



**NEAR EAST UNIVERSITY**

**INSTITUTE OF GRADUATE STUDIES**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**THE IMPACT OF COST OF CROSS-BORDER  
SMUGGLING ON ECONOMIC GROWTH AND  
REVENUE MOBILIZATION IN SIERRA LEONE**

**MASTER THESIS**

**SOLOMON YASKEY**

**Nicosia**

**June, 2022**

**Solomon Yaskey**

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**Supervisor**

**Dr. Laith Tashtoush**

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**June, 2022**

### Approval

We certify that we have read the thesis submitted by **SOLOMON YASKEY** titled **THE IMPACT OF COST OF CROSS-BORDER SMUGGLING ON ECONOMIC GROWTH AND REVENUE MOBILIZATION IN SIERRA LEONE** and that in our combined opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Educational Sciences.


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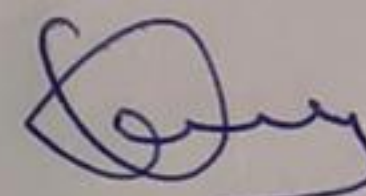
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### Declaration

I hereby declare that all information, documents, analysis and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this Research.



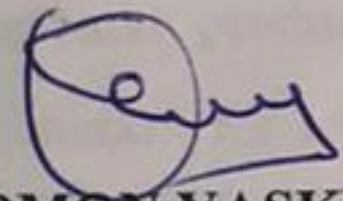
SOLOMON YASKEY

03/08/2022

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SOLOMON YASKEY

03/08/2022

## **Abstract**

# **The Impact of Cost of Cross-Border Smuggling on Economic Growth and Revenue Mobilization in Sierra Leone**

**Yaskey, Solomon**

**Supervisor, Dr. Laith Tashtoush**

**MA, Department of Business Administration**

**June, 2022, 102 pages**

Smuggling may affect local industries by distorting prices of commodities. It affects domestic consumption pattern with supply of cheap or even contraband products. Smuggling drastically cuts prices of products, thereby destroying the market for local products. The overall aim of the Research focused on determining the cost of cross border smuggling and its economic implication towards mobilizing revenue in Sierra Leone. The target population of this research include the total population of both NRA and ONS management and all variables which have common observable characteristics. A sample size of ninety (90) is carried on the total of the population of the both institution where fifty-one (51) from NRA and thirty-nine (39) from ONS. Out of this, a sample size of twenty-five (25) and nineteen (19) are taken from junior management staff NRA and ONS respectively, seventeen (17) and thirteen (13) from middle management staff of NRA and ONS respectively, six (6) and five (5) from senior management staff of NRA and ONS respectively, and three (3) and two (2) from other stakeholders of NRA and ONS respectively. The population of interest for this research consists of headquarter staff of the NRA and ONS, targeting junior, middle and senior level employees of both institutions, as well as other stakeholders of around three hundred (300) as an ideal sample size of this research. The research findings that NRA and ONS mandate in mobilization of revenue on behalf of the government and national security respectively, consider it very relevant in improving customs revenue performance and subsequently make funds available to adequately and effectively implement the sustainable development goals in general. Also, the information gathered from selected are adequately utilized in meeting the research objectives. Furthermore, smuggling is sensitive to policy changes to a great



extent. It is proposed that the government should commit itself to long term planning. Moreover, the government should ensure political stability, devise a detailed package to curb corruption and ensure rule of law. Indeed, it was evident that cross border smuggling had economic impacts on revenue mobilization in Sierra Leone.

***Keywords:*** Cross Border Smuggling, Economics Growth, Revenue Mobilization, Government Law Enforcement Authorities, Sierra Leone.

**ÖZ****The Impact of Cost of Cross-Border Smuggling on Economic Growth and Revenue Mobilization in Sierra Leone****Yaskey, Solomon****Supervisor, Dr. Laith Tashtoush****MA, Department of Business Administration****June, 2022, 102 pages**

Kaçakçılık, emtia fiyatlarını bozarak yerel endüstrileri etkileyebilir. Ucuz hatta kaçak ürünlerin arzı ile iç tüketim kalıplarını etkiler. Kaçakçılık, ürünlerin fiyatlarını büyük ölçüde düşürür ve böylece yerel ürünler için piyasayı tahrip eder. Araştırmanın genel amacı, sınır ötesi kaçakçılığın maliyetini ve bunun Sierra Leone'de geliri harekete geçirmek için ekonomik etkilerini belirlemeye odaklandı. Bu araştırmanın hedef popülasyonu, hem NRA hem de ONS yönetiminin toplam popülasyonunu ve ortak gözlemlenebilir özelliklere sahip tüm değişkenleri içerir. NRA'dan elli bir (51) ve ONS'den otuz dokuz (39) olmak üzere her iki kurumun popülasyonunun toplamında doksan (90) örneklem büyüklüğü yapılmıştır. Bunun dışında, NRA ve ONS alt yönetim kadrosundan sırasıyla yirmi beş (25) ve on dokuz (19), NRA ve ONS orta yönetim personelinden sırasıyla on yedi (17) ve on üç (13), altı (6) ve beş (5) NRA ve ONS üst yönetim personelinden ve sırasıyla NRA ve ONS'nin diğer paydaşlarından üç (3) ve iki (2). Bu araştırmanın ilgilendiği evren, her iki kurumun alt, orta ve üst düzey çalışanlarını hedefleyen NRA ve ONS'nin genel merkez personelinden ve bunun yanı sıra ideal bir örneklem büyüklüğü olarak yaklaşık üç yüz (300) civarındaki diğer paydaşlardan oluşmaktadır. Bu araştırma, NRA ve ONS'nin sırasıyla hükümet ve ulusal güvenlik adına gelirin harekete geçirilmesini zorunlu kıldığı araştırma bulguları, gümrük gelir performansının iyileştirilmesinde çok uygun olduğunu düşünüyor ve ardından genel olarak sürdürülebilir kalkınma hedeflerini yeterli ve etkili bir şekilde uygulamak için fonlar sağlıyor. Ayrıca, seçilenlerden toplanan bilgiler, araştırma amaçlarını karşılamada yeterince kullanılır. Ayrıca kaçakçılık, politika değişikliklerine büyük ölçüde duyarlıdır. Hükümetin kendisini uzun vadeli planlamaya adanması önerilmektedir. Ayrıca, hükümet



siyasi istikrarı sağlamalı, yolsuzluğu önlemek için ayrıntılı bir paket hazırlamalı ve hukukun üstünlüğünü sağlamalıdır. Gerçekten de, sınır ötesi kaçakçılığın Sierra Leone'deki gelir seferberliği üzerinde ekonomik etkileri olduğu açıktı.

**Anahtar kelimeler:** Sınır Ötesi Kaçakçılık, Ekonomik Büyüme, Gelir Seferberliği, Devlet Kanun Uygulayıcı Yetkilileri, Sierra Leone.

## Table of Contents

Approval.....	2
Declaration .....	3
Acknowledgments.....	4
Abstract .....	5
ÖZ .....	7
Table of Contents .....	9
LIST OF FIGURES .....	14
LIST OF TABLES .....	14
CHAPTER I .....	16
Introduction.....	16
Background To the Research.....	16
Statement Of the Problem .....	18
Aim And Objectives of The Research.....	18
Research Questions .....	19
Significance Of the Research .....	19
Definition Of Terms .....	19
SUMMARY .....	20

CHAPTER II.....	22
Literature Review and Hypotheses Development.....	22
Literature Review .....	22
Border Smuggling and Economic Growth .....	22
Border Smuggling and Revenue Mobilization .....	24
Policies and Structure on Revenue Mobilization and Economic Growth .....	27
Hypotheses Development.....	28
The Relationship Between Border Smuggling and Economic Growth .....	28
The Relationship Between Border Smuggling and Revenue Mobilization .....	30
The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Economic Growth.....	31
The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Revenue Mobilization. ....	33
The Relationship Between Policies and Structure on Economic Growth. ....	35
The Relationship Between Policies and Structure on Revenue Mobilization. ....	36
The Mediating Role of Government law enforcement authorities Between Policies and Structure and Revenue Mobilization.....	38
The Mediating Role of Government law enforcement authorities Between Policies and Structure and Economic Growth.....	38
SUMARRY .....	43
CHAPTER III .....	45

Research Methodology .....	45
Research Design .....	45
Population and Sample .....	45
Instrumentation.....	46
Data Collection.....	48
Data Analysis .....	48
Ethical Consideration .....	49
CHAPTER IV .....	50
Research Results .....	50
Descriptive Statistics .....	50
Border Smuggling.....	51
Policies and Structure .....	51
Government Law enforcement Authorities .....	52
Economic Growth .....	53
Revenue Mobilization.....	54
Demographic Characteristics of Respondents .....	54
Respondent Category .....	54
Gender.....	55
Age.....	55
Educational Level .....	56



Level of Management .....	57
Institution Name .....	58
Length of Service .....	58
Employment Status .....	59
What is your designation?.....	60
Correlation Analysis .....	60
Exploratory Factor Analysis.....	61
Hypotheses Testing .....	62
The Relationship Between Border Smuggling and Economic Growth .....	62
The Relationship Between Border Smuggling and Revenue Mobilization .....	63
The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Economic Growth.....	65
The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Revenue Mobilization .....	66
The Relationship Between Policies and Structure on Economic Growth .....	67
The Relationship Between Policies and Structure on Revenue Mobilization .....	68
The Mediating Role of Government law enforcement authorities Between Policies and Structure and Revenue Mobilization.....	69
The Mediating Role of Government law enforcement authorities Between Policies and Structure and Economic Growth.....	70
Overview of Hypotheses Testing .....	71

CHAPTER V.....	73
Discussion and Conclusion .....	73
Discussion .....	73
Conclusion.....	80
Reference .....	84
Appendix X.....	94
QUESTIONNAIRE .....	94
Turnitin Similarity Report.....	100
ETHICAL COMMITTEE APPROVAL.....	101

## LIST OF FIGURES

<b>Figure 1</b> Research Model .....	43
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## LIST OF TABLES

<b>Table 1</b> Research Population .....	46
<b>Table 2</b> The Cronbach's Alpha for Research Variables .....	47
<b>Table 3</b> The Degree of Approval of the Questionnaire Paragraphs .....	50
<b>Table 4</b> The Mean Scores for the BS Items.....	51
<b>Table 5</b> The Mean Scores for the PS Items .....	52
<b>Table 6</b> The Mean Scores for the GLA Items .....	52
<b>Table 7</b> The Mean Scores for the EG Items .....	53
<b>Table 8</b> The Mean Scores for the RM Items .....	54
<b>Table 9</b> Sample Distribution by Respondent Category .....	55
<b>Table 10</b> Sample Distribution by Gender .....	55
<b>Table 11</b> Sample Distribution by Age .....	56
<b>Table 12</b> Sample Distribution by Educational Level .....	56
<b>Table 13</b> Sample Distribution by Level of Management .....	57
<b>Table 14</b> Sample Distribution by Institution Name.....	58
<b>Table 15</b> Sample Distribution by Length of Service .....	59
<b>Table 16</b> Sample Distribution by Employment Status .....	59

<b>Table 17</b> Sample Distribution by Employee designation .....	60
<b>Table 18</b> Correlation between Variables .....	61
<b>Table 19</b> KMO and Bartlett's Test.....	61
<b>Table 20</b> Regression analysis of BS on EG.....	62
<b>Table 21</b> Regression analysis of BS on RM.....	64
<b>Table 22</b> Mediation analysis of GLA between BS and EG.....	65
<b>Table 23</b> Mediation analysis of GLA between BS and RM.....	66
<b>Table 24</b> Regression analysis of PS on EG .....	67
<b>Table 25</b> Regression analysis of PS on RM .....	68
<b>Table 26</b> Mediation analysis of GLA between PS and RM .....	70
<b>Table 27</b> Mediation analysis of GLA between PS and EG .....	71
<b>Table 28</b> Overview of Hypotheses Testing .....	71



## **CHAPTER I**

### **Introduction**

#### **Background To the Research**

Cross border smuggling which can principally be illegal or illicit movement of goods and services but does not preclude the fact that human trafficking should not be considered under this illegal act (Cantens and Raballand 2017). Smuggling has become a global phenomenon (New York United Nation, 2011). Regional organizations such as Africa Union, Economic Community of West Africa State (ECOWAS) Sante et Development en re Congo (SADECO) in South Africa, Association of South East Asia (ASEA) European Union (EU) etc. have all put together in their respective ways legislations to curb the effect of smuggling across their common borders. (Geneva, Research Group Information, 2009) In 1975 the ECOWAS was form not only to promote free trade between and among member state but remove all forms of trade restrictions and cubing smuggling in the process (ECOWAS Report, 2016). There is a huge cost of cross border smuggling on Sierra Leone economy that robs of her revenue which makes it difficult for the government to provide social service for communities. This is because; Sierra Leone borders are as porous as a basket. The country has over fifty crossing points along her border with Guinea and many others on her border with Liberia (NRA report, 2017). Such porous borders are definitely a threat to the security of this nation. The porous borders have been facilitating the massive smuggling and illegal immigration obtaining along the border town (Sierra Leone Country Report 2020). There is woefully inadequate number of security personnel to man the numerous crossing points and the personnel are not well equipped. The length of time of paper documentation for the movement of goods and services across border can lead to the discouragement of crossing goods and services (NRA Report, 2006). The coordination between custom directorates is poor, Introductory Technology (IT) infrastructure is weak and to total it all there is an increase of corruption at the custom system (UN Human Development Report 2007).

With this long-stretched border, there is the high possibility of illegal cross border movements of goods and services in the context of smuggling which has an adverse effect on government goal of mobilizing adequate domestic revenue to finance the country's budgetary needs (NRA Report, 2017). Smuggling activities obviously undermine this goal and subsequently the poverty reduction goal of the country. Smuggling, whether physical or technical, definitely occurs and reduces revenue, but when it is extensive (due perhaps to the uncontrolled movement of economic goods across borders); it becomes very much alarming (AFDB, 2013a). In the case of economic goods, government has been putting preventive measure in looking at valuation techniques used to assess the custom duties liability and instituted recommended strategies to control and reduce smuggling especially on land border smuggling in order to protect government loss of revenue (NRA Report, 2006). The achievement of the above would provide adequate revenue to support priority sectors in the economy for ultimate economic growth and poverty reduction will be sustained (IGC Report, 2018).

