Norwegian Institute
of International
Affairs

RESEARCH PAPER – 3 / 2024

Grand Bassa and the 50/50 tax pilot: "A brilliant idea, but..."

James Suah Shilue & Viljar Haavik

Contents

Introduction

In late 2021, the Government of Liberia (GOL) through the Liberia Revenue Authority (LRA) introduced the Local Government Real Property Tax Administration Pilot Project in Margibi County.[1] By allowing 50 percent of collected revenue from taxation of property to stay in the originating county, the 50/50 pilot represents a significant shift from the current tax system centralizing all revenue in the capital, Monrovia. Fiscal decentralization can potentially promote local development, improvement of public service delivery and, in the longer term, a more productive social contract between the government and citizenry. However, local tax systems can also become a source of coercive, exclusionary and corrupt practices undermining the relationship between state authorities and citizens. This pilot project, often referred to as the 50/50 pilot, was later expanded to Grand Bassa County in late 2023 and serves as a case study in this report.

To better understand the implications of the 50/50 pilot in Grand Bassa, we explored how it is perceived by citizens, community leaders and local officials. Are property owners more willing to register and pay the property tax under the new scheme? And what do different actors believe will be necessary for the 50/50 to generate revenue and yield sustainable development at the county level? To answer these questions, we conducted extensive fieldwork in Buchanan, Grand Bassa County, in August 2023 using interviews and focus groups discussions (FGD) to engage with a broad range of local stakeholders. This research was conducted by the *Platform for Dialogue and Peace* (P4DP) in collaboration with the *Norwegian Institute of International Affairs* (NUPI) under the research project – *Strengthening fragile states through taxation* – funded by the Research Council of Norway.

Citizens' and community leaders' view of the 50/50 pilot in Grand Bassa can be summed up in four words: "A brilliant idea, but …". Unsurprisingly, local stakeholders are very positive to taxes collected at the local level remaining with the county for development projects. However, a positive statement was usually followed by a remark on potential issues regarding implementation. In practice, the 50/50 is implemented in a context of deep mistrust between state and society. A key challenge is the widespread belief among citizens that they are not receiving a 'rightful return' for their current tax payments to the government. Important factors highlighted are the low performance of public services and issues of transparency and accountability, particularly regarding the County Development Fund (CDF) and Social Development Fund (SDF) allocated on a yearly basis. The CDF is a fixed transfer of USD 200,000 to each of the 15 counties, while the SDF is transferred to counties with concession-companies operating on their land, for example from the mining industry. Together they are referred to as the County Social Development Fund (CSDF). The county administration responsible for utilizing these funds have been marred with corruption and mismanagement. The Liberian structure of governance remains highly centralized with power, authority and delivery of physical and social infrastructure services concentrated at the national level, consequently undermining the governance process at the sub-national level.

1 *The New Dawn*. "Liberia: LRA Launches Local Government Real Property Tax Expansion Pilot Project in Margibi." December 21, 2021, sec. News. https://allafrica.com/stories/202112210103.html.

Our findings indicate that the success of the 50/50 not only depends on the revenue generated by the LRA, but also, and perhaps to a larger degree, on the transformation of property tax revenue by the county administration into tangible development projects that are highly visible to the taxpayers in the short term. Thus, taxpayers want to see transparent and visible results before they buy into the 50/50 – it is all about trust and trust is currently lacking for good reasons.

This report provides a brief summary of the findings from our fieldwork in Buchanan following up on the implementation of *Liberia's 50/50 Real Property Tax Sharing Pilot System*. We continue the report by briefly describing our research methods and sample of informants. Second, we outline and discuss our findings before ending with a conclusion and our policy recommendations for the 50-50 and revenue sharing in Liberia.

Background: Grand Bassa County

Grand Bassa is one of 15 counties (regions) in the center of coastal Liberia with a population size around 293,000. It is a county boasting a busy seaport, a good local economy and relatively good road access to Monrovia. Iron ore mined in northern Liberia since the 1960s have been shipped out and exported from the port of Buchanan. The iron-company, Arcelor Mittal, transfers annually USD 1.5 million to the county administration as part of the SDF. In addition, the county's revenue consists of the CDF, other government transfers, grants and own local revenue.

