



Governance institutions in rural Sierra Leone

Andrés F. Rodríguez

- This policy brief discusses data showing how customary leaders in Sierra Leone govern rural areas, mainly through coordinating the provision of public goods.
- Data from this project reveals how rural citizens' contributions to local public goods appear uniform along the wealth dimension. This implies that low-income households contribute a more significant proportion of their resources.
- The previous result pattern does not change when using survey proxies for material wealth or community rankings about wellbeing.
- Women and men contribute almost the same frequency to local public goods, providing evidence that women also bear the costs of informal tax contributions.
- Social proximity to local customary leaders is also relevant for how much and what type of contributions citizens engage with. This speaks to the strategic component these leaders must address when raising funds for local projects.
- Finally, the brief highlights some policy considerations derived from this data, focusing on governance and state capacity development in contexts such as rural Sierra Leone.

POLICY BRIEF SLE-22082

APRIL 2025

This project was funded
by IGC Sierra Leone

theigc.org

DIRECTED BY



FUNDED BY



Policy relevance of customary leaders for local public goods

In rural Sierra Leone, customary leaders control multiple policy dimensions, such as land allocation, local conflict resolution, and public good provision. Regarding the last policy domain, these leaders essentially play the role of a taxing authority, coordinating and enforcing how different households need to contribute with labour, food, or money to help fund local projects. Not surprisingly, a study from the International Centre for Tax and Development indicates that 69% of rural households engage in these types of contributions, also called informal taxes. This compares to only 12% of households who pay formal taxes to local or central governments.

However, this arrangement to fund local public goods might severely burden specific households in rural Sierra Leone. First, these contributions are informal in nature, so there is no law guiding their collection or records about them. As a result, no formal accountability can exist in terms of some people paying more than others. Moreover, as local customary leaders called chiefs manage these contributions, they might have incentives to use this system of contributions to sustain their power as local elites.

Despite these concerns, it is also worth noting that citizens in rural Sierra Leone generally approve of their customary leaders, even more so than they approve of political leaders. According to the Afrobarometer 2023, this trend is valid for multiple countries in sub-Saharan Africa and speaks to chiefs' crucial role in governing areas lacking other forms of state capacity. The result of such an arrangement is that chiefs end up being highly important in solving local collective actions, to the point that NGOs or the government need to engage with them constantly to be able to gather citizen support and operate in rural areas.

The resulting equilibrium of rural governance can then be described as a double-edged sword. Chiefs are essential to mobilising resources in rural areas but in a system with no formal accountability, which can be unfair and burdensome for some groups more than others. The lack of data about how households contribute to local public goods means that it is challenging to study how rural governance is affected by this system of redistribution.

Overview of the data-collection effort

The study focused on collecting data about public good contributions from almost 2,000 respondents in 128 communities in rural Sierra Leone. These

communities were scattered among six districts and were selected among typical rural communities distant from urban areas.