Sierra Leone governments have been making effort to control cross border smuggling (Trafficking in Persons Report, 2020). Border control and management thus consider it very relevant to institute control measure that will raise the customs revenue performance and subsequently make funds available to adequately and effectively implement the activities of the government (NRA Report, 2006). According to report (Kambia border report, 2017), detractors bringing their goods from Guinea normally offload their goods at Pamalap to bypass customs, using one of the illegal routes to smuggle their goods to Sierra Leone; but the Preventive Service and Special Duty (PSSD) of the NRA in their routine operation has clamped down that illicit route by deploying border security with sophisticated equipment to man those routes.

According to research (ONS annual report, 2006), there is a threat to the borders of Sierra Leone resulting from smuggling of arms, drugs, human trafficking, illegal migrants, uncoordinated maritime security and the movement of mercenaries and dissidents.

## **Statement Of the Problem**

Despite effort made by Sierra Leone government to address the issue of cross border smuggling; significant barriers to cross border trade remain a threat to development over the years (Poole and Mohammed 2013). Sierra Leone government is having a low level of tax regulation enforcement and support from tax enforcing bodies that find it challenging to prevent the flourishing informal cross border trade among the Mano River Union (MRU) countries particular Guinea, Liberia and Sierra Leone (Sierra Leone Diagnostic Trade Integration Research December, 2013). These include among others, agricultural product and manufacturing goods. However, the magnitude is not known as it is largely informal (IGC January, 2013). The lack of information makes it hard to plan appropriate policy measures. But the whole thing attributed to high tax rate, multiple arbitrary charges, misplaced of goods, procedural delay, informal tax payment and the distance where these borders are. In other to combats the above, there should be staff strength, adequate logistics, increase of efficient customs post, increase of NRA collectors and assistance, adequate warehouse for goods that are waiting examination at the customs post, adequate documentation system with custom payments. Cross border smuggling can result to a budget deficit on the Sierra Leone economy by giving an increase in government expenditure than government revenue for the loss payment of import duty, sales duty, and exercise duty. For proper accountability of revenue generated from cross border trade; there should be an effective and efficient accounting procedures specifying the date of payment, name of importers, details of commodity and cumulative total revenue as at the close of border on each day. All records should be examined and verified at the accountant general's office.

## **Aim And Objectives of The Research**

The overall aim of the Research focused on determining the cost of cross border smuggling and its economic implication towards mobilizing revenue in Sierra Leone. In achieving this, the following are considered:

1. The impact of cross border smuggling on revenue mobilization and public interest.
2. The impact of government policies in preventing cross border smuggling.

## Research Questions

The Research addressed the following specific research questions:

1. To what extent does the cross boarder smuggle affect revenue mobilization towards economic development of Sierra Leone?
2. Are existing government policies in preventing and combating the weakness of cross border smuggling in Sierra Leone adequate?

## Significance Of the Research

Even though a lot of studies have covered various aspects of decentralization and in the local governance, very few studies have examined the cost of cross border smuggling and its implication to revenue collections in Sierra Leone. Because of the reasons stated above people comply with border smuggling which gives an implication on revenue mobilization. Each of the above reasons requires a remedy and this is something that usually has to be in the government remit to improve. Key to improving revenue compliance is active policy to increase transparency of revenue collection, expand revenues, and, crucially, in spending these revenues effectively on public investments.

The findings of this Research thus offer lessons for government policy makers to reflect over practical issues that will positively impact revenue mobilization through decreasing the cost of cross-border business activities.

## Definition Of Terms

**BORDER:** A boundary separating two or more countries.

**CUMBERSOME:** This is something that is difficult to deal with or handle because of its time, size or weight.

**CUSTOM:** An authority or agency in a country responsible for collecting, transfer and for controlling the flow of goods and services.

**ECONOMY:** An area of the production, distribution, or trade and consumption of goods and services by different agent.



**ILLEGAL:** Anything or activities that is contrary to law, i.e., something that is not allowed by law.

**INTRODUCTORY TECHNOLOGY:** Their software used to manage and process information on computer based.

**MOBILISATION:** The action of a country by preparing and organizing its sources of revenue.

**PERMEABILITY:** The extent to which a boundary allows psychological or behavioral aspect of one role or domain to enter another.

**POLICY:** This is a deliberate system of principles to guide decisions and achieve rational outcomes. It is a statement of intent, and is implemented as a procedure or protocol. They are generally adopted by a governance body within an organization.

**POROSITY:** The quality or state of being porous, i.e., the state of having many empty spaces.

**REVENUE:** This are received from sources such as taxes levied on the income and wealth accumulation of individual and corporation and in the goods and services produced, exports and imports.

**SMUGGLING:** An illegal transportation of objects, substance, information or people.

**TAX:** This is a mandatory financial charge or some other type of levy imposed upon a taxpayer by a governmental organization in order to fund various public expenditures.

**AUTHORITIES;** A person or organization having political or administrative power and control.

## **SUMMARY**

There is need for government to pay a very serious attention to the porous borders and find a way of protecting them against intruders. This can be done by highly increasing the

number of security personnel along the borders and giving them adequate logistics. Border smuggling has so many threats; not only on the revenue mobilization. In relation to the above, the cross-border smuggling can lead to low employment opportunities, poverty, weak social infrastructure in vulnerable areas, and in some instances being vulnerable to economic crisis. The above findings are presented, interpreted and discussed; followed by the formulation of specific recommendations emanating from the findings.

## **CHAPTER II**

### **Literature Review and Hypotheses Development**

#### **Literature Review**

##### **Border Smuggling and Economic Growth**

Cross border trade (CBT) is a trade which is carried out across national boundaries or between people or business entities of different countries. For instance, trade involving Sierra Leone, Guinea and Liberia. Kaminski and Mitra, (2010) described CBT as the flow of goods and services across international land borders within a reach of kilometers specified by law.

Illicit trade also brings about risks to economic growth and sustainable development. Illicit trade and illicit markets are providing not only a safe haven and exploitable sanctuaries for illicit forces but also illicit liquidity for corrupt officials. Consequently, illicit trade and the wide availability of illicit liquidity prevent fair and open markets from reaching their full economic potential and threaten state sovereignty. This trade also causes enormous costs, such as the corruption and destabilization of society, harmful effects of drugs, lost productivity and other social costs, including those associated with the dumping of toxic wastes, poaching of endangered species, endangering human lives and public health as a result of counterfeit drugs flooding the market. All of these illicit trade activities have an economic effect, as they divert money and other resources from the balance sheets of legitimate businesses to those of illegitimate ones. National revenue and assets intended to finance the future are instead embezzled, impairing the ability of communities and businesses to make the investments. Illicit trade is growing in scope and magnitude due to increased globalization, free movement of goods and internet usage. A Research entitled 'Tackling the black market in Ireland', estimated that illicit trade in Ireland is costing the economy USD860 million per annum. The OECD has estimated the cost of illicit trade of physical goods to the global economy to be around USD250 billion whilst the International Anti-Counterfeiting Coalition estimates the figure to be USD600 billion per annum. According to WCO statistics, the discovery by customs officials of

over 9.5 tons of illicit products, including cocaine and heroin, more than 360 tons of chemicals and 200 kilograms of methamphetamines is an indication of the magnitude of this illicit trade. Customs remains a vital tool available to stimulate trade and stem the flow of illicit goods that weaken the economies, recognizing that trade contributes to national development, competitiveness, job creation, wealth creation, poverty reduction and sustainable economic growth. The effect of illicit financial flows on the economy is also significant as pointed out by O'Hare et al. (2014), who acknowledge that illicit financial flows have social consequences, including reduced expenditure on health, education and infrastructure. They define illicit financial flows as the unrecorded movement of capital out of the country in contravention of regulations.

CBT is broadly divided into two – formal and informal. Formal cross border trade refers to the type of international trade in legal goods and services which is carried out by legally registered traders and fulfils all the legal requirements of the trading countries. On the same vain, formal or official cross border trade is considered as a trade which is recorded, recognized by relevant institutions, and carried out in consonance with the country's required procedures, Tegegne and Alemayehu, (2002). The formal or official cross-border trade has two varieties: large-scale cross-border trade carried out by enterprises with large financial capacity and petty cross-border trade involving poor low-income individuals.

Informal cross border trade (ICBT), on the other hand, is described differently by different authors and institutions. Higgins (2012) and Moisé-Leeman (2009) considered ICBT as legal but unregulated (unregistered, undocumented and officially unaccounted) trade. ICBT involves large number of participants operating at a lower scale than the formal sector and characterized by easy entry and exit of firms Dongala, (1993). In the same view, Lesser and Moisé-Leeman (2009) described ICBT as involving legitimately produced goods and services, which escape the government regulatory framework, thereby avoiding certain tax and regulatory burdens; hence fully or partly evading payment of duties and charges. Such trade includes those which pass through unofficial routes and avoid customs controls, as well as those that pass through official routes with border crossing points and customs offices yet involve illegal practices. Such practices can comprise under-invoicing (i.e., reporting a lower quantity, weight or value of goods to pay lower import tariffs),

misclassification (i.e., falsifying the description of products so that they are misclassified as products subject to lower tariffs).

ICBT known as smuggling which is a common phenomenon is a known blight for countries' economies. Lexically, smuggling is considered a kind of custom fraud which includes transference of goods without paying custom duties and paying business interests. Generally smuggling means hidden entry and exit of goods through official and unofficial sources without paying state duties, Nasiri (2002). According to the law of entry and exit of goods, monitoring needs to be done and in the presence of custom officials and if goods are brought in or taken out without doing custom protocols or through non-custom sources (unofficial gates) or contrary to custom rules and regulations, this action is called smuggling, Bahrami (2006).

A Research carried out by the Office of the National Security (ONS) in 2004 indicated that Sierra Leone's land borders are porous, having more than four hundred (400) border leakages. Another Research carried out by IMF in 2003 estimated that smuggling accounts for about 30 percent of customs revenue in Sierra Leone. It should be noted, however, that a long land border does not mean that control is impossible, but it is not always immediately apparent how to approach the problem. Along the border there will be places of minimal risk of smuggling goods in commercial quantities. It is unlikely to be possible to cross the border everywhere because of the terrain. For example, mountains, steep valleys, ridges, and rivers prevent crossing, or make it very difficult, Muzondo et al. (2004).

Most customs, border and law enforcement officials, policymakers, and academicians agree that illegal trans-border trading results in major financial and social costs to economy and society – globally because it robs off the nation's revenue.

### **Border Smuggling and Revenue Mobilization**

Smuggling may affect local industries by distorting prices of commodities. It affects domestic consumption pattern with supply of cheap or even contraband products. Smuggling drastically cuts prices of products, thereby destroying the market for local products. Domestic industries become unviable in such a distorted market. The impact

may be so severe that it may result to breakdown of domestic industries and their bankruptcies may affect the local economy. This trend will cause to slow the nationwide expansion process. Smuggling of imported goods will deprive the state from receiving trading returns and custom duties and reduce its real based revenues. Thus, entry of smuggled goods due to non-payment of charges and custom duties has lower prices and in competition to domestically manufactured goods will close down internal industries. Smugglers involved in clandestine activities also pose serious threat to country. It affects the internal structure of a society by creating powerful illegal institutions, Dominguez (1975).

It expands parallel market and increases convergence among organized crime, terrorist groups and other threat networks, Global Illicit Trade in Tobacco (1990). Smugglers and their network outwit the national borders imposing security threat and earnings from this illegal activity may be used to finance insecurity that increases the policing costs, Burke (2003).

Smuggling of counterfeit parts has infiltrated the supply chains of safety related products as well as industries like automobiles and aviation. The credibility and reliability of these cheap smuggled products cannot reasonably be compared to standard original products, especially since there is no accountability of the shadowy supplier or producer. These are more likely to fail early than standard products risking life of many. Smuggling of prohibited goods like narcotics and illicit tobacco pose serious threat to the life of many citizens of the country World Economic Forum, (2012). It creates huge cost on government budget for trying to provide adequate health facilities for its citizen as a result of smuggling threat.

Innovation in the form of conception of new ideas for development of new products or processes and experimentation, has been recognized widely as an important driver of economic growth. Innovators protect their ideas through patents, copyrights, design rights and trademarks. Without adequate protection of these intellectual property rights, the incentive to develop new ideas and products is reduced, thereby weakening the innovation process. In industries where product development requires significant investment and innovation, smuggling of counterfeit product impairs investments and innovation by

undermining the efforts of innovators and discouraging them from further research and development, which ultimately hampers overall growth of the economy. And an economy with less entrepreneur, would give a less return to the mobilization of government revenue from the industry.

A drop in production and consequences from goods smuggling in this regard will leave adverse effects on the employment level in the county; this crisis will allow for social and cultural crises per se. In the NRA report, (2017), it is clear that for each Leone worth of goods smuggled, one job opportunity is lost, whereas for creating each job, there is a need for investments. Reduction of job opportunities is by itself, another procedure related with reduced production investment. Goods smuggling will increase demand for currency in the unofficial market and the internal price increase of currency will have an inflationary property and on the other hand, with the increase of goods supply and avoiding increased supply of goods and avoiding price hikes, disruptions will be made in the currency system. Goods smuggled have negated effects on the consumption pattern of the society. The nature of such goods which is mainly unnecessary will lead the society towards entertainment and negative reliance on debauchery. Since Sierra Leoneans are cultural being and their identity is formed by culture and also since they have a social life, they can meet their own needs and desires through satisfying their own needs with the help of principles of ‘cooperation in survival’ and ‘cooperation in transcendence’ for a prosperous life. In this regard, it can be stated that social prosperity pattern relies on conditions and facilities. Smuggling goods will basically change domestic consumption. When luxury goods enter the market with cheaper prices, the consumption of these goods will naturally rise and hence, consumption pattern will turn to luxury and consumption goods.