While data on projected property tax revenue for Grand Bassa is very limited, we can look to existing figures from other parts of the country for reference. In 2022, Liberia's total property tax revenue, concentrated primarily in Monrovia, amounted to USD 4.5 million from roughly 11,000 properties.[2] This represents a mere 0.9% of the country's overall tax revenue. Interestingly, Margibi county, with a similar population to Grand Bassa, had 12,500 properties registered through its 50/50 pilot project. Assuming a similar registration rate in Grand Bassa and lower property values than in Monrovia, property tax revenue will likely be lower than the 2022-figures.[3] However, a rough, conservative estimate suggests that the 50/50 revenue-sharing model could still generate significant income for Grand Bassa. This could potentially exceed the CDF (USD 200,000) and approach the SDF (USD 1,500,000). Such an increase in own local revenue would significantly bolster the county administration's yearly budget.

2 Liberia Revenue Authority. Annual Report 2022. LRA Annual Report 2022.indd

3 Based on the 2008 population census, the International Growth Centre estimated in 2013 a similar amount of taxable residential properties in Grand Bassa and Margibi County, 4,185 and 4,585 respectively. See Olabisi, Oyebola. "Optimising Real Estate Tax in Liberia: Implications for Revenue Performance and Economic Growth." Working paper. International Growth Centre, September 1, 2013. https://www.theigc.org/publications/optimising-real-estate-tax-liberia-implications-revenue-performance-and-economic.

Topographic map of Liberia, Oona Räisänen

Research methods

Our study was carried out in Buchanan, Grand Bassa County, in August 2023. To understand how the 50/50 pilot is received by taxpayers and local officials, we engaged in interviews with key informants and focus group discussion with taxpayers. A mix of semi-structured interviews and focus group discussion (FGD) enabled us to engage in-depth with local stakeholders' perceptions of and experiences with the Liberian tax system, the delivery and functioning of public goods and services, and local political issues. Interview and focus group guides were used as templates for the data collection while interviewers were encouraged to ask follow-up questions and explore information beyond the guides.

We aimed to achieve representativity through pre-selecting and engaging with a broad range of stakeholders in Grand Bassa County. Without a property register with a list of owners, achieving representativity through random sampling was not possible. A total of 37 local stakeholders (25 males and 12 females) consisting of property and non-property owners participated in the assessment. Participants consulted included businesspeople, members and leaders of different associations, civil society organisations and local government officials. Key informant interviews were conducted with 21 participants (18 males and 3 females), and three FGDs were conducted with a total of 16 participants (7 males, 9 females). One of the FGDs were conducted with only women. [4]

4 We extend our sincere gratitude to the stakeholders interviewed during this field exercise for their invaluable contributions and insights that have enriched this research note.

Prior to commencing the FRAGTAX-project, P4DP and NUPI applied for an Institutional Review Board clearance from the ACRE University of Liberia. The team's comprehensive research protocol underwent rigorous review, resulting in certification and clearance (Ref: ACRE IRB/AC/IRBS/08/12/22C), underscoring the project's commitment to ethical research practices, including informed consent and human subject protection.

Findings: "A brilliant idea, but…"

Overall, the 50/50 was received very positively by the respondents perceiving it as an innovative development with the potential to expand the tax base and mobilize revenue for the county administration. The great of majority of the informants were well aware of the new property tax and revenue sharing scheme being implemented in their county, often having heard about it on the radio or through town hall meetings in Buchanan. While most of them were property owners, only two had previously registered their properties and paid taxes. With the new property tax, most expressed a ready willingness to register their properties and pay their taxes. Taxes were seen as an obligation but also as an exchange which should yield a return, as expressed in an FGD by a female respondent:

"Citizens will be willing to pay taxes because the Bible itself speaks of citizens paying taxes to government, but taxes must be put to good use for the county."[5]

With the preceding assertions, most respondents seemed to understand that the capacity of a country to provide for the welfare and security of its people as well as consolidate democracy rests on its ability to raise adequate revenue. More specific, they recognized the potential for property tax revenue to be transformed into development projects for the benefit of themselves and their communities. In the end, the 50/50 may bring the local government closer to its citizens as the former becomes more dependent on revenue from the latter.

However, it became very clear throughout the fieldwork in Buchanan that citizens, civil society and even local officials had their reservations about the implementation of the property tax system and future utilization of collected revenue. In general, the integrity of local officials is very low in the eyes of the public. 9 out of every 10 respondents said the local government administration has been performing below expectations in meeting the development needs of the citizens due to corruption, dishonesty, and impunity which have resulted in poor governance and dissatisfaction among the citizens at the local level. Previous and current experiences with public service provision, mistrust in politicians and mismanaged development funds all created concerns over the prospects for 50/50 to become something more than a "brilliant idea" without any real, visible impact.

