivoire*. International Centre for Tax and Development. Working Paper.

Scott, J. C. (1998). *Seeing like a state: How certain schemes to improve the human condition have failed*. Yale University Press.

Scott, J. C. (2017). *Against the grain: A deep history of the earliest states*. Yale University Press. https://doi.org/10.2307/j.ctv1bvnfk9

Smith, R. (2020). Contesting the social contract. *Social Analysis*, *64*(2), 79–100. https://doi.org/10.3167/sa.2020.640205

Smoke, P. (2013). *Why theory and practice are different: The gap between principles and reality in subnational revenue systems*. Andrew Young School of Policy Studies, Georgia State University.

Stotsky, J. G., & WoldeMariam, A. (1997). "Tax Effort in Sub-Saharan Africa." 57–57.

The General Directorate of Statistics and National Accounts. (2010). The General Directorate of Statistics and National Accounts. www.stat-togo.org/

Toulmin, C. (2008). Securing land and property rights in sub-Saharan Africa: The role of local institutions. *Land Use Policy*, *26*(1), 10–19. https://doi.org/10.1016/j.landusepol.2008.07.006

UN. (2015). *Financing for development conference: The addis tax initiative – Declaration*. Addis Tax Initiative.

van den Boogaard, V. (2020). "Informal revenue generation and the state: Evidence from Sierra Leone." PhD thesis. University of Toronto.

van den Boogaard, V., Prichard, W., Beach, R., & Mohiuddin, F. (2022). Enabling tax bargaining: Supporting more meaningful tax transparency and taxpayer engagement in Ghana and Sierra Leone. *Development and Policy Review*, *40*, 1–22. https://doi.org/10.1111/dpr.12563

van den Boogaard, V., Prichard, W., & Jibao, S. (2019). Informal taxation in Sierra Leone: Magnitudes, perceptions and implications. *African Affairs*, *118*(471), 259–284. https://doi.org/10.1093/afraf/ady049

van den Boogaard, V., Prichard, W., & Jibao, S. (2021). Norms, networks, power and control: Understanding informal payments and brokerage in cross-border trade in Sierra Leone. *Journal of Borderlands Studies*, *36*(1), 77–97. https://doi.org/10.1080/08865655.2018.1510333

van den Boogaard, V., & Santoro, F. (2022). Financing governance beyond the state: Informal revenue generation in South–Central Somalia. *African Affairs*, *121*, 569–594. https://doi.org/10.1093/afraf/adac030

Vicol, D.-O. (2020). Into and out of citizenship, through personal tax payments. *Social Analysis*, *64*(2), 101–119. https://doi.org/10.3167/sa.2020.640206

World Bank. (2019). *Togo decentralized service delivery Togo decentralized service delivery: Status and way forward for strengthening communes*. World Bank.

How to cite this article: van den Boogaard, V., Beach, R. (2023) Tax and governance in rural areas: The implications of inefficient tax collection, *Journal of International Development*, 1–21 https://doi.org/10.1002/jid.3756

APPENDIX

TABLE A1 OTR revenues in Togo, by staff and region.

Total revenue mobilised 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	$ 291 789 824	73%	71	$ 4 109 716	$ 342 476
DME (Office of Medium Taxpayers)	Lomé	$ 20 987 540	5%	73	$ 287 501	$ 23 958
DIG (Manages small businesses in Metropolitan area of Lomé)	Lomé	$ 22 122 707	6%	171	$ 129 373	$ 10 781
DRI (Manages small taxpayers in all regions besides metropolitan area of Lomé) + DRI Management at HQ (5)	Interior + Maritime Region (exclusive of metropolitan Lomé)	$ 6 785 191	2%	159	$ 42 674	$ 3 556
Recovery from tax disputes and exemptions department	Lomé	$ 8 310 120	2%	11	$ 755 465	$ 62 955
Other senior management, fiscal control		$ -	0%	36	$ -	$ -
Stamps revenues	Lomé	$ 3 372 205	1%	Unknown	Unknown	Unknown
Revenues from other Government Institutions: Customs and Indirect Taxes, Togolese warehouse society, Domaines and Cadastre	Lomé	$ 45 615 159	11%	Unknown	Unknown	Unknown
	TOTAL REVENUES FOR 2015	**$ 398 982 746**				

Source: Office Togolais des Recettes, analysis by author.

TABLE A2 Customs revenues from interior customs posts, by custom post, Togo (2015).

