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**Informal Taxation in Post-Conflict  
Sierra Leone: Taxpayers' Experiences and  
Perceptions**

Samuel Jibao, Wilson Prichard and Vanessa van den Boogaard

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## **Summary**

In low-income and post-conflict countries, and particularly in rural areas, citizens often pay a range of 'taxes' that differ substantially from statutory policies. These 'informal taxes', paid to a variety of state and non-state actors, are frequently overlooked in analyses of local systems of taxation. This is problematic as it leads to misunderstandings of individual and household tax burdens, as well as of systems of local governance. This study thus seeks to capture the reality of taxation in peripheral areas of Sierra Leone. It is based on a taxpayer survey covering 1,129 heads of households, in-depth interviews with government and chiefdom officials, and focus group discussions with community stakeholders across three rural districts of Sierra Leone. We describe the variety, extent, magnitude, and enforcement mechanisms associated with different types of taxes, finding that non-state informal revenue collection is highly prevalent, representing a significant proportion of taxes paid by individuals. Exploring taxpayer perceptions of the different types of taxes, we find positive perceptions of payments levied by non-state actors relative to those levied by local and central governments in terms of fairness, transparency, accountability, and service provision. We conclude by considering the implications of these findings, particularly in the context of on-going fiscal decentralisation reforms in Sierra Leone.

**Keywords:** Sierra Leone; informal taxation; non-state taxation; post-conflict development; local government taxation.

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# Contents

	Summary	3
	Acknowledgements	5
	<b>Introduction</b>	<b>6</b>
<b>1</b>	<b>Literature review</b>	<b>7</b>
<b>2</b>	<b>Research methods</b>	<b>9</b>
<b>3</b>	<b>Background: The decentralised Sierra Leonean state</b>	<b>10</b>
<b>4</b>	<b>Formal and informal taxation in rural Sierra Leone</b>	<b>11</b>
<b>5</b>	<b>Taxpayer perceptions of formal and informal taxation</b>	<b>16</b>
<b>6</b>	<b>Discussion and policy implications</b>	<b>22</b>
<b>7</b>	<b>Conclusions</b>	<b>25</b>
	<b>References</b>	<b>26</b>
<b>Tables</b>		
Table 1	Overview of taxes investigated	12
Table 2	Number and amount of taxes paid by head of household in previous year, disaggregated by tax type	13
Table 3	Taxpayer perceptions of the fairness of the application and collection of taxes and of the effective distribution of the tax burden	17
Table 4	Tax expenditure to income ratios, by tax type and income quintile	18
Table 5	Taxpayer understanding of rate setting and of how tax revenues are spent	22
Table 6	Summary of taxpayer perceptions	23
<b>Figures</b>		
Figure 1	Map with highlighted case chiefdoms and districts	9
Figure 2	Mean proportion of tax payments per household per annum, by taxing authority	12
Figure 3	Taxpayer experience of receiving accurate receipts for formal state taxes	14
Figure 4	Taxpayer perceptions of the fairness of the tax rate they pay, by tax type	17
Figure 5	Tax payments as a proportion of income	18
Figure 6	Perceived consequences of non-payment	19
Figure 7	Fiscal exchange and perceptions of reciprocity	21
Figure 8	Taxpayer perceptions of the accountability of the tax levying authority	21

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# Introduction

In low-income and post-conflict countries, and particularly in rural areas, citizens pay 'taxes' that often differ substantially from statutory policies. These 'informal taxes' are frequently overlooked in policy and in conventional academic analyses of local systems of taxation and public service delivery. This is problematic: focusing only on 'formal' state taxation can lead to a misunderstanding not just of local tax burdens and public goods provision, but also of local governance more broadly. It is accordingly necessary to examine how both formal and informal taxes are distributed, collected and perceived by citizens in rural areas of low-income, post-conflict countries in order to capture 'real' rather than 'idealised' systems of tax and governance (Cleaver, Franks, Maganga and Hall 2013; Booth 2011 and 2012; Olken and Singhal 2011).

We direct our attention to this under-researched area in rural and conflict-affected areas of Sierra Leone, capturing the prevalence and nature of informal taxes and levies and exploring taxpayer perceptions of informal taxation relative to formal, statutory taxes. We define informal taxes and levies as all non-statutory payments made to state or non-state actors as the result of the exercise of political, coercive or social power. In contrast to public finance terminology, we have intentionally kept this definition broad, in order to capture the wide range of tax-like payments often made by citizens in rural areas, making further distinctions between illegal state levies, informal chiefdom taxes and user fees, and non-state levies and user fees for collective services. Illegal state levies include a range of bribes, extortions and goodwill payments (Prud'homme 1992),<sup>1</sup> while non-state and chiefdom levies and user fees may take a variety of forms, including various types of community levies, with payments made to community groups providing publicly available services or goods. These payments, often deeply institutionalised within communities, may be levied by self-help groups, traditional authorities, or other local governing structures (e.g. Olken and Singhal 2011; Rao 2005; Brick 2008; Thomas 1987). At the same time, non-state levies may take more obviously exploitative forms. For example, insurgent groups, warlords or vigilante groups may extort cash and resources from citizens in exchange for security, amounting to 'protection payments', which is a focus of the informal tax scholarship in fragile or conflict-affected contexts (e.g. Buchanan-Smith, Fadul, Tahir and Aklilu 2012; Haver 2009; Titeca 2011; Holterman 2010; Raeymaekers 2010 and 2013; Menkhaus 2008; LeBas 2013; Acemoglu and Robinson 2012). This definition includes both payments for general sources (e.g. taxes) and for specific sources (e.g. user fees). Though fees, licences and other charges are not viewed traditionally as 'taxes', they are both a vital part of local government income (e.g. Devas 2011), and necessary to consider in terms of overall household tax burdens. More basically, we are less concerned with the distinctions between tax, user fees and other distinctions (e.g. bribes, extortion) than with the impacts of the overall payments made by citizens in rural areas.

However, while there is a growing recognition that these informal taxes and levies are a critical aspect of local governance, research has yet to systematically capture what informal taxes people pay, how those taxes are collected, how they are perceived, and how these things vary across different groups of individuals and different locations. We fill these gaps with a survey of 1,129 households in 86 primary sampling units across nine chiefdoms in three rural and highly conflict-affected districts in Sierra Leone. We provide a comprehensive overview of the formal and informal taxes paid by rural citizens, capturing taxpayer perceptions of the different tax types

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<sup>1</sup> Despite making this distinction between state and non-state actors, we recognise that in certain contexts manifestations of power may blur the line between state and non-state taxing authorities, as with 'militarized civil administration' and 'civilianized military personnel' at the Cameroon-Chadian border (Roitman 2007; see also Roitman 2005 and Schomerus and Titeca 2012).

and taxing authorities. We complement the survey data with qualitative data from in-depth interviews with key local government officials and focus group discussions with taxpayers and key community stakeholders in each of the nine case chiefdoms. We find that informal taxes and levies, particularly those levied by non-state community-based groups and chiefdom authorities, are a prevalent and often institutionalised reality within rural Sierra Leone. Moreover, we find that informal non-state and chiefdom levies are consistently perceived more positively than taxes levied by the central or local state across a wide range of indicators, including fairness, reciprocity and accountability. However, while informal chiefdom levies are perceived more positively than formal state taxes, taxpayers also perceive them to be relatively unaccountable and lacking in transparency. These findings have profound implications for how we think about taxation, governance, and possible directions for administrative reform in rural areas of the country.

This paper begins with an overview of the growing literature in this field. Section 2 outlines the methodological design of our research, while Section 3 provides a brief overview of the decentralised system of governance in Sierra Leone. Section 4 provides an overview of the reported prevalence of formal and informal taxation, while Section 5 compares citizen perceptions of formal state taxes, illegal state levies, informal chiefdom taxes and user fees, and informal non-state levies and user fees. Section 6 summarises the key findings and discusses the implications of these findings for local government revenue reform, governance and service delivery in rural and conflict-affected areas of Sierra Leone. Section 7 concludes.

# 1 Literature review

Conventional analyses of tax systems often assume that taxation does not affect citizens in low-income countries at the local level, particularly in rural areas (Gemmell and Morrissey 2005). However, this perspective fails to capture a significant proportion of the payments made by taxpayers in local and rural settings, and thus provides an incomplete understanding of taxation and governance in low-income countries and the impacts that these systems have on citizen livelihoods. Indeed, a growing body of literature demonstrates that a narrow focus on formal taxation – that is, taxes statutorily levied by government representatives – captures only the ‘idealised’ rather than the ‘real’ tax system. By contrast, informal taxation – non-statutory levies by state or non-state actors – is prevalent within many low-income countries, with total informal tax payments often larger than formal tax payments made by individuals, households, and small businesses (Ogra and Kundu 2011; Tegera and Johnson 2007; Suharto 2011; Juul 2006; Rao 2005). While the literature in this field is somewhat scattered, and based on evidence that is frequently either anecdotal or limited in geographic scope, it suggests several key features of informal taxation.