5 Focus group discussion, Buchanan, August 2023.

Public service delivery and the county service center

Although some respondents acknowledged that progress has been made in the county's post conflict governance process, the majority believed that these gains are eroding due to bad governance, particularly corruption. In this line, they argued that a sustained effort in generating domestic revenue at the local level will not by itself foster development. Notwithstanding the perceived thoughts of the country's tax system and the way tax revenues are expended, all 21 key informants and the participants in all three FGDs said they are willing to comply with the new tax deal although only on condition that the current attitude of neglect by tax authorities and decision-makers change, with some visible improvement in the provision of public services. The county's service center provides an illustrating case study of public service delivery in Grand Bassa.

Established in 2015, Grand Bassa County boasts Liberia's first County Service Center (CSC). This central hub, located in the county capital Buchanan, has remained operational since its opening. Funded by external donors, the CSC acts as a "one-stop shop" by bringing together deconcentrated offices from various central government ministries and agencies. Residents can access essential services like birth certificate issuance, driver's licenses and business permits, eliminating the need for arduous journeys to Monrovia.[6] Prior to 2015, Liberians across the countries faced the challenge of traveling, often on impassable dirt roads during the rainy season, to access these services in the capital. A key informant narrated how the service centre in the county has reduced their burden of going to Monrovia for everything and the presence of the centre gives local residents confidence in their local authorities.[7] While Grand Bassa enjoyed relatively better access compared to other counties, the CSC represents a potentially significant improvement in public service availability. Most of the participants spoke of the positive impact the 50/50 could have based on the existing service center in the county. However, upon closer inspection, the operation of the CSC has proven more and more difficult since its construction in 2015.

Photo: P4DP

Despite being considered one of Liberia's better functioning CSCs, Grand Bassa's centre faces signficant challenges. With only half of its yearly budget of USD 14,000 received in addition to a lack of essential equipment, operations are hampered. However, the center's proximity to Monrovia allows staff to make routine trips for processing applications, like driver's licenses. Processing marriage certificates require traveling to neighbouring Margibi County due to unavailable software

6 The CSCs are supposed to offer up to 27 different services from 12 different ministries and agencies, however, on average, only a third of services are available in the fifteen counties. See World Bank. 2022. Liberia: Baseline Assessment of County Service Centers. © World Bank.

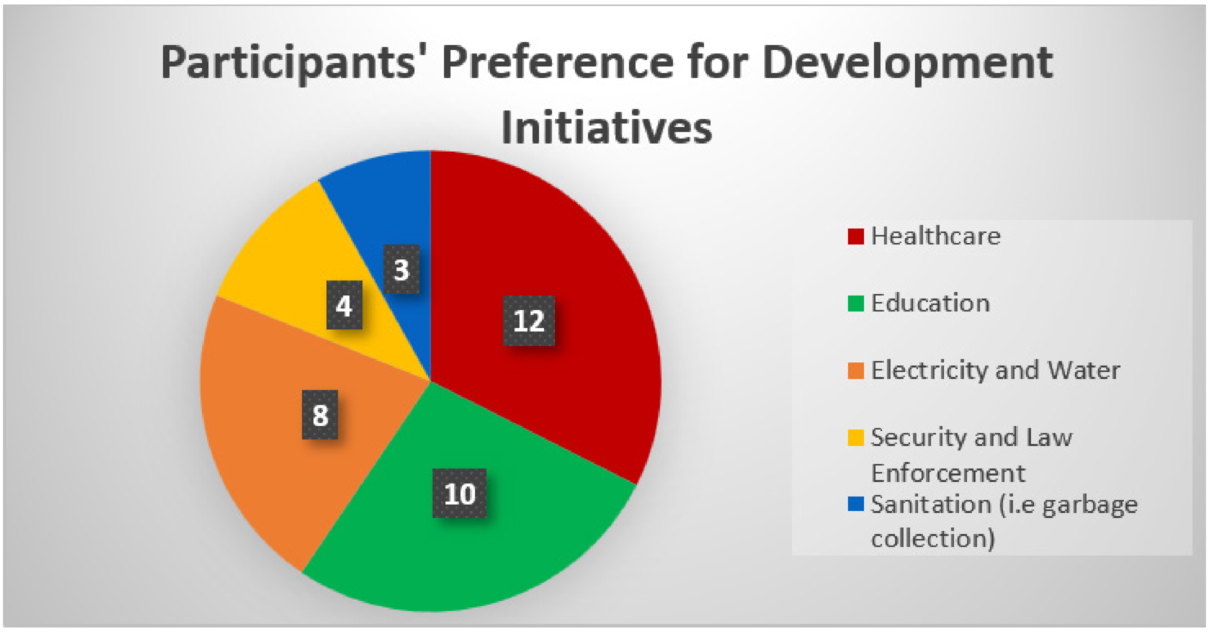
7 Interview with key informant, Buchanan, August 2023.