The smuggling of goods or products is also considered as one of tax violations that attack a country’s tax system. It dampens legal imports and drastically decreases the volume of revenues collected from various duties and levies by state agencies. Customs duty forms a significant part of the Central Government revenues, which shows a decreasing trend over the past few years on the loss of revenue.

## **Policies and Structure on Revenue Mobilization and Economic Growth**

Globalization has made possible vast increase in trade, more mobility and fast means of communication all of which have made smuggling easier. Coordinated efforts of the government and industry bodies are therefore needed to control the spread of smuggling.

Customs agency to physically monitor, control, and secure borders through manpower alone can be cumbersome, but the use of advanced technologies, such as unmanned aerial vehicles (UAV), embedded sensor and actuator solutions in transport assets, cargo shipment data mining with risk analytics, next generation surveillance cameras, x-ray technologies, and robotics, more so in the developed countries have aided customs and border patrol agencies in deterring the flow of illicit trade and smuggling operations, Swarnhabharat (2016).

West African countries can follow such examples thereby reducing the burden on the customs agency of detection and seizure of illicit goods. By leveraging technology, customs can alleviate some of the burdens associated with managing the physical scale of transport geography. Further, the process of induction of non-intrusive inspection technologies such as container scanners, X-Ray scanners, etc., needs to be expedited. A strong capacity for an innovative adoption of latest technologies through experimentation and pilots needs to be created, Little (2014). With smugglers adapting quickly and efficiently to any new prohibition or rule by the customs, it is imperative for the customs department to invest in research and developments to find out better ways to track down smuggling at international borders. The Directorate of Logistics needs to be strengthened and the required expertise in technology, procurement and contract management needs to be created and sustained in the directorate. It should regularly engage with industry and technical institutions to keep its knowledge current, India Tax Administration Reform (2014).

Increasing the rule of law and reducing corruption are most necessary to control smuggling, Bahrami (2009). In order to reduce the size of smuggling in the country it is necessary to strengthen the deterrence mechanism for committing the crime. The customs law mandates penalties to be levied on those violating the law; however, these penalties



may not always be enough to discourage smugglers from committing these crimes. Further, even in cases where the crimes have been tracked and criminals arrested, the slow rate of prosecution and judgements encourages the smugglers to continue their crimes. For curbing the widespread menace of smuggling and sending out a message to those involved in the crime, it is important to expedite judgements in such cases so that there is enough deterrence for the criminals to curb their activities for the fear of law.

Another major reason for flourishing of smuggling is the opportunity and arbitrage that it provides to smugglers to make money by evading taxes and duties. High taxes exacerbate the threat of smuggling especially in high value commodities such as gold and high in demand products such as cigarettes. Somasundaram (2016) India, the highest importer of gold, faces a grave threat from smuggled variety due to the high import duty levied on legitimate import. An increase in the import duty in gold has further encouraged smugglers to smuggle illegal gold into India through clandestine channels. According to the NRA report (2017) Cigarettes are also smuggled mainly through outright channels where duties are completely evaded. Customs seizure data also indicate that there has been a consistent rise in the outright smuggling of cigarettes in Sierra Leone. To curb the threat of outright smuggling, it is imperative that import duties are rationalized to such an extent that it is no longer profitable for smugglers to carry out illegal imports through underground channels and such imports are carried out legally and brought into the formal trade channels where tracking is easier. Buen and Eichler (2015) noted although tariffs protect domestic producers, they seem to provide an incentive for illegal trading activities. Thus, forming free trade areas and reducing tariffs could not only reduce this crime, it might be also beneficial for government revenues and economic growth.

## **Hypotheses Development**

### ***The Relationship Between Border Smuggling and Economic Growth***

Modern smuggling theory begins with Bhagwati and Hansen (1973, henceforth referred to as BH).<sup>1</sup> BH implicitly assume that legal trade has zero transport costs whereas smuggling, which they regard as riskless, has special real resource costs. Under perfect competition, they allow the smuggling industry to have either a constant or an increasing

rate of transformation of exportable into importable; however, they assume that an individual smuggler has a constant rate of transformation, thereby leaving his output indeterminate. In BH, economic profits or rents are zero under competition. When an increasing rate of transformation for the smuggling industry is postulated, that, for reasons unexplained, is due to intra-industry, inter-firm, diseconomies: an individual firm's costs shift upwards if firms in aggregate smuggle more. It is argued below that the smuggling industry does have increasing costs, but this is due to explicit treatment of transport costs. Also, intra-marginal smugglers do earn rents. Furthermore, volumes smuggled by individual firms become determinate. Sheikh (1974) postulates that real resources, in the form of a transportation commodity  $T$ , are needed for smuggling: the amount of  $T$  required to smuggle a unit of the importable is always one unit. Transport costs on legal trade are zero. All goods are produced under perfect competition. He assumes that a smuggler takes risk costs (in terms of goods confiscated and fines) as given and can smuggle any quantity at constant unit risk costs. But Sheikh also makes smuggling an increasing cost industry owing to intra-industry, interfirm diseconomies: a smuggler's risk costs increase if other firms try to smuggle more. However, given his specification of transport costs, Sheikh (1974) recognizes that such an assumption is forced on him when he adds that 'our assumption of increasing risk costs is crucial in enabling us to get a determinate solution to the problem of distribution of [aggregate] imports between legal and smuggled since it generates a positively sloped supply curve' for contraband. As in BH, the identity of individual smugglers, and (assuming that there are some legal imports) the allocations of individual firms between smuggling and non-smuggling, are indeterminate. Also in Sheikh, pure profits or rents are zero in smuggling equilibrium.

The model of Pitt (1981) seeks to explain smuggling of goods out of Indonesia, given export taxes. In Pitt, an appropriate model must explain smuggling, legal exports and price disparity, by which he means an excess of the domestic price over the world price less tax; thus, legal exports apparently incur absolute losses. The rationale for such trade is its ability to reduce the costs of smuggling; to camouflage smuggling, firms engage in some legal export. Trade is by identical firms under perfect competition; thus, distance to the frontier is irrelevant in Pitt. As in earlier models, Pitt's firms earn no rents in smuggling equilibrium. Also, he gives no explicit treatment of risk in smuggling and implicitly-

assumes zero transport costs in legal trade. If there is any smuggling of a good in his model, all firms exporting that good engage in some smuggling; otherwise, they would incur absolute losses. Finally, because each firm's profit function is homogeneous of degree one in legal exports and quantity allocated to smuggling, the equilibrium absolute outputs of each firm, and the number of smuggling firms, are indeterminate in the model. Martin and Panagariya (1984) explicitly treat risk costs in the form of probability of confiscation of contraband. They also specify real resource costs attached to smuggling (e.g., special packing costs or payments to foreign firms for under-invoicing). All firms are identical and transport costs are zero. Each firm's risk function is homogeneous of degree zero in legal and smuggled imports; however, the probability of any firm's smuggled imports being detected is a strictly increasing function of its ratio of smuggled to legal imports. Therefore, the research hypothesizes the following:

**H1:** There is a positive impact of border smuggling on economic growth.

### ***The Relationship Between Border Smuggling and Revenue Mobilization***

There is a well-established literature about the effects of foreign aid on domestic revenue mobilization (DRM). However, the findings of previous studies are at mixed (McGillivray & Morrissey (2001), Morrissey (2015)). On the one hand, some authors such as Pack and Pack (1990), Azam et al. (1999), Gupta et al. (2003), and Benedek et al. (2012) find that foreign aid undermines domestic revenue collection by discouraging the government tax effort and the motivation to undertake tax reforms. On the other hand, Morrissey et al. (2014), Clist and Morrissey (2011), Brun et al. (2011a) find that foreign aid has no negative effects on tax performance. This strand of the literature justifies their results by the fact that foreign aid is often tied to conditionalities such as tax and institutional reforms which offset the negative effects mentioned above. In recent years, there has been an increasing interest in the impact of conflict on domestic revenue mobilization. Gupta et al. (2004) and Boogaard et al. (2016) argue that conflict situations tend to reduce tax collection substantially, due mainly to disruptions to economic activities, the destruction of infrastructure and administrative capacity, and the loss of control over important tax bases. Conversely, Addison et al. (2002) show that conflict may encourage countries to

increase their tax performance to fund military expenses. Relatedly, authors like Downing (1992), Ertman (1997), and Tilly (1990) find that conflict may increase tax compliance. However, these studies have not assessed empirically whether the effect of conflict on taxation could be mitigated by foreign aid. Burnside and Dollar (2000), Collier and Dollar (2001 and 2004), and Ndikumana (2015) have attempted to address this issue, but here again there is little agreement on the nature of the individual and joint effects of foreign aid and conflict on taxation.

Overall, the positive effects of technical assistance are often underestimated, probably because this component of foreign aid has led to the acceptance of painful reforms by developing countries (Brun et al. 2007, 2011b). Several analyses have focused on these negative aspects and neglected the positive contribution of technical assistance. All categories of aid destined to conflict-affected countries, such as foreign aid to refugees, food aid, medical care, foreign aid for peace keeping, technical assistance contribute to state building. However, unlike the other forms of foreign aid flows, technical assistance has a direct link with performance in terms of tax revenue mobilization. In addition, technical assistance allows conflict and post-conflict countries to better formulate and execute their budgets, and to have a good concept for, and implementation of, reforms. Ndikumana (2015) notes that a range of donors and international organizations provide support for building tax capacity in conflict-affected countries. Prominent actors include the IMF, the OECD, and a range of bilateral donors such as Germany, Norway, the United Kingdom, and the United States. Moore et al. (2015) report that many organizations which provide capacity building services to tax administrations have their roots in OECD countries, and offer training and advice that fits with their own values and priorities. Whilst these principles are broadly accepted by the international community, there is an awareness that effective tax reform in fragile states is hampered by capacity constraints, which require different capacity building strategies depending on the institutional context (IMF 2015). Therefore, the research hypothesizes the following:

**H2:** There is a positive impact of border smuggling on revenue mobilization.

***The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Economic Growth.***

Saidu Kamara Labay, (2017) raised another issue of concern in enhancing border control in the under developed countries, relating it to community involvement. The country's land and coastal borders are very porous with many entry and exit points not fully covered by customs, immigration, security personnel and other government security agencies. Community involvement in border management and control is however minimal. Unless communities in porous border areas become more involved in border surveillance and protection efforts by detecting and drawing the attention of appropriate authorities to unlawful activities that threaten public interest or are harmful to national development, effective border control will remain a problem.

Depending on border specificities, regional and local circumstances, ICBT impacts consumers, producers and the government differently. In terms of revenue collection, governments are generally on the losing end, Boko and Kimuna (2013). Countries with low revenue bases but higher incidence of ICBT along their borders such as Sierra Leone, Guinea, and Liberia may experience macroeconomic imbalances due to revenue losses. Coastal countries such as Benin and Togo spend foreign exchange importing merchandise that are later informally sold across its borders on local currencies hence exerting a drain on their economies. However, this doesn't mean that governments should criminalize the practice. As a global issue Sierra Leone showed that although its government lost potential revenues from ICBT, the economy as whole was better with foreign exchange earnings on ICBT amounting to (positive informal trade balances) US\$ 717 million and US\$ 461 million respectively for 2009 and 2010 Ackello-Ogut, C. (2012). Consumers usually come out as winners, but not all the time. ICBT generally benefits consumers by increasing the availability of goods at affordable prices Peberdy, S. A. (2010). However, consumption of tradable goods not subjected to customs clearance and other border formalities may in some cases lead to loss of consumer welfare. Most foodstuff and other commodities traded informally are not subject to Sanitary and Phytosanitary (SPS) measures thus making consumption riskier. Failure to subject goods to standards inspection exposes consumers to health, safety and environmental risks Lesser C., Leeman E M, (2009). Where traded goods are counterfeits or adulterated merchandise, ICBT may have a negative effect on competition. Local producers could fall victim to copyrights infringement, or find they are unable to compete against cheaper (sub-standard) products

from Asia and gradually see their market shares erode Campenhout B, (2007). This is exacerbated by the fact that African countries generally have weak regulatory frameworks and capacity to protect intellectual property rights and competition. Even ICBT in foodstuff, in spite of its many food security benefits, can in some cases adversely affect the livelihoods of farmers. This is especially true when the crops are brought in more cheaply from neighboring countries, creating a glut, decreasing prices in the local market and leaving local farmers with no market for their products Engman and Yasui, (2005). Customs officials should collect revenue and expediting cross-border trade to promote economic development and preventing international trafficking in illicit goods. Customs administrations therefore play a key rolled for the economic welfare of a country, and for that reason customs revenue represents a substantial share of total tax collection. According to the World Bank (2003), the business community frequently perceives Customs as one of the most serious constraints to business investments. The IMF (2011) has indicated that a lack of political commitment, human resources, skills gaps and insufficient funds are obstacles to faster reformation. The Transparency International Global Barometer (2005) identifies Customs as the third most corrupt government agency after police and tax administration. Therefore, the research hypothesizes the following:

**H3:** Government law enforcement authorities mediate the relationship between the border smuggling and economic growth.

***The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Revenue Mobilization.***

Smuggling of counterfeit parts has infiltrated the supply chains of safety related products as well as industries like automobiles and aviation. The credibility and reliability of these cheap smuggled products cannot reasonably be compared to standard original products, especially since there is no accountability of the shadowy supplier or producer. These are more likely to fail early than standard products risking life of many. Smuggling of prohibited goods like narcotics and illicit tobacco pose serious threat to the life of many citizens of the country World Economic Forum, (2012). It creates huge cost on

government budget for trying to provide adequate health facilities for its citizen as a result of smuggling threat.

Innovation in the form of conception of new ideas for development of new products or processes and experimentation, has been recognized widely as an important driver of economic growth. Innovators protect their ideas through patents, copyrights, design rights and trademarks. Without adequate protection of these intellectual property rights, the incentive to develop new ideas and products is reduced, thereby weakening the innovation process. In industries where product development requires significant investment and innovation, smuggling of counterfeit product impairs investments and innovation by undermining the efforts of innovators and discouraging them from further research and development, which ultimately hampers overall growth of the economy. And an economy with less entrepreneur, would give a less return to the mobilization of government revenue from the industry.