First, while evidence shows that wealthier households generally contribute a greater amount of labour or income towards informally taxed community projects (Beard 2007; Olken and Singhal 2011; Thomas 1987), informal taxes, as with local-level taxes more broadly, are often overwhelmingly regressive as share of income (Olken and Singhal 2011; Van Damme 2012; for distribution of formal local government taxes see Carroll 2011; Bahiigwa, Ellis, Fjeldstad and Iversen 2004; Devas 2011).

Second, informal taxation is often associated with coercive enforcement mechanisms (Schomerus and Titeca 2012; Titeca 2011; World Bank 2011), with taxpayer outcomes highly dependent on relations of political, coercive or social power between taxpayers and taxing

authorities. While coercive mechanisms, such as harassment, may have more obvious negative impacts on taxpayers, social enforcement mechanisms, including barring from communal resources or restriction from informal systems of livelihoods support, can have particularly severe economic consequences in rural settings (Olken and Singhal 2011; Thomas 1987; Ostrom 1991; Clark 2010; Miguel and Gugerty 2005). Again, however, it may not be analytically useful to assess the enforcement mechanisms of informal taxation in isolation, as there is ample evidence that formal local government tax collection in sub-Saharan Africa is also often arbitrary and coercive (Fjeldstad and Therkildsen 2008; Moore 2008; La Porta and Shleifer 2008).

Third, while informal taxation is often associated with corruption or extortion, evidence suggests that in the absence of an effective or accountable state, informal revenue collection can finance essential public goods, such as roads, schools, water systems and teachers for community schools (Olken and Singhal 2011; Ostrom 1991; Rao 2005; Njoh 2003; Barkan, McNulty and Ayeni 1991; Thomas 1987; Wilson 1992; Mbithi and Rasmusson 1978; Hill 1991). In other instances, informal taxes are viewed as contributing to public goods and services simply by contributing to the low salaries received by public officials (Prud'homme 1992). Non-state armed taxing authorities may even become involved in public goods provision, as in certain cases where armed insurgents are reliant on local communities or business networks (Titeca 2011). For instance, during the Sierra Leonean civil war, the rebel movement itself was involved in taxation. Though often coercive, in some areas the insurgents made attempts to provide basic services; nevertheless, these services, including clinics and schools, largely concentrated on Revolutionary United Front fighters rather than civilians (Keen 2005: 40; Richards 1996). This caveat emphasises the critical need to avoid an overly romantic view of informal revenue collection, local institutions, and service delivery.

Finally, informal taxation is often thought to be unaccountable to taxpayers, who may be coerced under the guise of 'protection', in the case of armed groups, or by 'tradition', in the case of chiefs or traditional authorities (Haver 2009). These power dynamics shape both the practical norms and the outcomes of informal revenue collection, which may thus serve to entrench existing inequalities (Titeca 2012; Tegera and Johnson 2007; Cleaver et al. 2013; Meagher 2013; Meagher and Lindell 2013; Schomerus and Titeca 2012; Titeca and de Herdt 2010; Buchanan-Smith et al. 2012; Juul 2006; Beard 2007; Ngau 1987; Barkan and Holmquist 1989). At the same time, informal revenue collection may be more accountable to taxpayers by being better able to respond to local conditions and reflect the norms of local moral economies, including the right to subsistence and exemptions for vulnerable individuals or households (Scott 1976; Hyden 2006; Prud'homme 1992; Titeca and Kimanuka 2012; Titeca and de Herdt 2010; Tegera and Johnson 2007). Moreover, certain observers argue that informal tax and governance systems include checks and balances to ensure accountability, while their legitimacy (and thus existence) is often dependent on citizen approval (Prud'homme 1992; Beard 2007; Clark 2010; Njoh 2003).

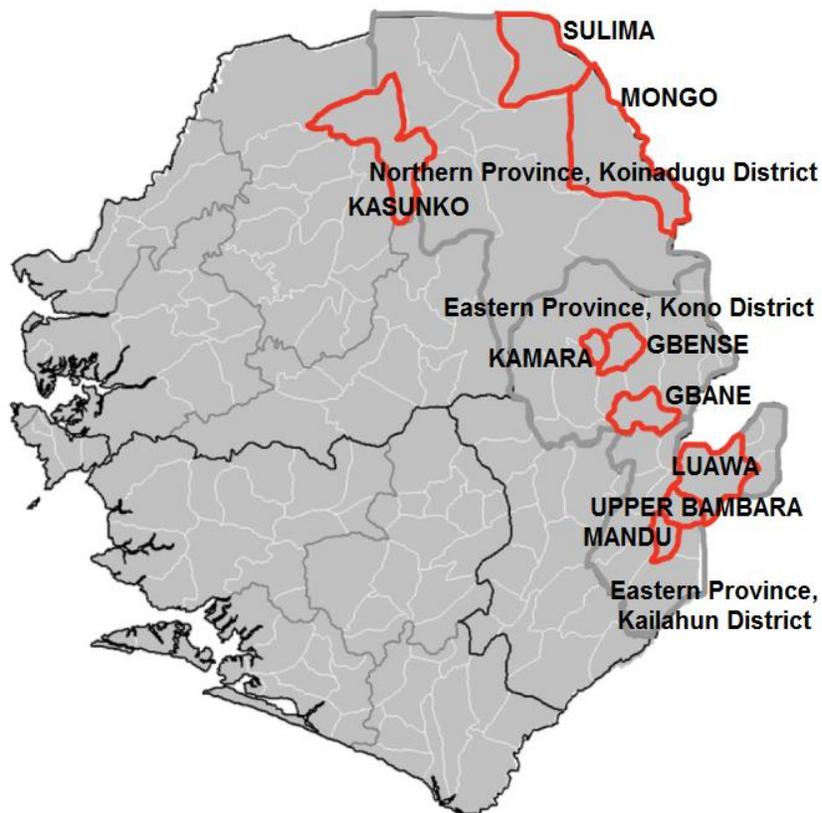
While this literature is thus suggestive of several key features of informal taxation, the incompleteness of available data has left several questions largely unanswered. Most accounts have been largely anecdotal, while the large-scale taxpayer surveys that have taken place have predominately been limited to informal tax practices specifically related to cross-border trade. This method of analysis captures many contrasting experiences of informal revenue collection, given its diversity, but fails to provide an overall view of taxation or to systematically capture variation within the category of 'informal tax'. Moreover, most accounts have focused on either formal or informal taxes, preventing meaningful comparison between formal and informal tax and service delivery systems. Most basically, the literature provides sharply contrasting views of informal revenue collection ranging from positive assessments of local service delivery to overwhelming negative perspectives on the lack of accountability of informal tax systems. This

leaves us little in the way of thinking about local governance reform. Addressing these key gaps, we thus implement a survey with broad coverage, including both formal and informal taxes, in order to capture these alternative possibilities more systematically and to capture variation within informal tax. In so doing, we provide an encompassing view of the empirical reality of tax and service delivery in rural Sierra Leone.

## 2 Research methods

We employed a mixed methods research design, involving a household survey, qualitative in-depth interviews, and focus group discussions. The research was conducted throughout November and December 2013. The core of the research is based on 1,129 household surveys, conducted in 86 primary sampling units across nine chiefdoms in three districts (See Figure 1). In-depth interviews with District Assembly officials were held in each district headquarter town, as well as with chiefdom staff, governing authorities, and local stakeholders in each chiefdom headquarter town. In each chiefdom headquarter town, focus group discussions were held, representing a cross-section of community interests.

**Figure 1 Map with highlighted case chiefdoms and districts**



Our purposively selected case districts – Koinadugu in the far northeast of the country, Kono on the eastern border with Guinea, and Kailahun on the eastern border with Guinea and Liberia – were heavily conflict-affected during the civil war from 1991 to 2002, and represent some of the most rural and isolated areas of the country. We expect informal taxation to be more prominent in these areas, while we also expect these areas to be very different from urban centres and the western region of the country near Freetown in terms of economic activities and structures, governance systems, and the relative importance of chiefs in local government tax collection. Sub-district chiefdoms (Kasunko, Mongo, Sulima, Gbense, Kamara, Gbane, Upper Bambara, Mandu, and Luawa), sub-chiefdom sections and primary sampling units were selected according to a clustered, multi-stage probabilistic random sample design. As far as possible, random sampling was conducted with probability of selection proportionate to size. The resulting sample is representative at the chiefdom and district levels. Households within each primary sampling unit were systematically randomly selected according to a structured walking pattern, with the economically-active head of household selected within each household, with female heads of household representing 39 per cent of the total sample. In line with other major household surveys conducted in Sierra Leone, we defined a household as a person or group of persons related or unrelated who make common cooking arrangements (GoRSL 2007; Afrobarometer 2011).