at the Grand Bassa CSC.[8] This highlights a critical issue: some government agencies within the CSC structure are choosing to opt-out, re-centralizing services, with no repercussions for such actions. Furthermore, as one key informant at the CSC noted, the absence of a firm policy enforcing "one-stop shopping" allows agencies to prioritize personal interests, with some moving out of the CSC-office building, consequently undermining the entire concept.[9]

The case of poor performance of service centers are not unique to Grand Bassa. A recent study by the World Bank revealed that CSCs are under-equipped, do not receive regular supplies and financial support, and are inadequately supervised.[10] Most centers do not receive in full their yearly allotment of USD 14,000 for operational expenses, while CSC coordinators estimate on average that USD 48,300 is needed to cover operating costs. The same phenomena has also been reported by Liberian media at multiple occasions as citizens struggle to acquire birth certificates, drivers licenses and business permits.[11] Thus, while the physical structure of the CSC makes a good impression in the eyes of potential local taxpayers, the fact that they are ineffective and that there is a lack of support to the center leading to demotivation among staff, the 50/50 will hardly be fully accepted if nothing is done to improve service delivery at the CSCs.

The degrading quality of the CSC reflects broader concerns about public service delivery in Grand Bassa, which in turn fuels citizen reservations about the proposed 50/50 revenue-sharing model. From the interviews, there are four key areas that respondents would like to prioritize, when the 50/50 is operationalized: health, education, electricity and infrastructure (roads). Along the busy main street in Buchanan, filled with market vendors, shops and service providers of different kinds, a business owner, highlighted that they lacked basic infrastructure like access to water and electricity.[12] While the few main streets in the city are paved, all the feeder roads are essentially dirt roads heavily impacted by the rainy season from May to October. Thus, as participants in a focus group noted, proper feeder roads, also referred to as "farm-to-market" roads, are lacking.[13] All along the main road from Monrovia to Buchanan, there are small and large marketplaces with wooden stalls where farmers, fishers, traders and others gather weekly. These markets are both economically and socially important meeting places on which many Liberians depend. The bad conditions of basic infrastructure also extended to health care provision. In a focus group, participants expressed concerns about the deplorable conditions at the local hospital, fearing it could spread disease rather than provide care.[14] Our informants strongly emphasized the lack of adequate social services in the county to address the needs of local people, and 18 key informants felt that the government has not adequately responded to their needs as a motivation to paying taxes.

8 World Bank. 2022. Liberia: Baseline Assessment of County Service Centers. © World Bank.
9 Interview with key informant, Buchanan, August 2023.
10 World Bank. 2022. Liberia: Baseline Assessment of County Service Centers. © World Bank.
11 See for example, Liberia: Rural Residents Again Forced to Travel to Monrovia for Basic Documents as County Service Centers Fail - FrontPageAfrica (frontpageafricaonline.com); Liberia: "Is This the Best Liberia Can Do?" (liberianobserver.com)
12 Interview with business owner, Buchanan, August 2023.
13 Focus group discussion, Buchanan, August 2023.
14 Ibid



In practice, respondents perceived taxes as a "one-way street" with revenue flowing to Monrovia while Grand Bassa receive little in return. This perception needs to be addressed for the 50/50 model to be successful. Interestingly, 17 out 21 key informants indicated a willingness to pay taxes if they saw a tangible improvement in basic social services, like healthcare and infrastructure. This suggests that the 50/50 model has the potential to incentivize tax compliance by directly investing revenue back into the county. However, some informants emphasized the importance of enforcing existing tax laws and involving local residents in local governance. A respondent aptly pointed out the need for clear infromation of how tax revenue is used: *"Testimony is lacking; when people pay money but see nothing in return, they will not want to pay money again because there is no evidence of the money that they are paying."*[15] This brings us back to the issue of trust as Buchanan illustrates a low-trust environment between citizens and the state, and for very good reasons as the examples of the CSC and public service delivery shows. Strengthening transparency and accountability mechanisms will be crucial for building trust and encouraging tax compliance. In this line, we turn to another important contributing factor for citizen reservations with the 50/50 model – the County Social Development Fund.