A drop in production and consequences from goods smuggling in this regard will leave adverse effects on the employment level in the county; this crisis will allow for social and cultural crises per se. In the NRA report, (2017), it is clear that for each Leone worth of goods smuggled, one job opportunity is lost, whereas for creating each job, there is a need for investments. Reduction of job opportunities is by itself, another procedure related with reduced production investment. Goods smuggling will increase demand for currency in the unofficial market and the internal price increase of currency will have an inflationary property and on the other hand, with the increase of goods supply and avoiding increased supply of goods and avoiding price hikes, disruptions will be made in the currency system. Goods smuggled have negated effects on the consumption pattern of the society. The nature of such goods which is mainly unnecessary will lead the society towards entertainment and negative reliance on debauchery. Since Sierra Leoneans are cultural being and their identity is formed by culture and also since they have a social life, they can meet their own needs and desires through satisfying their own needs with the help of principles of 'cooperation in survival' and 'cooperation in transcendence' for a prosperous life. In this regard, it can be stated that social prosperity pattern relies on conditions and facilities. Smuggling goods will basically change domestic consumption. When luxury

goods enter the market with cheaper prices, the consumption of these goods will naturally rise and hence, consumption pattern will turn to luxury and consumption goods. Therefore, the research hypothesizes the following:

**H4:** Government law enforcement authorities mediate the relationship between border smuggling and revenue mobilization.

### ***The Relationship Between Policies and Structure on Economic Growth.***

The literature tracing the impact of individual policy reforms on growth is extremely abundant. We do not attempt to summarize it here exhaustively, but rather report some of the findings related to the policies we will consider later in the paper. While we consider only reform packages including multiple reform dimensions, hence making it impossible to quantify the impact of a single policy measure within our setting, it is interesting to note that the empirical literature remains highly divided even on the benefits of individual policy dimensions. For what regards trade liberalization, the evidence suggesting a positive effect on growth dates back to the 1990s (Frankel & Romer 1999; Dollar 1992; Sachs & Warner 1995; Dollar & Kraay 2004; Wacziarg & Welch 2008). However, these results have not gone unchallenged (Rodriguez & Rodrik 2001; DeJong & Ripoll 2006). Interestingly, Billmeier and Nannicini (2013) recently employed the SCM in a worldwide sample of countries to establish that liberalizations yielded a positive effect in all regions, but more recent episodes, especially in Africa, had no significant impact. Turning to domestic financial liberalization, Levine (1997; 2005) provides a comprehensive overview of the literature, showing how – although with some nuances – the preponderance of evidence suggests a positive link to growth (Rajan & Zingales 1998; Beck et al. 2000; Aghion, Howitt, et al. 2005; Galindo et al. 2007; Abiad et al. 2008). Dervis and Page (1984) argued in favor of product market reforms and policies promoting competition, for which several authors find positive effects, particularly in developed economies (Nicoletti & Scarpetta 2003; Frischtak et al. 1989; Barro 1991; Easterly 1993; Jalilian et al. 2007).

Rodrik (1995) however preserves a degree of skepticism: while the theoretical channels are clear, the empirical aggregate impact of these industrial policies seems rather small.



Detailing the complexity of the relationship between competition and innovation, Aghion et al. (2005) cast doubts even over the theoretical channels underpinning such policies. Gollin (2010) offers an overview of the relationship between agricultural reform and long-term growth, offering a mixed picture (see also Rodrik 1995). Beyond the direct impact of these policies on agricultural productivity, the main indirect theoretical channel relates to the fact that agricultural reforms tend to decrease inequality, which in turn the political economy literature has identified as a drag on growth (Alesina & Rodrik 1994; Besley & Burgess 2000). Aside from Anderson (2010), this empirical literature has generally focused on specific countries, finding strong positive effects in China (Lin 1992; Gulati et al. 2005) and Vietnam (Pingali & Xuan 1992). The evidence is however much thinner for former Soviet countries, which saw collapsing output and productivity (Rozelle & Swinnen 2004; Macours & Swinnen 2000). Perhaps the most contentious reform among those considered is capital account liberalization (Eichengreen 2001). While several authors find positive effects on growth (Bekaert et al. 2005; Kose et al. 2009; Dell’Ariccia et al. 2007; Quinn & Toyoda 2008; Quinn 1997), these results tend to be rather weak (Rodrik 1998). Klein and Olivei (2008) and Edwards (2001) suggest that these unsatisfactory empirical findings, which clash with the strong theoretical case in favor of financial globalization, are driven by developing countries. A point later echoed by Rodrik and Subramanian (2009) and Prasad et al. (2007). Therefore, the research hypothesizes the following:

**H5:** There is a positive impact of policies and structure on economic growth.

### ***The Relationship Between Policies and Structure on Revenue Mobilization.***

Domestic revenue is typically low in developing countries, reason why they receive aid, especially grants. Given the narrow tax bases in these countries – influenced by economic, political, institutional and social factors – revenue mobilization is as high as economically feasible but not enough to generate political gains. Aid plays a crucial role in assuaging these revenue constraints, raising genuine skepticism in ascertaining whether aid is a complement to or a substitute for domestic taxation. Since aid provides revenue, governments are less inclined to expend political and administrative effort on tax

collection. This is plausible because increasing taxes is unpopular, and recipients may see aid as a politically less costly source of revenue to cover government expenditure; reducing the urgency of tax revenue collection. However, there are attendant political costs associated with aid: increased dependency, costs of accountability (donors account to their parliaments while recipient governments account to their constituencies, and donors), as well as bureaucratic costs of administration. We posit that the choice between aid and tax depends on the respective political costs, and how they offset each other (Morrissey, 2015; Morrissey & Torrance, 2015). These costs are evaluated according to accountability and bureaucratic costs. The costs of accountability refer to whom and the extent to which a government must account for its uses of revenue (Morrissey, 2015). Recipient countries have to account to their governments on how they spend tax revenue although accountability to domestic taxpayers – a function of the political system, the institutional framework underpinning tax collection, and the broader institutional framework – is weak in low-income countries. Donor agencies have to account to their governments on how their aid is used so they implement strong monitoring mechanisms to minimize fungibility (De Renzio, 2016; Morrissey, 2013). They also attach conditions and recipients have to expend effort in trying to circumvent the conditions. Some donor agencies may operate in domestic environments where there are opponents to aid (usually political parties or vocal politicians), especially in cases where some aid projects financed by said donor agencies failed; thereby increasing the accountability costs of aid. Additionally, there are bureaucratic (administrative) costs of tax and aid. The former relates to the costs of tax administration: with fiscal reform implemented in many developing countries tax administration has improved, increasing the efficiency of taxation and reducing the bureaucratic costs of tax (Moore, 2014). The bureaucratic costs of aid, which are a function of the number of donors, refer to the costs of organizing, and attending meetings with different donor agencies. These bureaucratic costs of aid are high, exacerbated by donor proliferation, disbursement heterogeneity, and the changing requirements on monitoring aid. Therefore, the research hypothesizes the following:

**H6:** There is a positive impact of policies and structure on revenue mobilization.

***The Mediating Role of Government law enforcement authorities Between Policies and Structure and Revenue Mobilization***

Government's expenditure decisions and the sectoral allocation of these expenditures are made based on its needs and priorities. However, such spending is constrained by resources that government has at its disposal. Governments do have control - although limited – over the resources it can raise to fund its expenditures. This is especially true in the case of tax revenues, as governments can mobilize more tax revenues by becoming more efficient in tax collection, and by widening the tax net. Therefore, the government's decision on expenditures, the sectoral allocation of expenditures, and tax revenue collections are made simultaneously. In that sense tax revenues are endogenous to total government expenditure of which public health expenditure is a sub-set. In our empirical approach we hypothesize that there is a two-way relationship, between total government expenditures (including public health expenditure) and tax revenues. To take these inter-relationships into account, we specify the structural relationships between total government expenditure, tax revenue, and public health expenditure. We specify total government expenditure as a function of tax revenues, non-tax revenues, GDP, total population, and official aid. Tax revenue is a function of total government expenditure, GDP, size of the formal sector, size of external trade, and governance. Public health expenditure is a function of GDP, tax and non-tax revenues, lagged value of private health expenditures, lagged value of external health assistance, governance, and health indicators – including lagged value of sanitation, lagged value of prevalence of TB, and percent of population who might need health care. Therefore, the research hypothesizes the following:

**H7:** Government mediate the relationship between policies and structure and revenue mobilization.

***The Mediating Role of Government law enforcement authorities Between Policies and Structure and Economic Growth***

ONS report (2016) 'Enhanced integration between the custom officers and Police force would result in a more harmonious and convenient taxpayer experience. At the same time,

greater sharing of information between them would reduce opportunities for fraud. However, while the two Boards hold bilateral meetings to understand mutual requirements and availability of data, they have not yet moved towards life cycle management of data – creating ‘one data and many users. In order to tackle the common menace of smuggling, greater capacity needs to be built in customs to counter trade-based money laundering by greater use of analytics and strong co-ordination among the custom officers, police force, Financial Intelligence Unit and Directorate of Enforcement. Abdurahman (2014) stated, one of the major tasks that lie ahead of the customs authority in developing countries is to enhance the skills and capabilities of their staff as smuggling and illicit trade are growing and the means is becoming more and more sophisticated in nature. Along with new technology tools, it is important to enhance the analytical abilities of staff members to enable them to make extensive use of data analytics for identifying potential economic crimes. Capacities need to be built in ICT related areas such as computer forensics.

Developing countries could also follow the example of the European countries where electronic training is integrated with other forms of learning within Customs and Taxation training. The European Commission developed e-Learning courses on topics of common interest in collaboration with customs and taxation administrations and representatives of trade taxation European Commission (2014).

There is also need for specialized training in anti-smuggling operations, which is tailored to specific requirements, including the peculiarity of local conditions in the diverse environment in which these operations have to be carried out. Considering the often-inhospitable locations of many postings, this often has a great impact on the effectiveness of customs formations as unsuitable or unwilling personnel get posted to such check posts. Corrective measures need to be taken to incentivize willing and able officers to elect for such postings and stay there for a sufficient length of time to contribute effectively in keeping vigil along sensitive coasts and borders of the country. They may also be incentivized by provisions like special allowances, the retention of government accommodation in places where adequate medical and educational facilities are available, etc.

Saidu Kamara Labay, (2017) raised another issue of concern in enhancing border control in the under developed countries, relating it to community involvement. The country's land and coastal borders are very porous with many entry and exit points not fully covered by customs, immigration, security personnel and other government security agencies. Community involvement in border management and control is however minimal. Unless communities in porous border areas become more involved in border surveillance and protection efforts by detecting and drawing the attention of appropriate authorities to unlawful activities that threaten public interest or are harmful to national development, effective border control will remain a problem.

Depending on border specificities, regional and local circumstances, ICBT impacts consumers, producers and the government differently. In terms of revenue collection, governments are generally on the losing end, Boko and Kimuna (2013). Countries with low revenue bases but higher incidence of ICBT along their borders such as Sierra Leone, Guinea, and Liberia may experience macroeconomic imbalances due to revenue losses. Coastal countries such as Benin and Togo spend foreign exchange importing merchandise that are later informally sold across its borders on local currencies hence exerting a drain on their economies. However, this doesn't mean that governments should criminalize the practice. As a global issue Sierra Leone showed that although its government lost potential revenues from ICBT, the economy as whole was better with foreign exchange earnings on ICBT amounting to (positive informal trade balances) US\$ 717 million and US\$ 461 million respectively for 2009 and 2010 Ackello-Ogutu, C. (2012). Consumers usually come out as winners, but not all the time. ICBT generally benefits consumers by increasing the availability of goods at affordable prices Peberdy, S. A. (2010). However, consumption of tradable goods not subjected to customs clearance and other border formalities may in some cases lead to loss of consumer welfare. Most foodstuff and other commodities traded informally are not subject to Sanitary and Phytosanitary (SPS) measures thus making consumption riskier. Failure to subject goods to standards inspection exposes consumers to health, safety and environmental risks Lesser C., Leeman E M, (2009). Where traded goods are counterfeits or adulterated merchandise, ICBT may have a negative effect on competition. Local producers could fall victim to copyrights infringement, or find they are unable to compete against cheaper (sub-standard) products

from Asia and gradually see their market shares erode Campenhout B, (2007). This is exacerbated by the fact that African countries generally have weak regulatory frameworks and capacity to protect intellectual property rights and competition. Even ICBT in foodstuff, in spite of its many food security benefits, can in some cases adversely affect the livelihoods of farmers. This is especially true when the crops are brought in more cheaply from neighboring countries, creating a glut, decreasing prices in the local market and leaving local farmers with no market for their products Engman and Yasui, (2005). Customs officials should collect revenue and expediting cross-border trade to promote economic development and preventing international trafficking in illicit goods. Customs administrations therefore play a key rolled for the economic welfare of a country, and for that reason customs revenue represents a substantial share of total tax collection. According to the World Bank (2003), the business community frequently perceives Customs as one of the most serious constraints to business investments. The IMF (2011) has indicated that a lack of political commitment, human resources, skills gaps and insufficient funds are obstacles to faster reformation. The Transparency International Global Barometer (2005) identifies Customs as the third most corrupt government agency after police and tax administration. Bribes and tips requested by customs officials to facilitate clearance of imports and exports flow become a cost to business which is later passed to the consumer through increased prices. One method by which Customs can strengthen compliance and regulatory frameworks is through enforcement harmonization. Cooperation is also of importance and should be enhanced with businesses and other market actors to enable targeted interventions on both the supply and demand sides of illicit trade. Customs officials, policymakers, other border agencies, researchers and the private sector need to work closely together. Greater cooperation between regional and international organizations could also make a difference. To optimize tax collection, governments need to be able to exercise effective control over the production and importation of products, especially over excisable goods with the aim to capture undeclared markets, leading to increases in tax collection. While non-declaration and mis-declaration lead to revenue loss, effectively combating such practices would lead to other benefits such as the elimination of unfair competition brought about by untaxed goods which flood the market. Looking at the experiences of other countries to seek to draw