### 3 Background: The decentralised Sierra Leonean state

The Sierra Leonean state is built around the British system of indirect rule set up in 1896, which delegated local governance to traditional rulers. Though the colonial authority interfered with this tradition to a large extent (Reno 1995; Mamdani 1996), paramount chiefs and their subordinates (i.e. village and section chiefs) became responsible for collecting poll taxes and administering justice at the local level (Acemoglu, Reed, and Robinson 2013; Acemoglu and Robinson 2012). The power of the paramount chiefs persisted even after the British created district councils in 1945 as a counterweight to the chieftaincy. Despite the official jurisdiction of the local councils, the chiefs quickly came to dominate local governance and remained responsible for collecting local tax, though they were expected to provide a share of the tax (a ‘precept’) to the local councils. This highly ineffective system was abolished in 1972 by the post-independence government of Siaka Stevens. Formal power was centralised while *de facto* local power returned to the increasingly politicised chiefdoms, with the Stevens administration effectively using the same institutions of indirect rule to govern the countryside and mobilise political support, with chiefs as the primary conduit through which the government interacted with the people (Acemoglu et al. 2013b; Tangri 1978; Reed and Robinson 2012). Accordingly, and unlike elsewhere on the continent, the powers chiefs had acquired during the colonial period were further institutionalised in the post-independence period, in a process Fanthorpe (2001) describes as ‘colonial ossification’.

It has been widely suggested that the centralisation of power at the national level, the resultant deterioration in the provision of local services, and politicisation of chieftaincy institutions were important causes of the brutal civil war that ran from 1991 to 2002 (Jackson 2005; Sierra Leone Truth and Reconciliation Commission 2004; Fanthorpe 2005; Sawyer 2008; Kanu 2009; Richards 1996). Accordingly, launching an ambitious decentralisation process was an immediate priority for the government and donors alike after the elections of 2002. The donor-sponsored Local Government Act of 2004 defined the legal framework for decentralisation, putting in place

five city councils, one municipal council and 13 district councils, the latter of which covered the bulk of the country and were further divided into 149 chiefdoms. The chiefdoms, though not recognised as a formal level of government, continue to exercise a significant degree of power in practice (Reed and Robinson 2012; Casey 2007; Robinson 2008; Jibao and Prichard 2013). The collection of taxes is carried out in partnership with the chiefdom councils within each district, with chiefdoms retaining the right to collect the local tax and market dues within their jurisdictions and then remit a share of those taxes to the district council. Of the revenues thus collected, the chiefdoms are expected to remit 40 per cent of local tax receipts and 20 per cent of market dues to the district councils, though this system is at present subject to extremely weak oversight (Prichard and Jibao 2010; Fanthorpe 2004).<sup>2</sup>

This historical legacy has led to three outcomes that are significant to understanding tax collection in rural areas. First, and central to our analysis, this decentralisation agenda has placed the focus back on formal authorities, though this renewed focus on the ‘formal’ may be obscuring the persistence of the ‘informal’. Second, the system of shared authority has fostered conflicts between district councils and chiefdom authorities, including disagreement over the appropriate level of the precept and frequent failures by chiefdoms to remit this revenue to local councils (Prichard and Jibao 2010; Jibao and Prichard 2013). Third, the weakness of local level governance over a protracted period enabled informal forms of taxation to flourish, both as a means of self-help and through semi-exploitative forms of extraction. As Fanthorpe, Laval and Gibril Sesay (2011: 5) explain, ‘Rural people have become used over generations to surviving with little or no government assistance and that isolation has helped to dampen demand for services. A local culture of ‘self-help’ remains strong ... [with] an entrenched assumption in rural areas that welfare and services are as likely to come from benevolent patrons as from public institutions.’ We explore these possibilities through a comprehensive overview of taxation as experienced by rural taxpayers.

## 4 Formal and informal taxation in rural Sierra Leone

We first provide a comprehensive overview of tax payment data as reported by taxpayers. The taxes about which we inquired are summarised in Table 1.

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<sup>2</sup> The proportion of this remittance depends on the size of the chiefdom. Class A chiefdoms are required to remit 20 per cent of revenues to the district council, Class B chiefdoms are required to remit 10 per cent of revenues, and Class C<sub>1</sub> and C<sub>2</sub> chiefdoms are required to remit 5 per cent of revenues to the council.

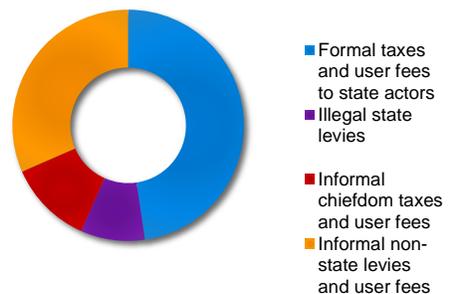
**Table 1 Overview of taxes investigated**

Formal state taxes and user fees	Illegal state levies	Informal chiefdom taxes and user fees	Informal non-state community levies and user fees
<p>Central government taxes</p> <ul style="list-style-type: none"> <li>Income tax, sales tax, company tax,* forestry tax,* land tax,* capital gains tax,* other taxes*</li> </ul> <p>Local government taxes and user fees<sup>3</sup></p> <ul style="list-style-type: none"> <li>Business licences, market fees, local (poll) tax, property tax, mining tax, other taxes (e.g. jetty handling fees, court/marriage fees, business registration fees, mining licences, surface rent)</li> <li>User fees to schools/clinics/water</li> </ul>	<p>Central government informal taxes</p> <ul style="list-style-type: none"> <li>Informal taxes to central government employees</li> </ul> <p>Local government informal taxes</p> <ul style="list-style-type: none"> <li>Informal taxes to local government, possibly paid through the chief</li> </ul> <p>Security payments</p> <ul style="list-style-type: none"> <li>Informal taxes to army/police</li> </ul>	<p>Informal taxes to the chief</p> <ul style="list-style-type: none"> <li>Taxes/payments to chief (e.g. local materials/ payments for community projects, dispute resolution fees/fines, court fees)</li> <li>Labour services to chief</li> </ul>	<p>Community development taxes</p> <ul style="list-style-type: none"> <li>User fees or community development taxes paid to religious organisations, local elites, community-based organisations (CBOs), or international non-governmental organisations (INGOs)*</li> <li>Informal payments to doctors/teachers, 'community teacher' fees</li> </ul> <p>Community governance taxes</p> <ul style="list-style-type: none"> <li>Payments/fines to secret societies and trade associations</li> </ul> <p>Security/ protection payments</p> <ul style="list-style-type: none"> <li>Payments to local security groups/neighbourhood watch organisations or local gangs*</li> </ul>

Note: Items with an asterisk (\*) have a reported prevalence of less than 1.1 per cent of the sample and are thus not included in subsequent graphs of prevalence, though they are captured in subsequent analysis, where significance is weighted according to the size of the taxpaying sample sub-set.

Overall, we find a wide range of actors engaged in revenue mobilisation and service provision, with widespread prevalence of informal revenue collection and informal tax practices, including a high degree of institutionalisation of non-state service delivery and governance mechanisms. As described in Table 2, economically-active heads of households reported having paid on average 4.27 different taxes to state and non-state actors in the previous year, at an average expense of 366,982.60 Sierra Leonean leones (Le) (US\$84.77), equivalent to 10.21 per cent of estimated average income. While these estimates are conservative as they only capture the taxes paid by economically-active heads of household (rather than by all adult household members), we nevertheless find that respondents reported having paid a greater number of informal taxes and levies than formal taxes in the previous year, with almost half of all taxes paid being non-statutory payments made to a chief or non-state actor (Table 2, Figure 2). Moreover, while formal tax payments are greater than informal tax payments it is notable that more than a third of total tax payments went to the chief or non-state actors. We now provide a brief overview of each of the four types of tax: formal state taxes and user fees, illegal state levies, informal chiefdom taxes and user fees, and informal non-state levies and user fees.

**Figure 2 Mean proportion of tax payments per household per annum, by taxing authority**



<sup>3</sup> A common, though variable, phenomenon within our case chiefdoms is chiefs that collect revenues on behalf of the local government (though not the central government), essentially serving as tax farmers, expected to remit a varying proportion of the revenues to the local government. However, we commonly found that these expected revenues are not necessarily remitted in part or full to the local government, though with considerable variance across chiefdoms. For the purposes of this study, payments made to chiefs on behalf of local government are included as state formal taxation, even though these revenues are not necessarily remitted to the local government. This distinction will be further explored by extensive qualitative follow-up research that is planned in the case chiefdoms.

**Table 2 Number and amount of taxes paid by head of household in previous year, disaggregated by tax type**

	Formal state taxes and user fees	Illegal state levies	Informal chiefdom taxes and user fees	Informal non-state levies and user fees
Mean number of taxes paid N 1129	2.03	0.24	0.51	1.50
Average annual tax payment (Le) N 1055	221,829.70 (US\$51.24)	10,503.89 (US\$2.43)	5085.31 (US\$1.17)	129,563.70 (US\$29.93)
Average annual tax expenditure as proportion of estimated total tax payment	60.46%	2.86%	1.39%	35.31%
Average annual tax payment as proportion of estimated household annual income	6.17%	2.92%	1.42%	3.61%

Note: Due to the difficulty of estimating the equivalent cash value of labour in rural communities with differing and dynamic wage rates, the value of labour payments to chiefs has been excluded for this stage of this on-going research.