Experiences with the County Social Development Fund

We explored citizens' perceptions of the County Social Development Fund (CSDF) to determine citizens' participation and involvement in local government decision making and its contributions towards strengthening local planning and accountability systems in the county. On paper, the fund brings fiscal resources closer to the citizens as the county is responsible for the selection and implementation of development projects such as road construction. In practice, however, the CSDF has been marred by mismanagement and corruption across Liberia's 15 counties.

Drawing on the data, the public perceived the CSDF to be a laudable annual fund allocated from national revenues and concessionaires operating in the counties and designed for use by local

15 Interview with key informant, Buchanan, August 2023.

authorities in partnership with local stakeholders. 18 respondents from the KIIs believe that the CSDF mechanism has the potential to propel development at the local level. According to one informant, in 2017, during Ellen's administration, the city major used a portion of the CSDF to construct the current City Hall.[16] However, sometimes the management and utilization of the funds do not go well, and this can cause citizens to be upset with the government. But he admitted that as residents they will not be too radical because as the Bible says, *"we should respect our government, so we continue to show respect."*[17]

Yet, it is clear that public perception of the usage and impact of the CSDF over the years in Grand Bassa appears moderately unsatisfactory. Most respondents argued that the implementation of the CSDF has not adequately considered or addressed the critical needs of communities, with obvious lack of electricity and better roads across the county as well as the poor conditions of health and educational institutions. In most FDGs, participants commented on unfair procedures and measures used by the local administration and county legislative caucus to select delegates for County Sittings as well as identify and approve projects for implementation in the county.[18] A male participant remarked: *"With the CSDF, the impact is not felt. The county has some yellow machines (construction machinery) bought from the CSDF, but every machine was rented out by the local authorities and the money going to their personal pockets although the roads are in bad condition and the clinics and hospital have no drugs and medical equipment."*[19]

The experiences with the CSDF represented a significant source of concern for our respondents when considering the implications of the 50/50. Respondents indicated that since 2018 no funds have been allocated to the CSDF for the county, resulting in unfinished projects being abandoned or poorly implemented and simply considered completed. Instead of being a stable source of development, the CSDF has added to the mistrust between the county and its citizens, and there were concerns that the 50/50 will share the same fate. As a local business respondent expressed: *"I would like to be part of a meeting in which I can ask about how the money from the taxes would be used in the county."*[20]

Taxation without representation

One of the most pressing challenges to the 50/50 model lies in the contentious issue of having local elections in Liberia. Currently, the constitution mandates only national elections for the president and members of congress and the senate. Superintendents and mayors, who oversee county and town administrations, are appointed directly by the president, resulting in a state structure where regional and local leaders owe their positions in public office to their head of state. This political setup is often criticized as an 'imperial presidency', leading to a system where accountability primarily flows upward.[21]

The 50/50 model is part of a broader decentralization framework established in 2018 known as the Local Government Act (LGA). Despite resistance from the political elite to fully decentralize

16 Refers to former president Madam Ellen Johnson Sirleaf.
17 FGD participant, Buchanan, August 2023.
18 The delegates in the County Sitting manages the CSDF.
19 FGD participant, Buchanan, August 2023. See also, Grand Bassa Citizens Threaten Court over Alleged Misuse of $758,482 County & Social Development Fund - FrontPageAfrica (frontpageafricaonline.com).
20 Interview with businesswoman, Buchanan, August 2023.
21 Ibrahim Al-bakri Nyei, "Decentralizing the State in Liberia: The Issues, Progress and Challenges" 3, no. 1 (October 29, 2014): Art. 34, https://doi.org/10.5334/sta.eg.

the political system, the LGA includes a compromise solution in the form of the County Council. It comprises representatives from diverse societal actors such as traditional authorities and civil society tasked with selecting and monitoring development projects at the county level. This approach aims to enhance accountability and transparency compared to the previously discredited County Sitting responsible for managing the CSDF, which suffered from political interference and corruption. However, the County Council does not address the fundamental issue of lacking downward accountability, as the appointment of superintendents and local leaders by the president persists. Thus, the County Council representatives will have to cooperate with local leaders that are likely not answerable to their citizens if the 50/50 fails to deliver tangible and visible results.