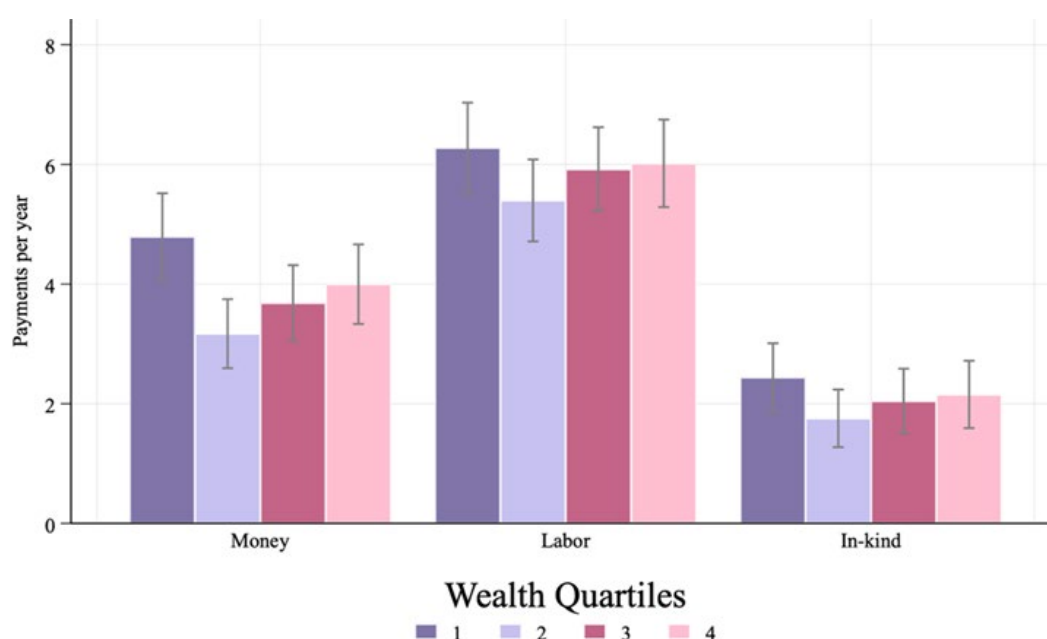
The surveys fielded in the study focused on collecting data about informal contributions households make to support local public goods coordinated by their local chiefs. This data includes cash payments, time spent in communal labour, and in-kind contributions to local projects and activities. Moreover, this data-collection exercise also aimed to comprehensively measure who contributes more or less to local public goods. Thus, the surveys also collected extensive household information to identify different types of contributors. For the main results, this brief will focus on how wealth, gender, and social proximity to the local chief relate to how much citizens contribute.

Key findings

The first result from this project confirms that informal tax contributions are highly prevalent and regressive among citizens of rural Sierra Leone.

73% of participants reported having paid an informal tax in the last year before the programme, with labour contributions being the most common type of informal tax. Moreover, the figure below shows wealth is not strongly related to the frequency of informal taxation, even though households in the lowest wealth quartile report paying slightly more informal taxes. Showing these results as a proportion of wealth or income would depict a regressive pattern.

FIGURE 1: Frequency of informal tax payments arranged by chiefs



The figure above uses survey questions to proxy material wealth. Notably, the survey also asked households to rate each other regarding living conditions. These community ratings serve as additional proxies for wealth that can use

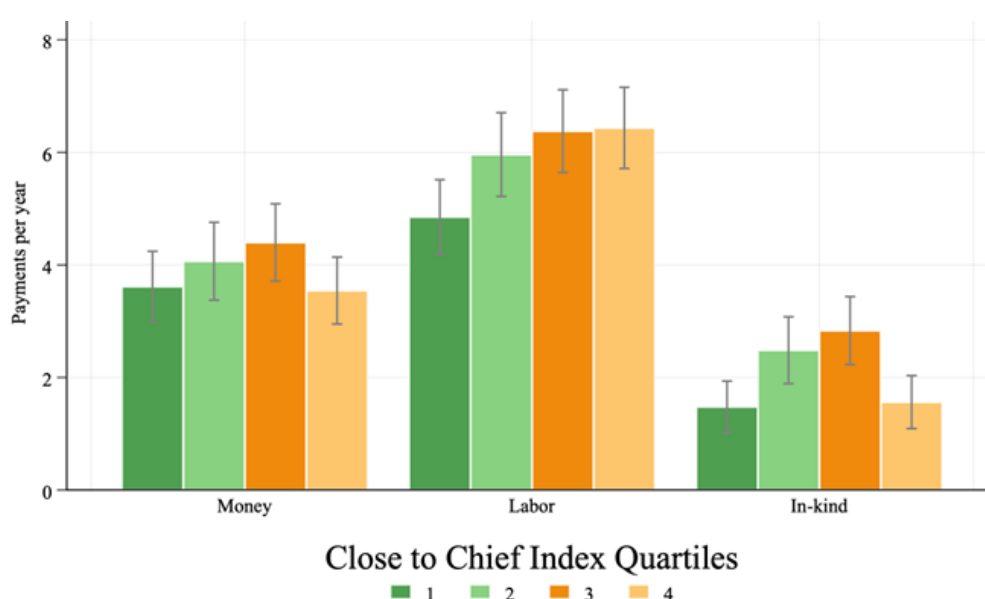
information hidden from surveyors and might be better aligned with people's idea of welfare. Repeating the previous analysis by wealth quartiles but using community ratings instead of survey proxies of wealth does not change the main takeaway. Chiefs, if anything, levy contributions from households uniformly along wealth levels, which imposes a higher proportional cost to very low-income households.