First, though the vast majority of revenue in Sierra Leone is collected by the central government, with local government revenue collection amounting to less than 2 per cent of the national total in 2010 (Jibao and Prichard 2013; Prichard and Jibao 2010), we find that only 9.83 per cent of respondents pay any sort of tax to the central government. However, we find that 93.18 per cent of respondents report paying at least one form of formal local government tax, while 53.94 per cent report paying user fees to the local council for schools or clinics. The most important type of local government tax is the local (poll) tax, levied at a rate of Le 5000 (US\$1.16) annually for every adult, with other taxes including property rate, business licences, mining revenues and market dues, which are set at a rate of Le 100 to 1000 (US\$0.02 to 0.23) a day, depending on the chiefdom and the amount of goods being sold. As noted, chiefs collect several types of taxes on behalf of district councils, with chiefs expected to remit a proportion of the revenues to the district council. Within our case districts, district officials accused paramount chiefs of not remitting precepts to the council; for their part, chiefdom authorities argued that the little revenue they collect is insufficient to cover chiefdom administration salaries.<sup>4</sup>

Given the chiefs' power in local government tax collection, and the underlying tensions between chiefs and local councils, it is notable that property taxes are hardly collected at all, despite recent local government campaigns to introduce collection within our case districts.<sup>5</sup> While the councils are responsible for property tax collection, paramount chiefs have often taken direct public stances against property taxation, refusing to encourage taxpayers within their chiefdom to the pay the rate and refusing to pay their own property taxes, with lower-level chiefs and other community members often proceeding to mimic these positions.<sup>6</sup> For instance, the Paramount Chief of Kamara has refused to pay his property tax, as well as refusing to support the district council in collecting within his chiefdom, fostering what he described as 'a small tax revolt – something like the Hut Tax War'.<sup>7</sup> It is unsurprising that chiefdom subjects accordingly follow suit

<sup>4</sup> Chiefdom administration salaries (i.e. for the chiefdom court chairman and chiefdom police, the security-cum-bailiff force attached to the local courts) are supposed to be paid from the amount of tax retained by the chiefdom. Paramount chiefs receive salaries from the central government, though these disbursements are often beset by long delays. Authors' interviews with paramount, section and town chiefs in Gbane Chiefdom, Treasury Clerk and a Town Chief in Mandu Chiefdom, Treasury Clerk of Mongo Chiefdom, Kailahun District Council Chairman, Chiefdom Deputy Administrator of Koinadugu District, and Kono District Council Chairman.

<sup>5</sup> In many areas the district council has only completed the valuation and sensitisation phases of property rate introduction. Nevertheless, in these areas, taxpayers were often already resistant to the tax, stating their intention to evade it.

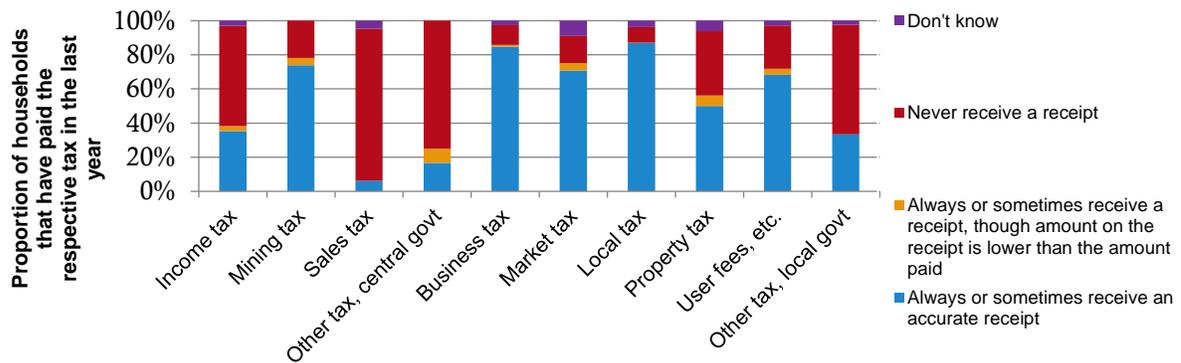
<sup>6</sup> Authors' focus group discussion in Sulima Chiefdom and interviews with paramount, town chiefs and Mammy Queens (elected female leaders within chiefdoms) in Sulima, Kamara, Gbense and Mandu chiefdoms.

<sup>7</sup> In 1886, Governor Cardew unilaterally declared a Protectorate over the interior of the country, assessing a house/hut tax in 1898. This tax sparked the violent 'Hut Tax Rebellion' led by Bai Bureh of Bureh Chiefdom, with support from other prominent chiefs.

to avoid appearing troublesome: reflecting wider public sentiment, one of the town chiefs described the paying of the property rate as a ‘community business’, saying, ‘I will only agree [to pay] if the PC [Paramount Chief] agrees.’<sup>8</sup>

However, the extent of ‘formal’ taxation is overstated, as there is a significant degree of informality within otherwise formal tax transactions. Indeed, of those paying at least one of the aforementioned formal state taxes (N 1065), 38 per cent of households report paying at least one tax for which they never receive a receipt or for which the receipt they receive generally shows a different amount than the amount paid (Figure 3). This is a common indicator of informality within otherwise ‘formal’ tax transactions, indicating the possibility of tax rate negotiation (Titeca and Kimanuka 2012; Tegera and Johnson 2007).<sup>9</sup>

**Figure 3 Taxpayer experience of receiving accurate receipts for formal state taxes**



Second, more than a fifth of respondents (21 per cent) report paying at least one informal tax to the central or local government, with the most prevalent payments being made to army or police officers, often at roadblocks or checkpoints. Informal taxes to either the central or local government may represent ‘acceleration fees’, ‘goodwill’ payments or bribes in order to facilitate service, with the relatively low levels of payment in our districts likely reflecting the lack of contact the majority of taxpayers have with any form of government.<sup>10</sup>

Third, a large share of respondents (43 per cent) report having made additional informal payments to local chiefs within the previous year, outside of the local government taxes collected by chiefs on behalf of district councils, including, commonly, local and market taxes. These informal chieftom taxes include labour ‘taxes’ and the provision of local materials for community projects initiated by NGOs or other groups, a common requirement of externally-funded projects, or for labour for community maintenance, such as road brushing.<sup>11</sup> Chiefs often described having ‘youth on standby’, ready to be mobilised overnight to provide labour for such

<sup>8</sup> A counter example was found in Luawa Chieftom, where the district council has used a radio programme to create competition between sub-chieftom sections. This has become a point of public pride or shame for sections, and has led section members to encourage others to pay by pointing to positive examples of the district council spending revenue within the chieftom. However, even here the district council Chairman had ‘to promise chiefs incentives’ in order to gain their support.

<sup>9</sup> While this is a commonly used indicator, it may be a rather blunt one for particular taxes, such as sales tax, for which a receipt is generally not received by anyone in rural areas. Nevertheless, it indicates where there may be significant informality within formal state tax transactions.

<sup>10</sup> Indeed it is likely that ‘roadblock’ taxes to army or police officers are much higher in urban areas than is reflected within our survey of rural areas, as taxpayers in urban centres are more likely to have greater contact with military or police officers and are required to pass more frequent checkpoints or roadblocks in the course of trading or engaging in other business.

<sup>11</sup> While labour payments are excluded from the above estimates of the value of payments, payments made in cash, in kind, or in labour were included in the question posed to respondents about whether they had made any payments or contributions to a chief in the previous year.

projects.<sup>12</sup> Meanwhile, in some areas chiefs continue to enjoy a ‘customary’ right to extract tribute and labour services from their subjects, which was previously enshrined in colonial law and which may be used to pull scarce labour towards a chief’s land during harvest season, rather than towards a communal project (Fanthorpe 2001; Fanthorpe et al. 2011; Acemoglu et al. 2013b).<sup>13</sup> In addition to these taxes, ‘anti-social behaviour’ is regulated by chiefdom bylaws and the Native Authority court system, with fees and fines levied for dispute resolution and penalisation (Baker 2008).<sup>14</sup>

Fourth, the data reveals that payments to non-state actors are ubiquitous and substantial, with 79 per cent of household heads reporting having paid at least one type of levy to a non-state actor within the previous year. These include fees to local trade associations, including associational enrolment fees (often Le 10,000, or US\$2.31) as well as fines for not participating in rotational farm labour schemes. Secret societies, such as *Poro* and *Sande*, representing common gender-based forms of organisation for the regulation of moral conduct, may levy fees or fines on members for ceremonies, penalisation or dispute resolution. Moreover, it is common for religious organisations, community-based organisations or local influential individuals to levy community development taxes to fund certain projects, while taxes or fees may be paid to health staff or ‘community teachers’ – those not certified or on the government payroll, but who make up the vast majority of teachers within the nine case chiefdoms. A parents’ association or school management committee often organises payments to these community teachers, with parents agreeing to pay Le 3000 to 5000 (US\$0.69 to 1.16) per child per term (dependent on the level of school), or in-kind contributions, such as cups of rice. In certain cases, students contribute labour to teachers’ farms. Informal payments to doctors may refer to fees to traditional healers or medicine men, or to the informal taxes or ‘small things’ requested by public clinics or peripheral health units, which can often be quite institutionalised, with commonly known rates set in leones (often Le 2000, or US\$0.46) or in the form of in-kind contributions, such as agricultural products.<sup>15</sup> In Upper Bambara Chiefdom this was described as a ‘barter system’, with nurses providing medication (often medication covered by the government’s free health-care programme for pregnant women, lactating mothers and children under five) and receiving foodstuffs in return.<sup>16</sup>

Additionally, community members may collectively decide to levy user fees or other taxes to organise repairs of common goods. While many of these projects are initially funded by NGOs or international organisations, once projects are handed over to communities it is commonly expected that they be responsible for maintenance and repairs. For instance, many chiefdoms in the post-war period have been granted ‘dry floors’, as part of the establishment of Agricultural Business Centres (ABCs) supported by the FAO (Food and Agriculture Organization). In order to use dry floors, farmers often have to use threshing machines at a fee (i.e. Le 3000, or US\$0.69, or one bag of rice) in order to have a common fund for necessary repairs to the dry floor. In other cases, communities may levy taxes for repairs on a post-hoc basis. Additionally, sub-chiefdom sections often charge community-based user fees for use of water wells, often 2000 leones

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<sup>12</sup> Authors’ interview with Kamara Paramount Chief.