"*the idea of not having an election for local leaders proves that both the local leaders and the national leaders are one and since it is the President that appoints local leaders, the loyalty of those leaders will continue to be with the President.*"[22]

With this, most participants were concerned that their local leaders will not be answerable to them since they will not have the right to query them if something goes wrong with the 50/50. Another informant said it will be hard to trust those who manage the new scheme, if they will be appointed by their bosses in Monrovia: *"No, I do not trust them because they work more for central government and not for the local people. They are keen to report to central government and really do not respect the people that they serve here at the local level."* Ultimately, taxpayers' trust in local authorities is based on the local authorities' proximity to the community rather than those who are residing in the capital. In an FGD, a respondent said: *"I will embrace the 50/50 tax sharing system because we know most of the tax collectors and can easily reach them rather than travelling to Monrovia to ask questions, if we do not see what we expect."* The lack of downward accountability is further evident in how the implementation of the 50/50 is primarily operated from the central office of the LRA in Monrovia.

Top-down implementation of the 50/50 in Grand Bassa

In addition to mobilizing revenue, the 50/50 is intended to build local capacity for revenue collection as part of the LGA. To our surprise, we learned that the local LRA-office was by and large bypassed in the implementation of the pilot project. Instead, the central office in Monrovia implements the 50/50 in cooperation with the superintendent's office, recruiting new employees on short-term contracts for registering properties in Grand Bassa. Considering the position of the superintendent relative to the president, such a recruitment process risks political interference.

While the superintendent's office receives funding for the pilot, the local LRA office is understaffed and lacking in resources with only three motorcycles to cover the whole county.[23] As a result, only businesses in Buchanan and its immediate environs are covered by the LRA office because the local team has limited means of travelling to the leeward communities to collect taxes. Buchanan residents will visit the service centre to pay taxes while residents, farms and businesses in the rural countryside must be approached by the tax collectors themselves which demands resources they do not really have. Logistics are therefore a "nightmare", and even covering the city of Buchanan is problematic. This indicates that the 50/50 pilot is not used as intended to build local capacity for tax collection in the longer term.

22 Interview with the President of Grand Bassa Market Association, Buchanan, August 2023.
23 Interview with key informant, Buchanan, August 2023.

Despite having a local office, the LRA incurs higher administrative overhead due to the centralized control exerted by the Monrovia-based authority. This centralization, coupled with a lack of robust public structures and services at the local level, discourages effective administration. Experts warn that without true fiscal decentralization, Monrovia’s control and competition with local revenue collectors can lead to several problems. These include susceptibility of tax agents to accept bribes, inadequate supervision, and ultimately, a decrease in property tax collection. [24]

Furthermore, the funding scheme of the 50/50 also poses concerns for its long-term viability as it is primarily funded by Swedish development assistance through the United Nations Development Programme (UNDP).[25] Under former president George Weah, the service centers and local public services suffered from the lack funding reaching the periphery beyond Monrovia.[26] Thus, the new tax regime risks draining of fiscal resources if donors discontinue their support. Whether the new government under President Joseph Boakai will move in a better direction and take political ownership is still to be seen.

Finally, the gender dimension to property ownership was key in our study. A female participant explained her ordeal with her husband with whom she has been living for 12 years.[27] According to her, five years ago, her husband abandoned the home and moved in with another woman leaving her with 6 grandchildren who she is constrained to cater for. She said, her husband neither provides support for their upkeep nor pays the children school fees. Prior to his departure from home, he clandestinely took their land deed under the pretext to probate and archive it. However, the deed has yet to be returned. Without any other support and safety net, she is now involved in small petty trade (business) to support herself and her grandchildren. While there are several policies and instruments to defend and protect women’s rights against abuse and exploitation, her only reliance is the investment she has made in her children education and her faith and not the state. *“Only God can help the situation because I have educated my girls children and still continue to provide for the others by selling pepper and making fufu because there is no jobs for my children or source of income.“*[28] She therefore finds the 50/50 to be a good idea but her current status, in terms of the property, is unknow, hence does not think she can positively participate in the scheme. This case was one of several instances we encountered during our fieldwork where property ownership was disputed or documentation was lacking. Through demanding tax payments from disputed properties, the 50/50 scheme risks exacerbating conflicts rather than resolving them, highlighting a broader issue of contested land ownership in Liberia.