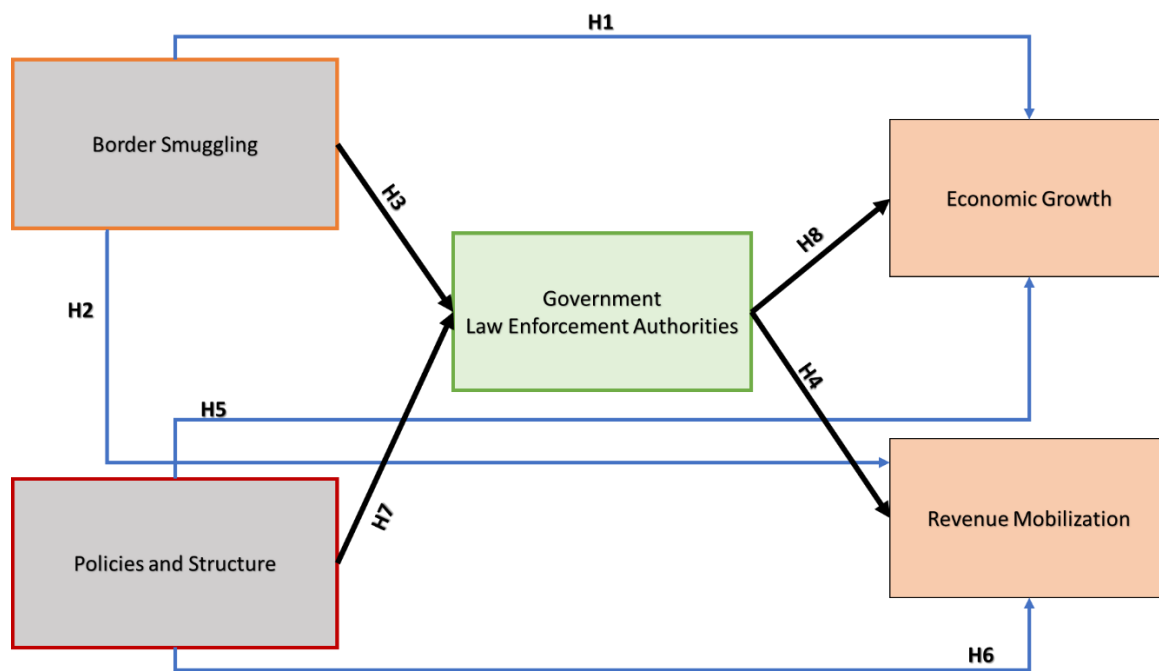
lessons from them, we see that severe corruption has been a major problem in countries like Mozambique, Bolivia, Uganda and the Philippines, which motivated them to introduce customs reforms (World Bank 2005, p. 108). A Research conducted in Mozambique by Van Dunem and Arndt (2006) found a positive relationship between high tax rates and underreporting of import values and evasion. Some countries simplified their procedures and created a system which allows fewer contacts between staff and traders, while others upgraded IT systems and introduced the customs information systems software, ASYCUDA, to improve service delivery, increase transparency and shorten customs clearance time. In their reforms, Uganda and Peru employed measures such as cooperation with other authorities, private entities and police, expanded audits and preventative inspections to increase enforcement. However, these were not very effective in Mozambique and Bolivia. Though these efforts may have reduced the clearance time, increased seizures (especially in Mozambique) and a decline in smuggling, corruption is still high (especially in developing countries), which compromises these efforts. The World Bank findings show that political support for customs reforms is essential, together with stable leadership. Financial support is also a very important ingredient in ensuring successful reform. Also, cooperation of customs staff, taxpayers and coordination with other tax agencies are critical for effective customs reform (World Bank 2005, p. 125)

To find out the impact of cross border smuggling and its economic implication to revenue mobilization in Sierra Leone I intend to use two hypotheses. The hypotheses are constructed with a view to generating empirical evidence both in quantitative and qualitative form to better understand the cost of cross border smuggling and its economic implication to the country. To examine this, the researcher developed hypotheses to guide this Research.

This model includes two people related factors, authorities and smugglers respectively. The element also includes two process related elements (cross border smuggling and economic implication) that reflect policies and structure. These relationships are tested empirically in order to determine whether and how border smuggling affect revenue mobilization in Sierra Leone. People related factor (Authorities and smugglers) directly affect all process related factor (legislation and revenue collection) that reflect policies

and structure. Finally, the model incorporates the economic success component as the ultimate value to be realized.

**H8:** Government law enforcement authorities mediate the relationship between policies and structure and economic growth.



**Figure 1** Research Model

## SUMARRY

The effects of smuggling are numerous and economically significant. Smuggling is a serious problem and its impacts are far reaching, affecting various stakeholders including Government, domestic industries and citizens of the country.

The rapidly changing global trading environment, marked by steadily growing volumes and complexity of supply chains, and heightened security concerns have had a large impact on the role and functions of customs administrations everywhere. On the one hand, globalization has been an engine of economic growth, enhancing the importance of the trade facilitation role of customs. On the other, it continues to offer new opportunities for



criminal organizations to engage in new types of frauds, posing multidimensional challenges to customs administrations.

Smuggling is all pervasive with industry, government and society directly bearing its brunt. The extent of smuggling in the country is a cause of great concern. The customs departments are doing their bit to manage legal trade movement and the parallel illegal channel. It has had to move away from the 'gatekeeper' approach and are now investing heavily in technology, simplifying processes and recognizing information as the basic lever of control.

## **CHAPTER III**

### **Research Methodology**

#### **Research Design**

Research design essentially refers to the plan or strategy of shaping the research, Henn, Weinstein and Foard (2006) that might include the entire process of research from conceptualizing a problem to writing research questions, and on to data collection, analysis and interpretation, Creswell (2007).

In this research, the researcher developed a strategy that caters for a well design structure of research instruments that provide a coherent and logical guide for data collection, presentation and analysis. The structure of the questionnaire and other research instruments for this Research is done such that all necessary data that are needed for answering the research questions, meeting the research objectives and addressing the research problem are gathered, presented and analyzed.

However, to enhance the successful completion of this research, structured questionnaires, phone interviews and direct observation of both senior and junior officials of the NRA, ONS and other stakeholders were undertaken as the primary sources of data. Also, data obtained from relevant publications of the above two mentioned institutions were used as secondary sources of data.

#### **Population and Sample**

According to Maxfield and Babbie (1995), a target population is that aggregation of elements from which the sample is actually selected. The target population of this Research include the total population of both NRA and ONS management and all variables which have common observable characteristics. A sample size of ninety (90) is carried on the total of the population of the both institution where fifty-one (51) from NRA and thirty-nine (39) from ONS. Out of this, a sample size of twenty-five (25) and nineteen (19) are taken from junior management staff NRA and ONS respectively, seventeen (17) and thirteen (13) from middle management staff of NRA and ONS respectively, six (6)

and five (5) from senior management staff of NRA and ONS respectively, and three (3) and two (2) from other stakeholders of NRA and ONS respectively.

A research population is generally a large collection of individuals or objects that is the main focus of a precise interrogation. It is for the benefit of the population that researches are done. However, due to the large sizes of the populations, researchers often cannot test every individual in the population because it is time-consuming. The research was thus carried out in a broad category of institutions – NRA and ONS. The population of interest for this Research therefore consists of headquarter staff of the NRA and ONS, targeting junior, middle and senior level employees of both institutions, as well as other stakeholders of around three hundred (300) as depicted on table 1. Therefore, in this research, the ideal sample size has been 300. Also, this research utilized a convenience-sampling method based on the data collection from the population who are available to participate in this research. According to that, out of total 300 distributed questionnaires, 276 usable responses were received making 92% as a response rate.

**Table 1** Research Population

Categories	NRA Staff	ONS Staff	Total
Junior Management Staff	110	65	175
Middle Management Staff	50	30	80
Senior Management	20	15	35
Other stakeholders	5	5	10
<b>Total</b>	<b>185</b>	<b>115</b>	<b>300</b>

### **Instrumentation**

During the process of collecting data, personal phone interviews, self-administered questionnaire and documentation were used for the research studies.

**Questionnaire:** An extensive use of questionnaire was used for the Research. It was divided into two sections which included questions for various departments in both institutions and other stakeholders, in collecting data. However, this questionnaire contained both structured and open-ended questions with 34 items. It also contained short, precise and simple questions which require quick response from the respondents. Section one has a demographical information and contain 9 categories. Section two items (10-34) are adapted from a Free and Open Access Research on cross border trade at Rusizi (Rwanda) and Bukavu (DRC) conducted by Search for Common Ground: Secure Cross-Border Social, Economic, and Commercial Activities in the great lakes Region (November 2019). Where border smuggling has 6 items, policies and structure has 4 items, government law enforcement authorities have 7 items, economic growth 4 items and revenue mobilization has 4 items with Likert – 5-point style rating scale from 1 strongly disagree to 5 strongly agree. The purpose of the questionnaires, which were administered to staff of NRA and ONS, was explained to the respondents. Employees of relevant departments and other stakeholders were selected. The questionnaires were administered to most of the employees contacted although they have busy schedules that may not allow them to complete the questionnaire on their own. Were able to establish a good rapport and motivate respondents to give us facts and clarified doubts. Table 2 summarize the Cronbach alpha for the research variables.

**Table 2** The Cronbach's Alpha for Research Variables

<b>Variable Name</b>	<b>Number of Items</b>	<b>Cronbach's alpha</b>
Border Smuggling	6	0.921
Policies and Structure	4	0.939
Government Law Enforcement Authorities	7	0.884
Economic Growth	4	0.754

Revenue Mobilization	4	0.871
<b>Total</b>	<b>25</b>	<b>0.747</b>

### **Data Collection**

For the purpose of this Research, both primary and secondary sources of data were used in gathering information.

**Primary Source Data:** In this Research the researcher collected data from both institution through the use of questionnaire under primary source data. However, the primary source of data was relevant that it helps the researcher develop knowledge, skills, and analytical abilities that helped the researcher address the identified research problem. With the primary source of data for this Research, the researcher considered critical thinking, asking questions, making intelligent inferences, and developed reasoned explanations and interpretations of events and issues in the past and present that are well meaningful for the research objectives. It however cost us more, both in terms of financial and other resources in getting the data needed for accomplishing the Research. With collaborated efforts we were able to gather more liable and realistic information.

**Secondary Source Data:** The secondary data source for this Research involves survey data, documentary and multiple sources. Documentary information was limited to tools that are related to the research work. This source was important in that it supports our ideas or shows an alternative view. Were able to create an argument that shows all points of view. There was however a challenge of limited time going through their documentary reports, but we were able to overcome it by sharing it among ourselves.

### **Data Analysis**

Data collected was analyzed, classified, summarized, and a narrative was also used in the presentation of data. The presentation and the analysis of data were mainly qualitative. However, basic statistical, mathematical and accounting techniques such as percentages, tables, charts and graphs were used for further analysis and interpretation.

### **Ethical Consideration**

Research work should be valid, neutral and truthful, if it is to be as credible and recognized otherwise it will be rejected and it will not make any sense to the wider knowledge of people in the society. However, the sensibility of this research thus increases the reliability and dependability of the quality level. Ethical considerations made within the Research are differentiated within four categories, namely: protection from harm; informed consent; right to privacy; and honesty with professional colleagues. All training material/documentation of law enforcement agencies were used with integrity. All respondents within the Research were protected by anonymity in terms of ensuring no specific responses of participants in documents are exploited in the findings nor that their identities revealed, Babbie (2005).

## CHAPTER IV

### Research Results

#### Descriptive Statistics

After collecting the questionnaire from the sample, the questionnaire response scale which contains 34 items was translated to a quantitative scale by giving the answer category 5 = Strongly Agree, 4 = Agree, 3 = Neither agree nor Disagree, 2 = Disagree, 1 = Strongly Disagree. The total scores of the sample respondents for each paragraph were classified as shown in Table 3:

**Table 3** The Degree of Approval of the Questionnaire Paragraphs

<b>Likert-Scale</b>	<b>Classification</b>	<b>Description</b>
1	1 – 1.79	Strongly Disagree
2	1.8 – 2.59	Disagree
3	2.6 – 3.39	Neither agree nor disagree
4	3.4 – 4.19	Agree
5	4.2 – 5	Strongly Agree

The researcher relied on the degree of approval of the questionnaire paragraphs according to (Idek et al., 2014) the rule specified in Table 6 that the approval for the paragraph is strongly disagree if the average mean of the paragraph between 1 – 1.79, disagree if the average mean of the paragraph falls between 1.8 – 2.59, neither agree nor disagree if the average mean of the paragraph is between 2.6 – 3.39, agree if the average mean of the

paragraph between 3.4 – 4.19, and strongly agree if the average mean of the paragraph between 4.2 – 5.

### ***Border Smuggling***

Table 4 shows the mean scores for the BS. The respondents' mean scores for BS items extend from 3.33 to 4.08. Simultaneously their standard deviation exhibited that the things don't present a high deviation from the normal mean among things. Consequently, the respondents' mean scores for generally speaking BS were 3.65. These scores show that the clients view of the BS did by their association are satisfactory and agree.

**Table 4** The Mean Scores for the BS Items

<b>Items</b>	<b>Means</b>	<b>STD</b>	<b>Degree of Approval</b>
BS1	3.33	1.015	Natural
BS2	4.08	1.097	Agree
BS3	3.75	1.034	Agree
BS4	4.03	1.053	Agree
BS5	3.34	1.017	Natural
BS6	3.38	1.032	Natural

### ***Policies and Structure***

Table 5 shows the mean scores for the PS. The respondents' mean scores for PS items extend from 2.67 to 3.57. Simultaneously their standard deviation exhibited that the things don't present a high deviation from the normal mean among things. Consequently, the



respondents' mean scores for generally speaking PS were 3.09. These scores show that the clients view of the PS did by their association are natural.

**Table 5** The Mean Scores for the PS Items

<b>Items</b>	<b>Means</b>	<b>STD</b>	<b>Degree of Approval</b>
PS1	3.17	1.441	Natural
PS2	2.93	1.358	Natural
PS3	3.57	1.178	Agree
PS4	2.67	.981	Natural

#### ***Government Law enforcement Authorities***

Table 6 shows the mean scores for the GLA. The respondents' mean scores for GLA items extend from 2.83 to 3.42. Simultaneously their standard deviation exhibited that the things don't present a high deviation from the normal mean among things. Consequently, the respondents' mean scores for generally speaking GLA were 3.09. These scores show that the clients view of the GLA did by their association are Natural.