<sup>13</sup> This compulsory labour for private gain has deep historical roots: indeed, domestic slavery was commonplace until the early twentieth century, with chiefs frequently large slave owners. Compulsory labour was frequently a cause of dissent in the chiefdoms, but complaints by citizens were frequently ignored both by the colonial administration and the post-independence government (Acemoglu et al. 2013b).

<sup>14</sup> These bylaws, enacted by the chief or the Mammy Queen (depending on the gender of complainants), are unique to each chiefdom, though usually prohibit ‘cursing’, ‘thieving’ and ‘abusive’ behaviour. Authors’ focus group discussions and interviews in all nine chiefdoms.

<sup>15</sup> Authors’ focus group discussion, Upper Bambara Chiefdom.

<sup>16</sup> Authors’ focus group discussion, Upper Bambara Chiefdom.

(US\$0.46) per household per month, in order to provide a 'small incentive' for 'tap attendants', and to provide a common reserve fund for when repairs or maintenance are required.<sup>17</sup>

Finally, while local militias and informal community policing or security groups were pervasive during the war, our data makes clear the effectiveness of post-war demobilisation. During the war, neighbourhood watch groups made up of youths were common, while 'Civil Defence Forces' were key local institutions protecting fellow civilians from both the rebels and the Sierra Leonean army. Both types of security groups were often supported by local communities through 'morale boosters' or funding for the provision of batteries, petrol, food and logistics.<sup>18</sup> Fourteen years after the war, less than 1 per cent of our respondents reported paying taxes to local militias or neighbourhood watch groups, while no respondents reported paying any taxes to gangs or other armed groups. That being said, many youth continue to perceive themselves as 'guardians of society', in some cases mobilising to settle small disputes, especially among other youth, or to support state security institutions (Baker 2005, 2008). In Gbane Chiefdom, for instance, a task force of young men assists the Sierra Leone Police and chiefdom police, with any individual seeking security assistance required to provide 'a token' or a 'morale booster' for the youth volunteers. As described within a focus group discussion with community members: 'If you bring a problem to the police, you must stretch your hand to solve it.' However, security groups that are not sanctioned by or working with the state are now very rare.

## 5 Taxpayer perceptions of formal and informal taxation

With this basic understanding of existing systems of formal and informal taxation, we now compare taxpayer perceptions of the different types of payments and actors. This analysis focuses on three key elements that may affect taxpayers' experiences: (1) the fairness of the tax rate and distribution of the tax burden; (2) the relative coerciveness of enforcement methods; and (3) the accountability of revenues collected, the transparency of tax practices, and the overall fairness of the fiscal exchange.

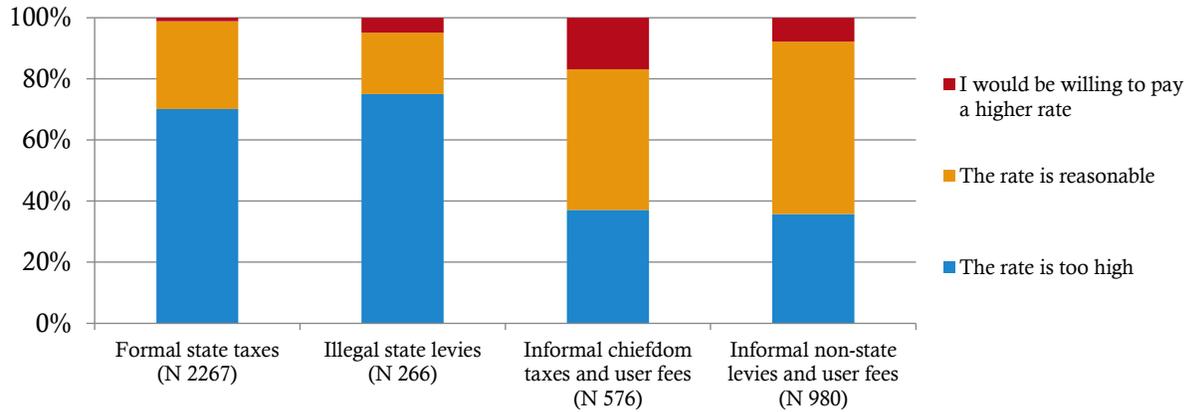
First, we examine taxpayer perspectives on three elements of fairness of taxation: tax rate; application and collection; and the distribution of the tax burden. As illustrated by Figure 4, taxpayers were more likely to perceive the rate of taxation to be too high for taxes levied by the government, while respondents were more likely to find levies by chiefs or non-state actors to be reasonable, with some taxpayers even willing to pay a higher rate for these payments. While formal state taxes and illegal state levies are perceived to have almost equally unfair rates, Table 3 shows that taxpayers perceive formal state taxes to be more fairly applied and collected and more evenly distributed amongst the taxpaying population than illegal levies. This seeming contradiction – that taxpayers perceive the rate of formal taxes to be unfair, yet find formal taxes to be fairly applied, collected and distributed – reflects nuanced responses amongst taxpayers, who in qualitative data collection often made clear distinctions between different aspects of the process of taxation.

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<sup>17</sup> Authors' focus group discussions in Gbane, Gbense and Upper Bambara Chiefdoms.

<sup>18</sup> Initially admired for their selfless defence of civilians, when their power and numbers grew some Civil Defence Forces (CDF) units became less disciplined and began to abuse civilians and trade in diamonds alongside other fighters (Keen 2005: 268; Bellows and Miguel 2006; Baker 2005). Authors' focus group discussions in Sulima and Mongo Chiefdoms.

**Figure 4 Taxpayer perceptions of the fairness of the tax rate they pay, by tax type**



Note: For each tax they reported paying in the previous year, respondents were asked: 'Is the rate you pay too high, reasonable, or would you be willing to pay a higher rate?' 'Informal non-state levies and user fees' excludes payments made to religious organisations for community projects.

**Table 3 Taxpayer perceptions of the fairness of the application and collection of taxes and of the effective distribution of the tax burden**

	Formal state taxes and user fees	Illegal state levies	Informal chiefdom taxes and user fees	Informal non-state levies and user fees
Mean percentage of respondents believing that the tax/es they pay is/are fairly applied and collected	75.78% N 2267	21.43% N 266	60.42% N 576	76.33% N 980
Mean percentage of respondents believing that for the tax/es they pay everyone pays their fair share that should do so	72.83% N 2267	31.58% N 266	60.76% N 576	74.00% N 1673

Note: For each tax they reported paying in the previous year, respondents were asked, 'Is this tax fairly applied and collected?' Possible options included, 'No, the tax is arbitrarily levied', 'Yes, the tax is levied fairly' or 'Don't know'. For each tax they reported paying in the previous year, respondents were asked, 'Does everyone pay this tax that should do so?' Possible responses included, 'No, not everyone pays their fair share', 'Yes, everyone pays their fair share', or 'Don't know'. 'Informal non-state levies and user fees' excludes payments to religious organisations.

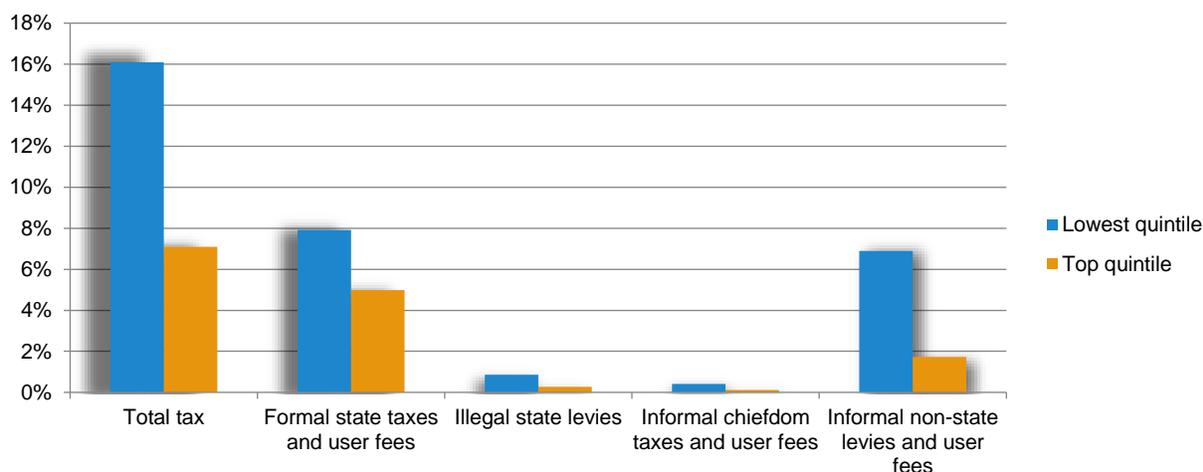
However, as described in Table 4 and Figure 5, despite relatively positive taxpayer perceptions of the fairness of the distribution of the tax burden, we find that both formal and informal taxes are generally regressive, supporting previous research on informal and local government taxation (Olken and Singhal 2011; Van Damme 2012; Bahiigwa et al. 2004). This reflects the reality that most of these payments are collected as flat rate levies which are, by definition, regressive. At the same time, however, qualitative evidence suggests that political and economic connections often determine effective tax burdens within our case districts, negating or minimising the progressive impact of taxation where it may be possible; for instance, in Gbense Chiefdom, police collect local taxes, but are widely reported to issue exemptions that negatively affect the fair distribution of the tax.<sup>19</sup>

<sup>19</sup> Authors' interviews, Kailahun District Council Chairman and Gbense Paramount Chief.