The second result from these surveys shows that women contribute almost at the same frequency as men. Given the underlying gender norms in rural Sierra Leone, this suggests that although women tend to be in more vulnerable positions, for example, by earning less money, they still pay significant costs to fund local public goods.

Finally, this study finds that respondents' social proximity to their local chief also matters for their level of contributions to local public goods.

Surveys collected information about family relationships or alignment with the chief's policy preferences to uncover which respondents were more likely to be close to their customary leaders. The study shows people who are socially distant from chiefs contribute relatively less. This can be explained by the fact that these informal contributions are enforced through social norms around the chief's leadership position. Also, chiefs rely mostly on labour contributions from people close to them but impose in-kind or cash contributions to people slightly more distant from them. These facts suggest labour contributions are more challenging to monitor, and thus, chiefs must strategically target different household contribution types.

FIGURE 2: Frequency of informal tax payments arranged by chiefs



Policy takeaways

The data from this study can inform how governments in low-income countries expand their state capacity to rural areas, given that they are likely to encounter conflicts with customary leaders controlling these areas, such as chiefs.

Understanding how these leaders handle informal taxation, and redistribution more generally, is essential for designing policies that will replace or complement local redistribution schemes coordinated by local leaders.

The insights produced by this study are particularly relevant for taxation policies usually controlled by district councils that aim to raise revenue to fund their operations. Importantly, these councils are not the only entities taxing citizens since traditional leaders are formally in charge of collecting the local (poll) tax and market dues, plus all the additional informal taxes. As councils develop new policies to raise revenue, for example, through property tax reforms or by establishing arrangements to share revenue with customary leaders, it will be important to know which types of households perceive a higher burden from taxation linked to customary leaders.

Moreover, since informal contributions appear, in the best scenario, to be uniformly distributed along citizens' wealth, a key insight stemming from this study is that very low-income households can win by formal tax systems that make them pay proportionally less. Thus, if district councils want to expand revenue collection and relieve redistributive tension from the poorest households in rural areas, they should consider tax instruments that correct the existing regressive patterns of informal taxation, such as property taxes or other tax instruments targeting markers of wealth in rural areas.

The insights from this study also apply more broadly to many policies where the state leverages the local power of customary leaders. For example, when the central government or local councils have resources to fund local projects, they often rely on customary leaders to support these projects by allocating land and mobilising local labour. These situations create informal taxes where very low-income households end up contributing important amounts of time and resources to support local public goods. Therefore, a policy recommendation that can emerge from this work is that the state should better regulate these informal arrangements so that funding public goods does not end up creating regressive payment schemes. For example, better compensation rules for these informal workers might re-distribute some of the burdens of providing local labour and still support the construction of local projects benefiting many citizens of rural areas.

Importantly, it is also worth noting that the state cannot simply replace customary leaders without understanding local dynamics. Even if local councils

or the national state aim to take over tasks or taxes handled by chiefs, they should also learn from how customary leaders gather informal contributions to sustain public goods. The fact that chiefs rely mostly on labour contributions from a segment of the population but also on money or in-kind payments from others suggests that the problem of funding projects is complex and requires local information to better take advantage of scarce resources. Thus, collaborating and creating complementary institutions around taxes and redistribution systems can help governments raise resources for local public goods, ideally correcting some of the biases of customary leaders but leveraging their local knowledge and legitimacy.