**Table 6** The Mean Scores for the GLA Items

<b>Items</b>	<b>Means</b>	<b>STD</b>	<b>Degree of Approval</b>
GLA1	2.94	1.525	Natural
GLA2	3.20	1.619	Natural

GLA3	3.42	1.229	Agree
GLA4	3.07	1.529	Natural
GLA5	2.83	1.520	Natural
GLA6	2.94	1.623	Natural
GLA7	3.20	1.277	Natural

### ***Economic Growth***

Table 7 shows the mean scores for the EG items. The respondents' mean scores for EG items range from 3.55 to 3.72. At the same time their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for EG (overall) were 3.66. These scores indicate that the employees' perceptions of the EG carried out by their organization are satisfactory and agree.

**Table 7** The Mean Scores for the EG Items

<b>Items</b>	<b>Means</b>	<b>STD</b>	<b>Degree of Approval</b>
EG1	3.72	.898	Agree
EG2	3.72	1.034	Agree
EG3	3.55	1.059	Agree
EG4	3.67	1.032	Agree

### ***Revenue Mobilization***

Table 8 shows the mean scores for the RM items. The respondents' mean scores for RM items range from 3.36 to 4.14. At the same time their standard deviation demonstrated that the items do not present a high deviation from the average mean among items. Therefore, the respondents' mean scores for RM (overall) were 3.84. These scores indicate that the employees' perceptions of the RM carried out by their organization are satisfactory and agree.

**Table 8** The Mean Scores for the RM Items

<b>Items</b>	<b>Means</b>	<b>STD</b>	<b>Degree of Approval</b>
RM1	3.36	1.037	Agree
RM2	4.14	1.077	Agree
RM3	3.80	1.010	Agree
RM4	4.08	1.011	Agree

### **Demographic Characteristics of Respondents**

Demographic characteristics of respondents that have been captured in this research include 9 different aspects; respondent category, gender, age, educational level, level of management, institution name, length of service, employment status and designation.

### ***Respondent Category***

Respondent category were selected in two categories: staff and stakeholder. The majority of staff and stakeholder respondents were 96% and 4% respectively. Table 9 summarizes the sample distribution by respondent category.

**Table 9** Sample Distribution by Respondent Category

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Respondent Category</b>		
Staff	264	96%
Stakeholder	12	4%
Total	276	100%

***Gender***

Gender respondents were selected in two categories: male and female. The majority of male and female respondents were 67% and 33% respectively. Table 10 summarizes the sample distribution by gender.

**Table 10** Sample Distribution by Gender

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>		
Male	185	67%
Female	91	33%
Total	276	100%

***Age***

Respondents were of different age groups in a relative distribution as shown in Table 11. The highest representation is respondents who belong to the 30 – 34 years by 26%.

**Table 11** Sample Distribution by Age

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Age</b>		
From 25 - 29	60	22%
From 30 - 34	73	26%
From 35 - 39	68	25%
From 40 - 44	29	11%
From 45 - 49	26	9%
More than 50s	20	7%
Total	276	100%

### ***Educational Level***

The educational level of respondents was measured in three categories as shown below in Table 12. The highest percentage of respondents who obtained undergraduate is 84%, and postgraduate or above is 16%.

**Table 12** Sample Distribution by Educational Level

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Educational Level</b>		
Undergraduate	233	84%
Postgraduate or above	43	16%
Total	276	100%

### ***Level of Management***

Level of management of the respondents was obtained using three categories junior management, middle management and senior management. The respondents who are junior management 61% and who are middle management 28% and senior management 11%. Table 13 summarizes the sample distribution by marital status.

**Table 13** Sample Distribution by Level of Management

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Marital Status</b>		
Junior Management	169	61%
Middle Management	77	28%

Senior Management	30	11%
Total	276	100%

### ***Institution Name***

The respondents' institution name was obtained using two categories' National Revenue Authority (NRA) 65% and Office of National Security (ONS) 35%. Table 14 summarizes the sample distribution by institution name.

**Table 14** Sample Distribution by Institution Name

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Institution Name</b>		
National Revenue Authority (NRA)	179	65%
Office of National Security (ONS)	97	35%
Total	289	100%

### ***Length of Service***

The respondents' length of service was obtained using three categories. The respondents who have 5-less than 10 years 32%, who have 10-less than 15 45%, and who have over 15 years 23. Table 15 summarizes the sample distribution by length of service.

**Table 15** Sample Distribution by Length of Service

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Length of Service</b>		
5 – Less than 10 Years	88	32%
10 – Less than 15 Years	124	45%
15 Years and above	64	23%
Total	276	100%

***Employment Status***

The respondents' Employment Status was obtained using two categories. The respondents who are from Full time 77% and who are Part time 23%. Table 16 summarizes the sample distribution by Employment Status.

**Table 16** Sample Distribution by Employment Status

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Employment Status</b>		
Full Time	213	77%
Part Time	63	23%
Total	276	100%



***What is your designation?***

The respondents' designation was obtained using five categories. Table 17 summarizes the sample distribution by employee designation.

**Table 17** Sample Distribution by Employee designation

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Employee Designation</b>		
Revenue Officer	10	4%
Assistance Revenue Officer	38	14%
Border Security	121	44%
Custom Director	64	23%
Security Director	43	16%
Total	276	100%

**Correlation Analysis**

The aftereffects of the relationship examination which demonstrates that all the four builds were emphatically connected with one another with 0.01 criticalness esteem are appeared in Table 18. The connection among BS and EG ( $R = 0.614$ ,  $\rho = 0.01$ ) is counted as a noteworthy and moderate positive relationship. The connection among BS and RM ( $R = 0.895$ ,  $\rho = 0.01$ ) is counted as a high positive relationship. The relationship coefficient among PS and EG ( $R = 0.604$ ,  $\rho = 0.01$ ) is counted as noteworthy and moderate positive

connection. The relationship coefficient among PS and RM ( $R = 0.648$ ,  $\rho = 0.01$ ) is counted as noteworthy and moderate positive connection.

**Table 18** Correlation between Variables

	BS	PS	GLA	EG	RM
BS	1				
PS	.777**	1			
GLA	.653**	.841**	1		
EG	.614**	.604**	.631**	1	
RM	.895**	.648**	.634**	.553**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### Exploratory Factor Analysis

Exploratory factor analysis (EFA) empowers the creator to diminish the watched factors to littler numbers and distinguish the connection between them (Hinkin, 1998). Principal components analysis (PCA) strategy following by the Promax with Kaiser Normalization pivot technique was utilized to separate the components. As proposed by Hair et al. (2014) the creator kept just those things which stacked 0.4 or above on single thing. Table 19 demonstrated KMO and Bartlett's Test and the subsequent incentive for telecommunications enterprises in Gambia was 0.731 which adequately agree to (Kaiser and Rice, 1974) of required example esteem.

**Table 19** KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy			0.731
Bartlett's Test of Sphericity	Approx. Chi-Square	6384.834	
	df	300	
	Sig.	0.000	

The analysts utilized the regression analysis for eight main hypotheses:

Hypothesis H<sub>1</sub> posits that BS positively influence EG. As shown in Table 20 the linear regression analysis demonstrated that the path estimates between BA and BE was significant ( $F_{(1,274)} = 166.192, p < 0.05, R^2 = 0.378$ ). Also, the model coefficient shows that BA were positive and statistically significant to EG ( $T_{(274)} = 12.892, \beta = 0.364, p < 0.05$ ). So, the author infers that the effect of BA on EG is significantly different from zero. Therefore, hypothesis H<sub>1</sub> was accepted.

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.614 <sup>a</sup>	.378	.375	.378	166.192	1	274	.000
a. Predictors: (Constant), BS								
ANOVA <sup>a</sup>								

Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	2547.321	1	2547.321	166.192	.000		
	Residual	4199.762	274	15.328				
	Total	6747.083	275					
a. Dependent Variable: EG								
b. Predictors: (Constant), BA								
Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	22.113	1.059		20.889	.000	20.029	24.197
	BS	.364	.028	.614	12.892	.000	.308	.419
a. Dependent Variable: EG								

### ***The Relationship Between Border Smuggling and Revenue Mobilization***

Hypothesis H<sub>2</sub> posits that BS positively influence RM. As shown in Table 21 the linear regression analysis demonstrated that the path estimates between BS and RM was significant ( $F_{(1,274)} = 1103.051$ ,  $p < 0.05$ ,  $R^2 = 0.801$ ). Also, the model coefficient shows that BS were positive and statistically significant to RM ( $T_{(274)} = 33.212$ ,  $\beta = 0.827$ ,  $p < 0.05$ ). According to the lower and upper bound of the 95% confidence interval if zero falls between them, then the hypothesis will be rejected. If zero falls outside of the interval, then the hypothesis will be accepted. So, the author infers that the effect of BS on RM is significantly different from zero. Therefore, hypothesis H<sub>2</sub> was accepted.

**Table 21** Regression analysis of BS on RM

Model Summary								
Mo del	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.895 <sup>a</sup>	.801	.800	.801	1103.05 1	1	274	.000
a. Predictors: (Constant), BS								
ANOVA <sup>a</sup>								
Model		Sum of Squares		df	Mean Square	F	Sig.	
1	Regression	13182.697		1	13182.697	1103.051	.000 <sup>b</sup>	
	Residual	3274.607		274	11.951			
	Total	16457.304		275				
a. Dependent Variable: RM								
b. Predictors: (Constant), BS								
Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	5.60 4	.935		5.996	.000	3.764	7.444
	BS	.827	.025	.895	33.212	.000	.778	.876

a. Dependent Variable: RM

***The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Economic Growth***

Hypothesis H<sub>3</sub> posits that GLA mediates the relationship between BS and EG. As shown in Table 22 the PROCESS Procedure for SPSS v3.4 were conducted to assess each component of the proposed mediation model by using the bootstrapping method with bias-correlated confidence estimates. First, it was found that the direct effect of BS was positively associated with EG ( $T_{(274)} = 12.892$ ,  $\beta = 0.364$ ,  $p < 0.05$ ). It was also found that BS was positively related to GLA ( $T_{(274)} = 14.26$ ,  $\beta = 0.498$ ,  $p < 0.05$ ). Lastly, results indicated that the mediator GLA was positively associated with EG ( $T_{(273)} = 6.901$ ,  $\beta = 0.3109$ ,  $p < 0.05$ ). In this research, the 95-confidence interval of the indirect effects was obtained with 5000 bootstraps resamples. The indirect effect of the mediation analysis confirmed the mediating role of GLA in the relationship between BS and EG because zero does not fall between the lower and upper bound of the 95% confidence interval. so, the author infers that the effect of GLA between BS and EG is significantly different from zero. This means that the direct effect of BS on EG became significant when controlling through GLA, thus suggesting a partial mediation. Therefore, hypothesis H<sub>3</sub> was accepted.

**Table 22** Mediation analysis of GLA between BS and EG

<b>Model Summary</b>						
<b>R</b>	<b>R<sup>2</sup></b>	<b>MSE</b>	<b>F-value</b>	<b>df<sub>1</sub></b>	<b>df<sub>2</sub></b>	<b>p-value</b>
.6856	.4700	13.0985	121.0519	2	273	.0000
<b>Model Coefficient</b>						
	<b><math>\beta</math> coefficient</b>	<b>SE</b>	<b>T-value</b>	<b>p-value</b>	<b>LLCI</b>	<b>ULCI</b>
<b>Constant</b>	17.2919	1.2023	14.3824	.0000	14.9250	19.6589
<b>BS</b>	.2086	.0344	6.0628	.0000	.1409	.2763
<b>GLA</b>	.3109	.0451	6.9014	.0000	.3109	.3996

Indirect Effect						
	Effect	SE	LLCI	ULCI		
<b>GLA</b>	.1550	.0330	.0944	.2219		

***The Mediating Role of Government Law Enforcement Authorities Between Border Smuggling and Revenue Mobilization***

Hypothesis H<sub>4</sub> posits that GLA mediates the relationship between BS and RM. As shown in Table 23 the PROCESS Procedure for SPSS v3.4 were conducted to assess each component of the proposed mediation model by using the bootstrapping method with bias-correlated confidence estimates. First, it was found that the direct effect of BS was positively associated with RM ( $T_{(274)} = 33.212$ ,  $\beta = 0.827$ ,  $p < 0.05$ ). It was also found that BS was positively related to GLA ( $T_{(273)} = 5.4765$ ,  $\beta = 0.1937$ ,  $p < 0.05$ ). Lastly, results indicated that the mediator GLA was positively associated with RM ( $T_{(273)} = 2.49$ ,  $\beta = 0.1061$ ,  $p < 0.05$ ). In this research, the 95-confidence interval of the indirect effects was obtained with 5000 bootstraps resamples. The indirect effect of the mediation analysis confirmed the mediating role of GLA in the relationship between BS and RM because zero does not fall between the lower and upper bound of the 95% confidence interval. so the author infers that the effect of GLA between BS and RM is significantly different from zero. This means that the direct effect of BS on RM became significant when controlling through GLA, thus suggesting a partial mediation. Therefore, hypothesis H<sub>4</sub> was accepted.

**Table 23** Mediation analysis of GLA between BS and RM

Model Summary						
R	R <sup>2</sup>	MSE	F-value	df <sub>1</sub>	df <sub>2</sub>	p-value
.8975	.8054	11.7288	565.0788	2	273	.0000
Model Coefficient						
	$\beta$ coefficient	SE	T-value	p-value	LLCI	ULCI
<b>Constant</b>	3.9592	1.1377	3.4800	.0006	1.7194	6.1989
<b>BS</b>	.7742	.0326	23.7785	.0000	.7101	.8383
<b>GLA</b>	.1061	.0426	2.4889	.0134	.0222	.1900

Indirect Effect						
	Effect	SE	LLCI	ULCI		
<b>GLA</b>	.0529	.0238	.0049	.0984		

## *The Relationship Between Policies and Structure on Economic Growth*

Hypothesis H<sub>5</sub> posits that PS positively influence EG. As shown in Table 24 the linear regression analysis demonstrated that the path estimates between PS and EG was significant ( $F_{(1,274)} = 157.101, p < 0.05, R^2 = 0.364$ ). Also, the model coefficient shows that PS were positive and statistically significant to EG ( $T_{(274)} = 12.534, \beta = 0.425, p < 0.05$ ). so, the author infers that the effect of PS on EG is significantly different from zero. Therefore, hypothesis H<sub>5</sub> was accepted.