**Table 4 Tax expenditure to income ratios, by tax type and income quintile**

Income quintile	Total tax: income ratio	Formal state tax expenditure: income ratio	Illegal state levy expenditure: income ratio	Informal chiefdom tax and user fee expenditure: income ratio	Informal non-state levy and user fee expenditure: income ratio
First quintile (N 160)	16.09%	7.92%	0.86%	0.41%	6.90%
Second quintile (N 177)	12.30%	7.01%	0.22%	0.21%	4.86%
Third quintile (N 162)	16.99%	11.50%	0.39%	0.14%	4.95%
Fourth quintile (N 173)	11.35%	6.83%	0.61%	0.22%	3.68%
Fifth quintile (N 176)	7.09%	4.98%	0.27%	0.11%	1.73%

**Figure 5 Tax payments as a proportion of income**



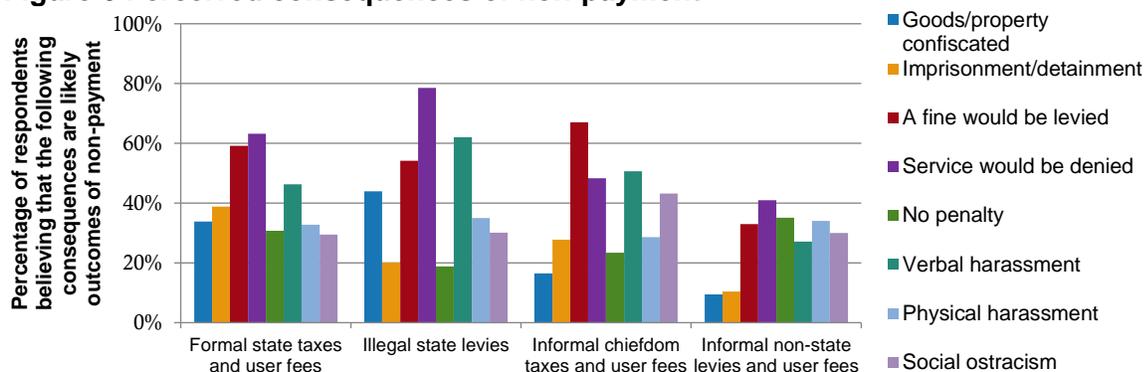
Second, we explore the enforcement mechanisms associated with the different types of payments and the degree to which they are coercive or rules-based. It may be expected that rules-based penalties (e.g. fines, goods confiscation, service denial and detainment) would be more associated with formal state taxes, while coercive penalties (e.g. verbal or physical harassment and social ostracism) would be more greatly associated with informal, non-statutory levies. However, on the whole, we find that both rules-based and coercive penalties are common outcomes of non-payment for both formal and informal payments in relatively rural and isolated areas, often with severe implications for livelihoods.

On one end of the spectrum, certain rules-based enforcement approaches, including imprisonment and goods confiscation, are most associated with taxes levied by the state, though chiefs retain power to confiscate property and imprison local tax defaulters. While fines are relatively common across the different types of tax, we find that they are most associated with chiefdom tax enforcement, with these penalties often being relatively severe and thus widely perceived as an overwhelming deterrent to non-payment.<sup>20</sup> Meanwhile, service denial is most associated with illegal state levies, reflecting that these taxes are often transactional, based on a

<sup>20</sup> Bylaws in Mongo Chiefdom effectively ensure that parents pay community school fees by levying a Le 500,000 (US\$115.50) fine for withdrawing students from school. Authors' focus group discussions and interviews in Mongo, Gbense and Gbance Chiefdoms.

need to expedite a public service or to simply cross a roadblock without being turned away. Service denial for formal state taxes is also common: for instance, some districts require taxpayers to show their local tax receipts in order to open a business, obtain a mining licence, get a job in the formal sector or go to court.<sup>21</sup> However, service denial may be a particularly severe outcome for informal chiefdom and non-state payments – for instance, by preventing defaulters from using common water sources or other public goods – though we find that the likelihood and severity of service denial enforcement is highly dependent on the relative power of the chief, with chiefs in more remote areas generally more able to wield more substantial penalties. Informal non-state levies are also closely associated with impunity for non-payment, which may again suggest a degree of pragmatic adaptability to local contexts: for instance, certain chiefdom and school leaders noted that while they try to ‘encourage’ parents to pay community teacher fees, they do not turn students away that are unable to pay, as school enrolment would be adversely affected.

**Figure 6 Perceived consequences of non-payment**



Note: For each tax they reported paying in the previous year, respondents were asked, ‘How likely do you think it is that the following actions would be taken against you for non-payment of this tax/payment?’ Possible responses included: ‘Unlikely,’ ‘Neither likely nor unlikely,’ ‘Likely’ or ‘Don’t know’.

On the other end of the spectrum, verbal and physical harassment are relatively common forms of penalisation for non-payment, with particularly high rates of harassment associated with illegal state levies and chiefdom taxes. Indeed, focus group participants and chiefdom interviewees reported that violating chiefdom bylaws can result in being ‘tied to a post and harassed’ by community members. However, interviewees also described significant levels of harassment associated with formal state taxes, including with respect to local tax collection. For instance, in Gbane and Gbense Chiefdoms, community members and chiefdom leaders described local tax being collected ‘by force’ at the hands of the Native Authority or district police at roadblocks, leading some taxpayers to pin their local tax receipt to their shirts in order to avoid harassment on the street.<sup>22</sup> Finally, social ostracism or peer pressure is an important form of penalisation across all forms of taxation, though these are most associated with chiefdom taxes. Indeed, we heard extensive evidence of public shaming and humiliation as a result of violating chiefdom bylaws, including parading bylaw violators or defaulters through town naked or making them ‘dance around the town’.<sup>23</sup> Often a particularly severe form of penalisation in these contexts is

<sup>21</sup> As this is often viewed as a transactional necessity, further problems are created related to the timing of local tax payment. In some of the chiefdoms we visited in November, tax receipt books had still not been distributed for the calendar year, with taxpayers expressing that they would be unwilling to pay so late in the year as the receipt would only be ‘useful’ for a short period. Authors’ focus group discussions in Luawa and Upper Bambara Chiefdoms, and interviews with Town Chief in Luawa Chiefdom and Kailahun District Council Chairman.

<sup>22</sup> Authors’ focus group discussion, Gbane Chiefdom, and interviews with Paramount and Section Chiefs in Gbense Chiefdom.

<sup>23</sup> Authors’ focus group discussions, Gbane, Kasunko and Kamara Chiefdoms.

what was described as 'abandonment' in times of crises: 'If you don't pay and need help, we will not come to your aid.'<sup>24</sup>

Finally, we explore taxpayer perceptions of three aspects of tax governance, including the existence or absence of a reciprocal fiscal exchange, the accountability of taxing authorities and the transparency of tax practices. First, when asked what they receive in return for paying taxes, respondents were more likely to report receiving a specific good or service in exchange for paying informal non-state or chiefdom taxes and levies relative to formal state taxes (Figure 7). This may seem intuitively unsurprising given that many of the payments made to chiefs and non-state actors are more akin to user fees in exchange for a particular service or benefit, while revenues collected by the local and central government (e.g. income tax, local/poll tax, property tax) are more akin to the conventional notion of a tax as contributing to a general source of revenue for the state. However, this distinction may be less pronounced in practice. Indeed, while payments to non-state actors may generally be considered user fees, many payments made to chiefs are not directly related to a service or good, but may rather contribute to the reciprocal relations that define the chief's authority, with the chief offering social protection in times of need. At the same time, few taxpayers pay income and property tax within the case chiefdoms, while the majority of local government revenues in these areas are made up of what may be more commonly considered user fees (e.g. market fees, business operating licences, user fees for government services).