24 Ending Monrovia’s Hegemony: The Need to Decentralize Liberia — Columbia Political Review (cpreview.org)
25 LRA Trains and Deploys Tax Agents to start the Revenue-Sharing Project | United Nations Development Programme (undp.org)
26 Liberia: “Is This the Best Liberia Can Do?” (liberianobserver.com)
27 Interview with key informant, Buchanan, August 2023.
28 Ibid

Conclusion & policy recommendations

While the promise of retaining tax revenue locally for development projects is highly favoured, concerns about its implementation are equally significant. Past and present negative experiences with public service delivery, development funds, lack of political representation in a Monrovia-centered state are all reasons for why our respondents are more than skeptical about the potential effects of the 50/50. On this basis, the success of the 50/50 requires building public trust in the local authorities that, for good reasons, is lacking. Perhaps the most important step in the short term is ensuring that any revenue collected from the 50/50 is used to deliver highly visible results for local communities. While a potentially significant fiscal burden for individual taxpayers, property taxation is unlikely to yield massive revenue streams initially, so demonstrating its positive impact is essential for building trust between local authorities and communities.

Our fieldwork revealed serious deficiencies that need to be addressed. To regain public trust, the government must prioritize effective and efficient service delivery to taxpayers. Making sure that the CSC is operating at full capacity with adequate financial and material support will go a long way in this regard as expressed by several respondents. This also includes promoting local economic opportunities, job creation and improved government accounting, auditing and financial management. For the latter, the County Council plays a critical role in ensuring the transparency and, to a smaller extent, accountability in public fiscal management at the county level. Addressing these issues will require time, effort and commitment from the central government, the LRA, local authorities and civil society in Grand Bassa. It will also require a well-prioritized strategic focus to positively reshape public trust.

Finally, the history of the forceful and brutal tax collection by the long-lasting Americo-Liberian regime casts a long shadow.[29] If the current initiative lacks transparency, accountability and not least visible results, it risks repeating those mistakes. Fair taxation requires enforcement, but in the absence of a legitimate return, the 50/50 can reignite conflict between a mostly impoverished rural population and Monrovia-based elites. However, hope exists. Respondents expressed willingness to trust the county administration for two years to see if the system delivers. Failure to meet expectations could lead to a return to tax avoidance – a scenario everyone wants to avoid. This highlights the crucial need for short term, highly visible results to legitimize the 50/50 and begin building more constructive state-society engagement around taxation.

29 Van der Kraaij, F. P. (1983). The open door policy of Liberia: an economic history of modern Liberia.; Dalton, G. (1965). History, politics, and economic development in Liberia. *The Journal of Economic History, 25*(4), 569-591.

This work was supported by the Research Council of Norway under Grant no. 325236.

About the authors

James Suah Shilue is the Executive Director, Platform for Dialogue and Peace (P4DP). Previously served as Liberia Programme Coordinator, UN Joint Interpeace Initiative. He has master's degrees in social and Community Studies (De Montfort University, UK) and an MA, Development Studies (ISS, The Hague). He is an adjunct lecturer, Dept of Sociology, University of Liberia. He has been working for more than 20 years on (Natural Resource Governance, Resilience, Peacebuilding and Conflict prevention).

Viljar Haavik is a doctoral candidate at NUPI's Research Group on Peace, Conflict and Development. His research interests include issues concerning state-building, state-society relations, and peace and conflict in Africa. His thesis examines the link between taxation and state-society relations in Mali and Liberia.

Photo credit: penelopemc/Flickr

Norwegian Institute of International Affairs

Established in 1959, the Norwegian Institute of International Affairs [NUPI] is a leading independent research institute on international politics and areas of relevance to Norwegian foreign policy. Formally under the Ministry of Education and Research, NUPI nevertheless operates as an independent, non-political instance in all its professional activities. Research undertaken at NUPI ranges from shortterm applied research to more long-term basic research.

NUPI
C.J. Hambros plass 2D
PB 7024 St. Olavs Plass, N-0130 Oslo, Norway
post@nupi.no | nupi.no