**Table 24** Regression analysis of PS on EG

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.604 <sup>a</sup>	.364	.362	.364	157.101	1	274	.000
a. Predictors: (Constant), PS								
ANOVA <sup>a</sup>								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	2458.763	1	2458.763	157.101	.000 <sup>b</sup>		
	Residual	4288.320	274	15.651				
	Total	6747.083	275					
a. Dependent Variable: EG								
b. Predictors: (Constant), PS								
Coefficients <sup>a</sup>								





Model		Sum of Squares		df	Mean Square	F	Sig.	
1	Regression	6901.234		1	6901.234	197.878	.000 <sup>b</sup>	
	Residual	9556.071		274	34.876			
	Total	16457.304		275				
a. Dependent Variable: RM								
b. Predictors: (Constant), PS								
Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	11.838	1.745		6.784	.000	8.403	15.273
	PS	.713	.051	.648	14.067	.000	.613	.813
a. Dependent Variable: RM								

***The Mediating Role of Government law enforcement authorities Between Policies and Structure and Revenue Mobilization***

Hypothesis H<sub>7</sub> posits that GLA mediates the relationship between PS and RM. As shown in Table 26 the PROCESS Procedure for SPSS v3.4 were conducted to assess each component of the proposed mediation model by using the bootstrapping method with bias-correlated confidence estimates. First, it was found that the direct effect of PS was positively associated with RM ( $T_{(274)} = 14.067$ ,  $\beta = 0.713$ ,  $p < 0.05$ ). It was also found that PS was positively related to GLA ( $T_{(273)} = 5.4765$ ,  $\beta = 0.1937$ ,  $p < 0.05$ ). Lastly, results indicated that the mediator GLA was positively associated with RM ( $T_{(273)}$

=3.6863,  $\beta = 0.3712$ ,  $p < 0.05$ ). In this research, the 95-confidence interval of the indirect effects was obtained with 5000 bootstraps resamples. The indirect effect of the mediation analysis confirmed the mediating role of GLA in the relationship between PS and RM because zero does not fall between the lower and upper bound of the 95% confidence interval. so, the author infers that the effect of GLA between PS and RM is significantly different from zero. This means that the direct effect of PS on RM became significant when controlling through GLA, thus suggesting a partial mediation. Therefore, hypothesis H<sub>7</sub> was accepted.

**Table 26** Mediation analysis of GLA between PS and RM

Model Summary						
R	R <sup>2</sup>	MSE	F-value	df <sub>1</sub>	df <sub>2</sub>	p-value
.6685	.4469	33.3442	110.2792	2	273	.0000
Model Coefficient						
	$\beta$ coefficient	SE	T-value	p-value	LLCI	ULCI
Constant	8.8884	1.8845	4.7165	.0000	5.1784	12.5984
PS	.4288	.0916	4.6811	.0000	.2485	.6091
GLA	.3712	.1007	3.6863	.0003	.1730	.5694
Indirect Effect						
	Effect	SE	LLCI	ULCI		
GLA	2840	.0714	.1535	.4355		

***The Mediating Role of Government law enforcement authorities Between Policies and Structure and Economic Growth***

Hypothesis H<sub>8</sub> posits that GLA mediates the relationship between PS and EG. As shown in Table 27 the PROCESS Procedure for SPSS v3.4 were conducted to assess each component of the proposed mediation model by using the bootstrapping method with bias-correlated confidence estimates. First, it was found that the direct effect of PS was positively associated with EG ( $T_{(274)} = 12.534$ ,  $\beta = 0.425$ ,  $p < 0.05$ ). It was also found that PS was positively related to GLA ( $T_{(273)} = 5.4765$ ,  $\beta = 0.1937$ ,  $p < 0.05$ ). Lastly, results indicated that the mediator GLA was positively associated with EG ( $T_{(273)} = 4.9453$ ,  $\beta =$

0.3274,  $p < 0.05$ ). In this research, the 95-confidence interval of the indirect effects was obtained with 5000 bootstraps resamples. The indirect effect of the mediation analysis confirmed the mediating role of GLA in the relationship between PS and EG because zero does not fall between the lower and upper bound of the 95% confidence interval (LLCI=0.1175, ULCI= 0.3859), so the author infers that the effect of GLA between PS and EG is significantly different from zero. This means that the direct effect of PS on EG became significant when controlling through GLA, thus suggesting a partial mediation. Therefore, hypothesis H<sub>8</sub> was accepted.

**Table 27** Mediation analysis of GLA between PS and EG

Model Summary						
R	R <sup>2</sup>	MSE	F-value	df <sub>1</sub>	df <sub>2</sub>	p-value
.8466	.7167	14.4167	597.5029	2	273	.0000
Model Coefficient						
	$\beta$ coefficient	SE	T-value	p-value	LLCI	ULCI
Constant	18.4706	1.2391	14.9059	.0000	16.0311	20.9101
PS	.1749	.0602	2.9044	.0040	.0564	.2935
GLA	.3274	.0662	4.9453	.0000	.1971	.4578
Indirect Effect						
	Effect	SE	LLCI	ULCI		
GLA	.2505	.0681	.1175	.3859		

### Overview of Hypotheses Testing

**Table 28** Overview of Hypotheses Testing

	Linkage	R <sup>2</sup>	P	$\beta$	Hypotheses Acceptance
H <sub>1</sub>	BS $\rightarrow$ EG	0.378	0.000	0.364	Accepted
H <sub>2</sub>	BS $\rightarrow$ RM	0.801	0.000	0.827	Accepted
H <sub>3</sub>	BS $\rightarrow$ GLA $\rightarrow$ EG	0.4700	0.000	0.2086	Accepted
H <sub>4</sub>	BS $\rightarrow$ GLA $\rightarrow$ RM	0.8054	0.000	0.1061	Accepted

<b>H<sub>5</sub></b>	PS $\dashrightarrow$ EG	0.364	0.000	0.425	Accepted
<b>H<sub>6</sub></b>	PS $\dashrightarrow$ RM	0.419	0.000	0.713	Accepted
<b>H<sub>7</sub></b>	PS $\dashrightarrow$ GLA $\dashrightarrow$ RM	0.4469	0.000	0.4288	Accepted
<b>H<sub>8</sub></b>	PS $\dashrightarrow$ GLA $\dashrightarrow$ EG	0.7167	0.000	0.1749	Accepted

## **CHAPTER V**

### **Discussion and Conclusion**

#### **Discussion**

The amount of research about the border smuggling and the economic impact on revenue mobilization in Sierra Leone is limited. Accordingly, the current Research aimed at classifying this issue in the literature by empirically examining This research aims to check the impact of border smuggling on the economic and revenue mobilization in Sierra Leone.

The results showed that the relationship between BS and EG is at 37.8%. This indicated that BS has a very weak relationship but positively significant to EG. It implies that Smuggling affect local industries by distorting prices of commodities. It affects domestic consumption pattern with supply of cheap or even contraband products. Smuggling drastically cuts prices of products, thereby destroying the market for local products. Domestic industries become unviable in such a distorted market. The impact is so severe that it results to breakdown of domestic industries and their bankruptcies affect the local economy. This trend cause to slow the nationwide expansion process. Smuggling of imported goods has deprived the state from receiving trading returns and custom duties and reduce its real based revenues. Thus, entry of smuggled goods due to non-payment of charges and custom duties has lower prices and in competition to domestically manufactured goods has close down internal industries.

Smugglers involved in clandestine activities also pose serious threat to the country. It has affected the internal structure of a society by creating powerful illegal institutions, Dominguez (1975). It expands parallel market and increases convergence among organized crime, terrorist groups and other threat networks, Global Illicit Trade in Tobacco (1990). Smugglers and their network outwit the national borders imposing security threat and earnings from this illegal activity may be used to finance insecurity that increases the policing costs, Burke (2003). Smuggling of counterfeit parts has

infiltrated the supply chains of safety related products as well as industries like automobiles and aviation. The credibility and reliability of these cheap smuggled products cannot reasonably be compared to standard original products, especially since there is no accountability of the shadowy supplier or producer. These are more likely to fail early than standard products risking life of many. Smuggling of prohibited goods like narcotics and illicit tobacco pose serious threat to the life of many citizens of the country World Economic Forum, (2012). It creates huge cost on government budget for trying to provide adequate health facilities for its citizen as a result of smuggling threat. Therefore, this research recommends, Adequate number of custom and border officer should be recruited and trained to prevent smuggling efficiently.

Technology must be government priority to ensure that all equipment and machinery used at custom and border post are sophisticated with global trend. Concerted efforts of the government and industry would be beneficial in organizing workshop to improve community awareness on border smuggling

The results showed that the relationship between BS and RM is at 80.1%. This indicated that BS has a high relationship and positively significant to RM. It implies that Cross border smuggling being a global issue is a serious problem that hurts nations in many ways. It deprives government of revenues from uncollected taxes and customs duties. Cross border smuggling having an adverse effect on government goal of mobilizing adequate domestic revenue to finance the country's budgetary needs requires global attention of policy makers, law enforcement agencies and other stakeholders to prevent and combats the changing environment and rising threat of smuggling. During collection of the secondary data; the Research revealed that the targeted institutions; NRA and ONS have not done many researches on the economic impacts of border smuggling. The research findings revealed that all of the forty-six (46) respondents are literate. In addition, the management of the two institution comprises of junior, middle and senior management level with personnel of different professional background, who are highly qualified. However, we noted that most of the personnel at the junior management level of both institutions were not adequately trained in relation to border and custom security.

This may have resulted to one of the factors facilitating the massive smuggling of cross border smuggling as concluded in the research finding.

Both NRA and ONS failed to contradict the findings of the European Commission (2014), which revealed that developing countries could also follow the trend of European countries to establish effective policies of technology to achieve adequate technology to man their borders. It was concluded that the technology equipment available at custom and border crossing point are woefully inadequate. The Research further revealed that custom officers are not really using the valuation guide given to them. The amount a trader pays in most cases actually depends on his bargaining power which contravenes the basic principle of fairness in taxation. Also, most goods crossed are not inspected by customs officers. Report on information of records of past receipt payment is largely not available. Going forward, we noted that the impact of cross border smuggling was worse to the extent that leads to the breakdown of many local industries, resulting to the increase of unemployment in Sierra Leone. Border smuggling had a severe impact that most of the youth are drugs addict because of its availability in the country which put their health to danger. The research revealed that there was lack of tax education in the municipalities, majority of the tax payers were either averagely satisfied or not satisfied with the use of tax revenue by the government and the greater percentage of people pay their taxes in anticipation of benefits from government.

The results showed that GLA mediate the relationship between BS and EG by 47%. This indicated that the relationship is weak but positively significant. It implies that government law enforcement agencies serve as a protection to stop illicit trading because they are responsible for the security of the state. In terms of border security, the 104 km border between the prefecture and Sierra Leone is completely open, with numerous unofficial crossing points. Moreover, not only is there an inadequate number of security and defense staff deployed in these areas but there are also insufficient border management facilities, vehicles, motorcycles, communications equipment and stationery material. Security sector personnel lack professional training. It is known that drugs, commodities and human trafficking exist but participants highlighted that official at the border posts seem to have difficulty searching people and vehicles to those smuggled



goods or recover stolen property or disrupt drugs and human trafficking activities as they prefer to extort monies. According to the survey, security and defense forces on both sides of the border do know each other but neither have a 'working together' strategy or are able to take joint working decisions. Each adheres to their own government's policies.

The results showed that GLA mediate the relationship between BS and RM by 80.54%. This indicated that the relationship is high and positively significant. It implies that Border crossings serve as choke-points where criminals are vulnerable to detection and capture. Effective enforcement activity along the borders not only reduces smuggling-related crimes, but also denies international criminals' resources they need for other illicit activities. Information developed through effective border enforcement also provides law enforcement agencies along our borders the opportunity to create a bridge between detection of illegal border activities and related investigations of criminal groups operating within Sierra Leone. Enhance Sierra Leone land border inspection, detection and motoring capabilities through a greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector; Improve the effectiveness of maritime and air smuggling interdiction efforts in the transit zone; Seek new, stiffer criminal penalties for smuggling activities; and target enforcement and prosecutorial resources more effectively against smuggling crimes and organizations.

The results showed that the relationship between PS and EG is at 36.4%. This indicated that PS has a weak relationship but positively significant to EG. It implies that PS are important in the short run because changing the various components of overall demand for a short period of time is easier than making a country's resources more productive. PS actions include taxation and spending, as well as changes in interest rates and the money supply. Governments must address specific impediments when longer-term structural changes are required to improve aggregate supply. This may include aspects of the economy's core structure, such as how prices are set, how public finance is managed, government-owned enterprises, financial sector regulation, labor market rules and regulations, the social safety net, and institutions. In free markets, prices reflect the underlying cost of production. Governments in some countries, however, set prices for certain goods and services, such as electricity, gas, and communication services, below

production costs, especially when the goods or services are produced by government-owned companies. These price controls result in losses that the government must compensate for, which can cause budget and stabilization issues. Furthermore, controls encourage more consumption than would be the case if the prices of goods and services reflected the true cost of production. Underpricing leads to inefficient utilization of a society's resources. Prices would rise to cover costs if price controls were removed, promoting competition and efficiency. Although governments may have to spend more than they take in during a recession, or collect more taxes than necessary to dampen spending during a boom, in the long run, spending and taxing should be in sync. However, complex tax laws and inefficient tax administration systems, for example, can make it difficult to raise sufficient public revenue, leading to large budget deficits and debt accumulation (a stabilization problem). This, in turn, can limit a government's ability to fund development needs such as health care services, education, and infrastructure projects. Tax reforms can facilitate taxpayer compliance and raise revenue by removing exemptions, requiring advance payment of estimated tax liabilities, and simplifying the tax rate structure. Improved tax administration can also increase revenue. For example, better training and higher salaries for tax collectors could reduce corruption and help retain competent staff. Better management of public expenditures could result in more productive use of public funds.