More interesting, however, is the impact that the payment of fees to non-state actors and chiefs seems to have on the willingness of taxpayers to pay formal government taxes. Qualitative evidence suggests tentatively that taxpayers may see any type of payment, including direct payments for services, as obviating their duty to pay general taxes to the government. Indeed, the lack of a clear link between government taxes, services or development has led to resistance to the local/poll tax payment in some areas.<sup>25</sup> As described by a taxpayer in Mandu Chiefdom, people are 'less willing to pay local [poll] tax when they're paying on their own' for services, such as through community development taxes. These feelings of a lack of reciprocity have implications for how taxpayers view the newly introduced property rate, with many communities asking why they should pay a new tax to the district council when they have not yet seen the benefits of local tax.<sup>26</sup> As described by a community leader in Upper Bambara Chiefdom: 'They [the District Council] say it [property tax] is for development, but we don't see it [development] and don't know why we should pay more. We haven't seen the benefit from local tax, so we will resist [property tax collection].'

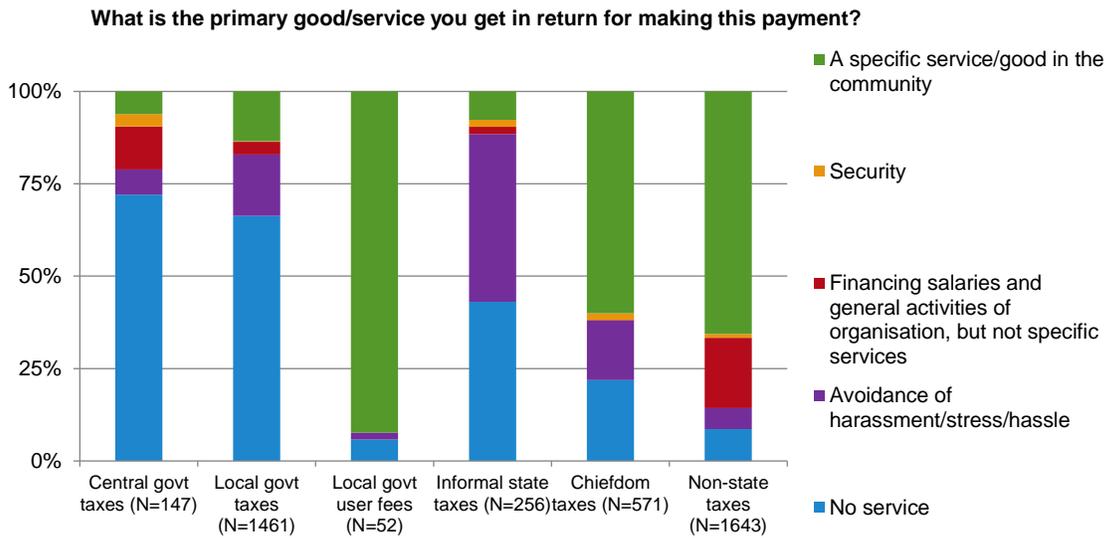
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<sup>24</sup> Authors' interview with ward councillor, Kasunko Chiefdom.

<sup>25</sup> Authors' interview with Paramount Chief of Gbense, and focus group discussions in Luawa and Mandu Chiefdom.

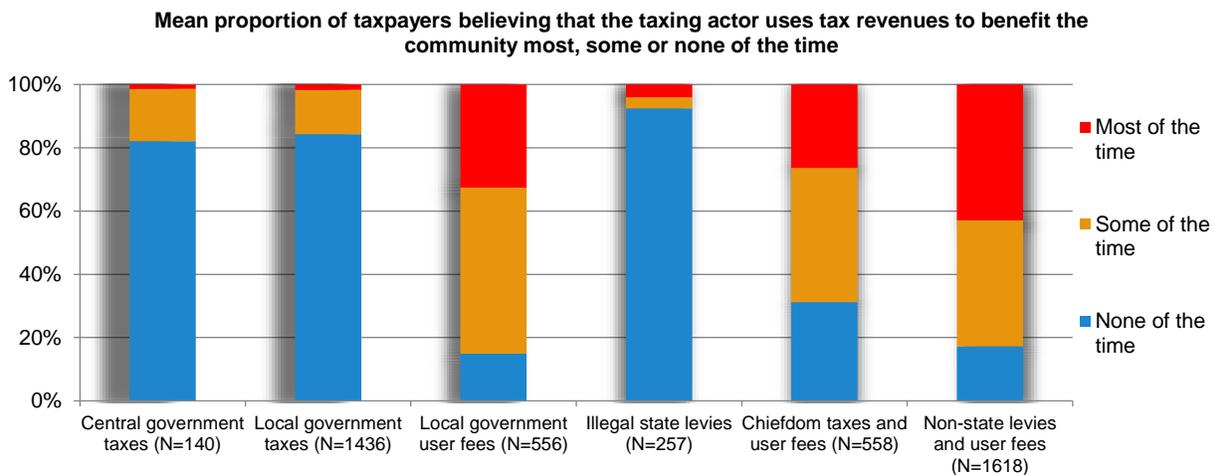
<sup>26</sup> Authors' focus group discussions in Gbane Chiefdom and interview with Paramount Chief of Gbense.

**Figure 7 Fiscal exchange and perceptions of reciprocity**



Likewise, we find that taxpayers believe that informal non-state and chiefdom taxes and levies are more likely than formal state taxes to be used to benefit the community some or most of the time (Figure 8). This perspective is, unsurprisingly, attenuated for user fees levied by the local government.

**Figure 8 Taxpayer perceptions of the accountability of the tax levying authority**



In terms of rate setting and of information about how revenues from taxes are spent, informal non-state levies are perceived by taxpayers to be the most transparent of taxes, with informal chiefdom taxes viewed more positively than formal state taxes (Table 5). Taxpayers repeatedly cited a lack of information about local, market and property taxes: for instance, in some chiefdoms taxpayers conflated local tax and property rate, questioning why the district council is asking them to 'pay twice'; in other chiefdoms, taxpayers understood the property rate as a 'rent' rather than a tax, questioning why they should pay rent on the houses they rebuilt after the war

without government support.<sup>27</sup> By contrast, taxpayers repeatedly reported that everyone in their respective communities knows about chiefdom bylaws and taxes levied by community groups: for instance, it is well known that if an outside group brings a development project to the chiefdom, chiefdom subjects are responsible for providing local materials and labour.<sup>28</sup>

**Table 5 Taxpayer understanding of rate setting and of how tax revenues are spent**

	Formal state taxes and user fees	Illegal state levies	Informal chiefdom taxes and user fees	Informal non-state levies and user fees
Mean percentage of respondents reporting that they understand how the tax rate/s they pay is/are set	10.45% N 2267	4.14% N 266	20.60% N 183	45.02% N 642
Mean percentage of respondents reporting that it is easy to find out how tax revenues are used	6.93% N 2267	4.14% N 266	10.93% N 183	52.24% N 1673

Note: For each tax they reported paying in the previous year, respondents were asked, 'Do you understand how the rate that you pay is determined?' Possible options included, 'No', 'Yes' or 'Don't know'. For each tax they reported paying in the previous year, respondents were asked, 'Based on your experience, how easy or difficult is it to find out how the revenues from this tax are used?' Possible options included, 'Easy', 'Neither easy nor difficult', 'Difficult' or 'Don't know'. Figures in column 3, 'Informal chiefdom taxes and user fees', exclude labour payments to chief. Figure in column 4, line 1 excludes payments to religious organisations, and informal user fees.

## 6 Discussion and policy implications

Table 6 summarises taxpayer perceptions of the four types of payments examined in this study; we highlight five key findings. First, informal taxation, including payments levied by non-state actors, is a prevalent reality in rural areas of conflict-affected Sierra Leone. Second, informal non-state and chiefdom taxes and levies are more positively perceived across a wide range of indicators relative to taxes levied by the state, with informal non-state levies perceived to be the most fair, reciprocal, transparent and accountable of all taxes. This seems to indicate relatively effective and consensual forms of informal revenue collection and service delivery at community levels in the absence of effective state service delivery. Third, while informal chiefdom taxes are perceived more positively than state taxes across a range of indicators, it is also the case that chiefdom taxes are perceived to be relatively unaccountable and lacking in transparency. Chiefs' demands for labour or construction materials can often be seen as exploitative (Fanthorpe 2004; Richards 2005), while the 'overall lack of transparency in chiefdom financial administration undermines the development of any social contract between decentralized service providers and local taxpayers' (Fanthorpe et al. 2011: 58). Indeed, a significant literature documents a degree of popular unhappiness with many chiefs in the country (Mamdani 1996; Richards, Bah and Vincent 2004; Fanthorpe and Gibril Sesay 2009), with some indications that these perceptions have led to tax resistance at the local level (Prichard and Jibao 2010). Fourth, formal state taxes levied by the central or local government perform quite poorly across our range of indicators, though illegal state levies are the overall worst performers, which is perhaps unsurprising given the degree of coercion associated with these forms of taxation. Nevertheless, taxpayer perceptions are relatively nuanced: for instance, while taxpayers view the rates for formal state taxes to be too high, they believe they are fairly applied and distributed. Finally, there are some consistencies across types of tax. For instance, all types of taxes prove to be regressive, regardless of taxpayer perceptions of the fairness of the distribution. Moreover, all types of tax

<sup>27</sup> Authors' focus group discussions and interviews in Gbane, Gbense, Kamara, Upper Bambara and Mandu Chiefdoms.