Customs revenue	Togo, 2015			
Location	Budgeted revenues	Actuals	% of total customs revenues	In USD
DIRECTION DU RENSEIGNEMENT ET DE LA LUTTE CONTRE LA FRAUDE	**9,700,000,000**	**3,166,028,719**	**0.958%**	$ 5,698,852
DIRECTION DES OPERATIONS DOUANIERES DU GOLFE	**300,600,100,000**	**316,632,699,228**	**95.832%**	$ 569,938,859
Division Lomé-Port (Bureau, LCT, PVO)	214,850,100,000	234,988,098,084	71.122%	$ 422,978,577
Division Aéroport et Colis Postaux (Bureau, BSA, CDP)	11,200,000,000	22,290,596,409	6.746%	$ 40,123,074
Division Kwadjoviakopé	15,390,000,000	16,073,711,472	4.865%	$ 28,932,681
Division Hydrocarbure/Raffinerie	46,200,000,000	34,561,128,044	10.460%	$ 62,210,030
Division de la Zone Franche	12,960,000,000	8,719,165,220	2.639%	$ 15,694,497
TOTAL LOME	**310,300,100,000**	**319,798,727,947**	**96.791%**	$ 575,637,710
DIRECTION DES OPERATIONS DOUANIERES REGIONALES	**14,222,070,000**	**10,604,089,674**	**3.209%**	$ 19,087,361
Division Maritime	**9,959,610,000**	**7,264,642,259**	**2.199%**	$ 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 Condji	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
Division Régionale des Plateaux	**245,100,000**	**211,069,513**	**0.064%**	$ 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
Division Régionale du Centre	**167,580,000**	**95,886,085**	**0.029%**	$ 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

TABLE A2 (Continued)

Customs revenue	Togo, 2015			
Location	Budgeted revenues	Actuals	% of total customs revenues	In USD
DIRECTION DU RENSEIGNEMENT ET DE LA LUTTE CONTRE LA FRAUDE	**9,700,000,000**	**3,166,028,719**	**0.958%**	$ 5,698,852
DIRECTION DES OPERATIONS DOUANIERES DU GOLFE	**300,600,100,000**	**316,632,699,228**	**95.832%**	$ 569,938,859
Division Lomé-Port (Bureau, LCT, PVO)	214,850,100,000	234,988,098,084	71.122%	$ 422,978,577
Division Aéroport et Colis Postaux (Bureau, BSA, CDP)	11,200,000,000	22,290,596,409	6.746%	$ 40,123,074
Division Kwadjoviakopé	15,390,000,000	16,073,711,472	4.865%	$ 28,932,681
Division Hydrocarbure/Raffinerie	46,200,000,000	34,561,128,044	10.460%	$ 62,210,030
Division de la Zone Franche	12,960,000,000	8,719,165,220	2.639%	$ 15,694,497
TOTAL LOME	**310,300,100,000**	**319,798,727,947**	**96.791%**	$ 575,637,710
DIRECTION DES OPERATIONS DOUANIERES REGIONALES	**14,222,070,000**	**10,604,089,674**	**3.209%**	$ 19,087,361
Division Maritime	**9,959,610,000**	**7,264,642,259**	**2.199%**	$ 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 Condji	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
Division Régionale des Plateaux	**245,100,000**	**211,069,513**	**0.064%**	$ 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
Division Régionale du Centre	**167,580,000**	**95,886,085**	**0.029%**	$ 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

TABLE A2 (Continued)

Customs revenue	Togo, 2015			
Location	Budgeted revenues	Actuals	% of total customs revenues	In USD
Tindjassé	2,280,000	1,256,344	0.000%	$ 2 261
Yégué	11,400,000	16,879,267	0.005%	$ 30 383
Division Régionale de la Kara	**101,460,000**	**98,603,227**	**0.030%**	$ 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
Division régionale des savanes	**3,748,320,000**	**2,933,888,590**	**0.888%**	$ 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
TOTAL INTERIEUR DU PAYS	**14,222,070,000**	**10,604,089,674**	**3.209%**	**$ 19,087,361**
TOTAL Customs Revenue	**324,522,170,000**	**330,402,817,621**		$ 594,725,072

Note: The bolded entries refer to higher level headings—so, for example, “Direction des operations dounieres du golfe” is the total for all of the unbolded entries below it (Division Lomé-Port … Division de la Zone Franche).

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

TABLE A3 Customs and tax revenues in Togo, broken down by revenues generated in Lomé versus the interior of the country.

OTR services of production	Previsions	Realisations	% of total
TOTAL LOME (CI, domestic)	238,620,800,000	232,482,249,481	40.7%
TOTAL LOME (CI, domestic)	238,620,800,000	232,482,249,481	40.7%
TOTAL (CI) INTERIEUR DU PAYS	6,246,000,000	4,022,045,840	0.7%
EXONERATIONS (DLFC)*	5,627,100,000	4,925,975,242	0.9%
TOTAL CI	250,493,900,000	241,430,270,563	42.2%
TOTAL LOME (CDDI, customs)	310,300,100,000	319,798,727,947	55.9%
TOTAL INTERIEUR DU PAYS	14,222,070,000	10,604,089,674	1.9%
TOTAL CDDI (Customs)	324,522,170,000	330,402,817,621	57.8%
Total Togo Revenue	575,016,070,000	571,833,088,183	100%
All revenues raised in interior of country		14,626,135,514	2.6%