The results showed that the relationship between PS and RM is at 41.9%. This indicated that PS has a weak relationship but positively significant to RM. It implies that challenges in international taxation and regional integration are becoming more intense, necessitating closer cooperation on tax matters—including with advanced economies—in both policy and administration, as well as additional support for capacity building. Trade liberalization will continue to put pressure on revenue in many low-income countries. The ability to meet these and other revenue needs simply by raising standard VAT rates is becoming increasingly limited, so the opportunity lies primarily in improving compliance and reducing preferential treatment. Not least, and most importantly for the overall legitimacy of tax systems, greater efforts can be made to tax elites and high-income/wealth individuals, which will require both political will and technical capacity. There are significant similarities between reform strategies recommended by the Fund and others—

as well as the challenges and opportunities that remain in building administrations that effectively limit incentives and opportunities for rent seeking and inappropriate behavior, and are capable of implementing the voluntary compliance required to expand the tax base, including through risk management (allocating resources where the risks to revenue are greatest) and taxpayer segmentation (tailoring intervention and services to the distinct challenges posed by different groups, starting with a large taxpayer office)—here much remains to be done.

The results showed that GLA mediate the relationship between PS and RM by 44.69%. This indicated that the relationship is weak but positively significant. It implies that the fairness of a tax system cannot be meaningfully assessed apart from the spending it funds: a regressive tax may be the only way to fund strongly progressive spending. As a result, it is critical to examine not only the distributional impact of tax reforms, but also to identify specific spending measures to address any concerns they raise. Better persuading taxpayers of the value of the public spending financed by their taxes, including improving the management and quality of that spending, can help to increase trust in and compliance with the tax system. The requirements for alleviating poverty and improving infrastructure are significant: achieving the Millennium Development Goals, for instance, may require low-income countries to raise their tax-GDP ratios by around 4 percentage points (United Nations, 2005). However, the quality of measures matters as well: increasing revenue by taxing easily compliant taxpayers can exacerbate distortions and perceived inequities; conversely, reducing reliance on trade taxes can result in real structural gains that outweigh short-term revenue difficulties. More fundamentally, the importance of taxation in the exercise of state power implies that more efficient, equitable, and less corrupt tax systems can help to improve overall governance relations.

The results showed that GLA mediate the relationship between PS and EG by 71.67%. This indicated that the relationship is high and positively significant. It implies that Tax evasion is the primary cause of smuggling, as it deprives the government of rightful revenue. As a result, if smuggling falls, the government's tax revenue will rise. From the standpoint of criminal law, product smuggling as an illicit economic phenomenon is antithetical to social order. Smuggling can be prosecuted and punished in accordance with

law enforcement agencies' enacted laws. Smuggling is a social risk that has a negative economic impact, and it will undoubtedly weaken social security. Smuggling, they believe, deviates economics from the safe path, resulting in the establishment of an underground economy and the emergence of criminal organizations. In the long run, goods will increase poverty by eroding the basics of production. Smuggling is regarded as a significant economic and social challenge at the regional, national, and international levels. Smuggling relationships and their consequences, disruption of economic, social, and cultural agendas, are hampered by negative consequences, which act as a development deterrent by the government, resulting in a recession and a slowdown in economic growth. There are four major costs: lost revenue, market price distortions, local industry failure leading to unemployment, and societal costs such as endangered nationals' health and safety, destruction of vital habitats and ecosystems, and threats to the tourism industry.

When output grows faster than population, output per person grows. That is, anything that boosts productivity leads to higher rates of economic growth. A government policy that promotes the accumulation of the four economic resources boosts output and growth rates. Technological progress is largely driven by private-sector initiatives, but governments also play an important role in encouraging research and development. For example, government policies that protect intellectual property, such as patents, increase the incentive for private firms to create intellectual property.

Furthermore, GLA are frequently the inventors of technology. Many countries, for example, have government agencies engaged in original science and research and development that directly benefits the private sector. Governments also play an important role in the development of a country's infrastructure. Good, dependable transportation systems assist businesses in receiving inputs for production and delivering goods to customers. That is, government spending on infrastructure not only raises government spending and real GDP, but it also contributes to long-run real GDP growth. This is in line with the OECD's Future Shocks report: Improving Risk Governance from 2011, which states that behaviors like duty evasion harm the government's budget and the economic stability of compliant merchants.

## Conclusion

Based on the core connotation of “Sierra Leone’s governance”, this research develops a theoretical framework for preventing border smuggling and its effect on economic growth in Sierra Leone and constructs a new comprehensive index of governance quality in provincial regions, and empirically investigates the effect of governance quality on economic growth over the period by utilizing data in Sierra Leone’s provincial regions. Sierra Leone's government has demonstrated a willingness and commitment to improve security sector operations over the years. However, such willingness and commitment have not been sufficient, leaving the sector constrained in its ability to manage the country's borders. The pattern of deployment of security forces and other relevant government institutions along the borders suggests that they are grossly inadequate and inadequately equipped to patrol and control the stretched borders. Furthermore, the deplorable state of existing facilities is affecting the morale and productivity of border security personnel. As a result, the country is vulnerable to criminal groups and other rogue elements who take advantage of this structural state weakness to engage in criminal activities and/or perpetrate violence. The Research used NRA and ONS on the assumptions that, as their mandate in mobilization of revenue on behalf of the government and national security respectively, consider it very relevant in improving customs revenue performance and subsequently make funds available to adequately and effectively implement the Sustainable Development Goals in general. We further assumed that given the circumstances, the information gathered from selected institutions (NRA and ONS as Research area), are adequately utilized in meeting the Research objectives. The main conclusions are as follows: Firstly, good governance exerts a significant positive effect on economic growth in Sierra Leone’s provincial regions. Overall, governance quality could positively affect real GDP per capita, because good governance meant good public service, marketization, and rule of law, et al., which could encourage the “helping hand” of power or inhibit the “grabbing hand” of power, resulting in good economic growth performance. The higher the level of governance quality is in a provincial region, the higher the local real GDP per capita would be, which means the provincial difference in governance quality could explain the provincial difference in the level of economic development. Furthermore, because the governance quality in the Western region is

generally higher than that of the Eastern region, southern region and northern region of Sierra Leone, higher governance quality could bring significant high-quality economic development effect in the western region, while higher governance quality could bring significant high-speed economic growth effect in the eastern region, southern region and northern region which implies that the region difference in governance quality could lead to the region difference in the transformation effect of good governance on economic growth pattern. Finally, human capital is an important engine that would drive provincial economic growth in Sierra Leone. Cross border smuggling has a short-term benefit to the public, but hinders the economy in the long run. Reducing smuggling activities is a difficult process, but it can be achieved with a mixture of coordinated economic policies. Based on the results of our Research, we can argue that smuggling is sensitive to policy changes to a great extent. It is proposed that the government should commit itself to long term planning. Moreover, the government should ensure political stability, devise a detailed package to curb corruption and ensure rule of law. Indeed, it was evident that cross border smuggling had economic impacts on revenue mobilization in Sierra Leone. Causes of border smuggling were indicated in the research and mitigating factors were analyzed which we believed would go a long way in ensuring justifiable result. Government enhancing border smuggling should establish policies for technology and research and development. Smugglers find ways every day to smuggle goods through borders. As was noted, investment in research and development help government to clamp down some illicit border crossing point. But government failing to invest in technology will result in weak preventive measures of border smuggling. After analyzing the findings and the general conclusion of the Research, we consider these recommendations worth sharing:

### **Recommendation**

Therefore, this research recommends

1. Improve collaboration between Customs and various economic stakeholders, including other law enforcement agencies, to better penetrate and detect unlawful and illicit trade production and distribution networks.

2. Regional and international exchange of knowledge and experience by customs officials; • Establish and designate as appropriate national coordination agencies or bodies and institutional infrastructure responsible for policy guidance, research, and monitoring of efforts to prevent, combat, and mitigate and eliminate illegal trade
3. Implement modernized systems, better risk management practices, and audits of the keeper of regulatory controls
4. Therefore, this research recommends as a matter of criticalness, the Protocol should be turned into state law to enable the enforcement of its arrangements in each individual state.
5. heads of security organizations ought to take duty for tending to broad hone of security segment work force getting cash by blackmail or sexual badgering from individuals crossing the borders.
6. Embrace a civic instruction campaign to diminish the frequency of travelers crossing the borders without the vital document.
7. Two-sided cooperation between Sierra Leone, Liberia and guinea civil and security pioneers ought to be fortified and a cohesive arrangement created for the MRU borders District Security
8. Take measures to improve the terms and conditions of employment for officers based at the borders.
9. Review procedures for joint investigation of cross border criminality and serious organized crime.
10. Survey working together methods for joint watches to prevent sneaking exercises and distinguish security breaches at informal border crossing points.
11. Introduce a cohesive cross-border 'working together' approach particular for visible foot patrols.

- 12.** Assess current infrastructure regarding its suitability to handle the administrative processes and also ensure provision of gender sensitive searching areas, and neutral secure holding areas for storage of seized items and persons arrested for various cross border offences who await transportation to relevant area of jurisdiction.
- 13.** The local government structures, with support from donor agencies and multilateral partners should mobilize resources aimed at providing basic standard infrastructure (integrated border posts, office and residential accommodation, water, hygiene and sanitation facilities) for security personnel at border post.



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## Appendix X

### QUESTIONNAIRE

This research questionnaire is intended to help the researchers on his **thesis**, in the investigation of the ‘cost of cross-border smuggling and the economic impact on revenue mobilization in Sierra Leone’.

The questionnaire consists of opened and closed ended questions.

You have been chosen among others as the respondent based on presumption that you can give us quality information on the subject matter. Please you are kindly required to respond to this questionnaire as best as possible within a short period of time.

#### ‘Cost of Cross-Border Smuggling and the Economic Impact on Revenue Mobilisation in Sierra Leone’

- A. Date.....
- B. Area.....
- C. District.....
- D. Questionnaire ID.....

#### SECTION A: PERSONAL DETAILS

No.	Question	Response	Response Code
1.	Respondent Category	1= Staff	

		2= Stakeholder	
2.	Respondent's Gender	1= Male  2= Female	
3.	Age bracket:	1= 20 – 30 years  2= 31 – 40 years  3= 41 – 50 years  4= 51 – 60 years	
4.	Level of education:	1= OND Level  2= HND Level  3= Diploma level  4= First Degree  5= Postgraduate  6= Professional Qualification	
5.	Level of Management	1= Junior Management  2= Middle Management  3= Senior Management	
6.	What is the name of your institution?	1= National Revenue Authority (NRA)  2= Office of National Security (ONS)	

		3= Others, specify_____	
7.	What is your employment status?	1= Full time employment  2= Part time employment  3= Others, specify _____	
8.	What is your designation?	1= Revenue Officer  2= Assistance Revenue Officer  3= Border Security  4= Custom Director  5= Security Director  6= PSSD Staff  7= Commissioner  8= Director  9= Others, specify_____	
9.	Length of service	1= Less than 1 year  2= Between 2 - 4 Years  3= Between 5 – 10 Years  4= More than 10 Years	

		<i>Strongly disagree</i>	<i>Disagree</i>	<i>Not Sure</i>	<i>Agree</i>	<i>Strongly</i>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>border smuggling</b>					
10	Cross border smuggling is more benefit for our country					
11	you hold the view that informal cross border trade has contributed to the deplorable health status in Sierra Leone					
12	you think the inability of infant or local industries to meet market demand is as a result of increase in informal cross border trade					
13	you think that the porosity of our border gives rise to cross border smuggling					
14	you hold the view that informal cross border trade is a source of finance for illegal institution					
15	you think that intellectual property right are reduce as a result of cross border smuggling					
	<b>Policies and stracture</b>					
16	Policies you think can be done to enhance border control					
17	you think government policies for leveraging on technology would create an impact to prevent smuggling					
18	research and development create an impact of preventing border smuggling					
19	you thing government policy of increasing the rule of law would help to prevent smuggling					

	<b>Government Law enforcement authorities</b>					
20	do you think are the current policing priorities of this Department Responding to Emergency Calls					
21	do you think are the current policing priorities of this Department Traffic Regulations & Enforcement					
22	do you think are the current policing priorities of this Department Public Order Maintenance					
23	do you think are the current policing priorities of this Department Encouraging Voluntary Compliance of Laws & Regulations					
24	The barrier model gives insights into which government measures are effective in the fight against people smuggling					
25	These partnerships have already led to the arrest of a number of people smugglers					
26	Central government uses various measures to combat people smuggling					
	<b>Economic Growth</b>					
27	types of goods are you transporting across the border increase your economy					
28	the facilities available at the border, you choose informal cross-border routes instead of formal routes					
29	availability of information on markets, you choose informal cross-border routes instead of formal routes					
30	Use informal/informal border crossing points for transport of your goods/services					
	<b>Revenue Mobilization</b>					
31	Improve information base on funding needs, gaps and priorities					

32	Strengthen existing financial institutions and, promote replication and scaling-up of successful financial mechanisms and instruments					
33	Explore new and innovative financial mechanisms at all levels with a view to increasing funding to support					
34	Enhance the global engagement for resource mobilization in support of the achievement					



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**ETHICAL COMMITTEE APPROVAL****BİLİMSEL ARAŞTIRMALAR ETİK KURULU**

19.10.2021

Dear Solomon Yaskey

Your application titled **“Cost of Cross-Border Smuggling and the Economic Impact on Revenue Mobilisation in Sierra Leone”** with the application number NEU/SS/2021/1114 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Assoc. Prof. Dr. Direnç Kanol

Rapporteur of the Scientific Research Ethics Committee

**Note:**If you need to provide an official letter to an institution with the signature of the Head of NEU Scientific Research Ethics Committee, please apply to the secretariat of the ethics committee by showing this document.