<sup>28</sup> Authors' focus group discussions, Mongo, Gbense and Mandu Chiefdoms.

include both rules-based and coercive forms of enforcement, though the balance of these mechanisms does not appear to affect overall perceptions of the fairness of how the taxes are applied.

**Table 6 Summary of taxpayer perceptions**

	<b>Formal state taxes and user fees</b>	<b>Illegal state levies</b>	<b>Informal chieftom taxes and user fees</b>	<b>Informal non-state levies and user fees</b>
<b>Fairness of tax rate</b>	Negative perceptions of tax rate	Negative perceptions of tax rate	Positive perceptions of tax rate	Positive perceptions of tax rate
<b>Fairness of distribution</b>	Fairly distributed	Unfairly distributed	Mostly fairly distributed	Fairly distributed
<b>Fairness of application/collection</b>	Fairly applied	Arbitrarily applied	Mostly fairly applied	Fairly applied
<b>Tax expenditure to income</b>	Regressive	Regressive	Regressive	Regressive
<b>Coerciveness of enforcement (top 3)</b>	(1) A fine would be levied, (2) service would be denied, (3) verbal harassment would be likely	(1) A fine would be levied, (2) service would be denied, (3) verbal harassment would be likely	(1) A fine would be levied, (2) verbal harassment would be likely, (3) service would be denied	(1) Service would be denied, (2) no penalty, (3) physical harassment
<b>Reciprocity</b>	Low levels of reciprocity	Low levels of reciprocity	High levels of reciprocity	High levels of reciprocity
<b>Transparency of rate setting</b>	Not transparent	Not transparent	More transparent	More transparent
<b>Transparency of expenditures</b>	Not transparent	Not transparent	Not transparent	Transparent
<b>Accountability of taxing authority</b>	Not accountable	Not accountable	Not accountable	Accountable

These key findings, as well as the more general institutionalisation of many informal forms of taxation, point to several key implications for how we think about taxation in rural areas of Sierra Leone. First, and most basically, our research shows that informal taxes and levies are a prevalent and institutionalised reality within rural areas of Sierra Leone. While informal revenues may be relatively small in absolute terms, they represent significant proportions of taxpayer income, with rural citizens often paying a greater number of informal levies than formal taxes. Given the significance of informal levies at the local level, widening the analytical lens to capture the full range of payments made by citizens is necessary for understanding ‘real’ tax and governance systems, as well as rural poverty and livelihoods.

Second, our finding of positive taxpayer perceptions of informal non-state levies raises questions about service delivery models in rural areas in the aftermath of conflict. Relatively positive taxpayer perceptions of the ‘reciprocity’ of both informal chieftom and non-state levies suggest some advantages to community-driven development models, which have recently received considerable attention from donors (e.g. Casey, Glennerster and Miguel 2011). However, there are risks associated with strengthening local institutions, which may be unaccountable or unrepresentative. Indeed, there is a well-documented risk that community-based informal revenue collection mechanisms favour certain groups or serve to reproduce inequalities of power (Cleaver et al. 2013; Meagher 2013; CFS 2010; Joshi and Moore 2004; Guha-Khasnabis, Kanbur and Ostrom 2006), while in Sierra Leone there is a risk that chiefs may capture community-driven development models (Acemoglu et al. 2013b). More fundamentally, there may be long-term risks of privatising service delivery through a mechanism parallel to the state, in a manner that does not serve to strengthen the underlying relationship between the taxpayer and the state. For instance, Bodea and LeBas (2013) argue that groups that are comparatively able to rely on community provision of essential services through ‘self-help’ projects may be less supportive of taxation, raising questions for the long-term implications of relying on non-state service delivery mechanisms. Despite these tensions, our research suggests a potentially positive role for community-based taxation and service delivery in the absence of state presence,

highlighting an area for further research: how best to manage the risks associated with alternative forms of taxation and service delivery in post-conflict areas.

At the same time, however, the meaning and implications of low levels of trust in local government remain ambiguous. On the one hand, taxpayers may trust chiefdom and non-state taxing authorities because they are more effective in delivering services, reflecting broader evidence in sub-Saharan Africa of low levels of confidence and trust in local government (Bratton 2012; Logan 2009). On the other hand, taxpayers may express greater trust in and more positive perceptions of informal taxes simply because they more closely resemble user fees; this is particularly true for some of the taxes levied by non-state groups, such as parents' groups collecting fees for teachers' salaries. This perspective is supported by the reality that taxpayers report more positive perceptions of local government user fees than other taxes. This is an important distinction that calls for further research; however, if the latter proposition is the case, it still has important implications for thinking about appropriate models of revenue collection and service delivery at the local level by the formal state.

Third, our findings reinforce the reality that local councils are highly dependent on chiefs for tax collection and taxpayer cooperation, with chiefs remaining very powerful in this domain. Chiefs have enormous power to either help or hinder district councils in tax collection, while it is clear that chiefs are more trusted than the central state, but still distrusted in many ways. On the one hand, citizens may view chiefdom tax collection as unaccountable. On the other hand, they are also likely to be heavily invested in patronage networks that have paramount chiefs at their apex, as well as to believe that they have greater influence over local institutions than they do over the central state, resulting in little popular desire for significant reform of the current system (Acemoglu et al. 2013b; Acemoglu, Chaves, Osafo-Kwaako and Robinson 2013; Sawyer 2008; Fanthorpe 2004 and 2005). These empirical insights contribute to a broader discussion about the need to find institutional strategies that recognise the reality of chiefs' prominence, yet without giving carte blanche for chiefly unaccountability.<sup>29</sup>

Finally, given poor taxpayer perceptions of formal state taxes, our findings imply a basic need to increase taxpayer confidence in the formal tax system. Our evidence suggests that taxpayers overwhelmingly believe that they get nothing from the local government for their taxes, suggesting a need to think about strategies for addressing this, including basic things like providing tangible benefits from local tax revenue, and increasing the transparency and accountability of the system. Evidence from research implemented by Jibao and Prichard (2013) within city councils in Sierra Leone implies that the use of more explicit transparency mechanisms can be significant to taxpayer perceptions of the accountability of local government. In any case, decentralisation in Sierra Leone cannot succeed in the absence of a local tax system that generates revenue in a way that enjoys a degree of popular legitimacy (Jackson 2005; Robinson 2008; Fanthorpe et al. 2011). More broadly, the relationship between informal revenue collection and compliance with formal taxes remains uncertain, highlighting an area for deeper exploration by further research. Extensive informal revenue collection may be viewed as conscious citizen exit from the state, as missed opportunities for state building, and as lost

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<sup>29</sup> At the most basic level, mechanisms of downward accountability within chiefly institutions could counteract some of the negative aspects of informal chiefdom taxes, while rectifying some of the key elements of accountability that were removed from indigenous political institutions during indirect rule and after independence (Ashton 1947; Gluckman, Mitchell and Barnes 1949; Crowder and Ikime 1970; Migdal 1988; Mamdani 1996). As described by Acemoglu and Robinson (2012: 342), indirect rule 'introduced a system of social stratification – the ruling houses – where none had existed previously. A hereditary aristocracy replaced a situation that had been much more fluid and where chiefs had required popular support. Instead, what emerged was a rigid system with chiefs holding office for life, beholden to their patrons in Freetown or Britain, and far less accountable to the people they ruled.'

revenue for the state. At the same time, however, it is not always the case that citizens paying informal taxes refuse to pay formal taxes. Indeed, informal tax may simply be serving as an alternative to a largely absent formal state, or a means for citizens to circumvent coercive or unaccountable state apparatuses.

## 7 Conclusions

This paper has explored informal forms of taxation by state and non-state actors in rural, highly conflict-affected and isolated districts of Sierra Leone in order to better understand the reality of local tax burdens, public goods provision and governance. Informal taxation in rural and conflict-affected regions is an area in which little research has previously been conducted. As such, this research is exploratory, aimed not at generating universal messages, but at contributing to the discussion of 'real' tax, service delivery and governance systems in the absence of a strong state. The conclusions drawn here thus offer a set of possibilities for further exploration.

Our findings highlight several broad messages: informal taxation, particularly that conducted by non-state community-based groups and chiefdom authorities, is a prominent reality within rural Sierra Leone, while being more positively perceived by taxpayers relative to taxes levied by the central or local state in terms of fairness, reciprocity, and accountability. However, while informal chiefdom taxes are on the whole more positively perceived than formal state taxes, they are also perceived to be relatively unaccountable and lacking in transparency. These findings raise a number of additional questions that are being addressed by follow-up research in the chiefdoms within which the survey was undertaken. Notably, this research will explore to a greater extent the implications of the role of non-state taxation for formal local institutional development and state building more broadly. How do these non-state actors engage with the formal state, does the nature of this engagement vary across regions, and how should we think about their role and relationship to the state from a long-term developmental and state-building perspective? What are the implications of these relationships and service provision roles in the wake of the Ebola crisis? By raising these questions, this initial research makes clear that taking the full ranges of taxes, levies, and fees paid by citizens into account has important implications for how we think about taxation, public service delivery and governance in rural areas of a conflict-affected country. The prevalence and institutionalisation of informal revenue collection at the local level highlights the importance of widening the analytical lens in order to capture the full range of payments made by citizens, and to accurately capture and assess models of taxation and service delivery in areas of weak formal statehood.

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