

COMISSÃO DA CEDEAO

ECOWAS COMMISSION



COMMISSION DE LA CEDEAO

**DEPARTMENT FOR INFRASTRUCTURE, ENERGY AND
DIGITALIZATION**

DIRECTORATE OF ENERGY AND MINES

**Study on VAT and customs duty exemptions applied to
Liquefied Petroleum Gas (LPG) as well LPG cylinders
including their accessories in the ECOWAS region, and
drafting of a Regional Harmonization Directive**

TERMS OF REFERENCE

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1. BACKGROUND

Access to modern energy services in the ECOWAS region remains a major concern, particularly access to individual electricity services and modern cooking fuel.

In response to the misuse by households of charcoal and firewood for cooking and domestic heating in both rural and urban areas, the ECOWAS Commission launched, in 2018, a study for the development of the ECOWAS regional strategy for the popularisation of liquefied petroleum gas as domestic cooking fuel in the region. The study highlighted several institutional, regulatory and infrastructural challenges that need to be addressed to increase the penetration of LPG in the region, a fuel that is considered cleaner and more eco-friendly.

At the end of the study, the Regional Strategy on LPG was adopted by the ECOWAS Council of Ministers in September 2020 through **Regulation C/REG.2/9/2020**. The Regional LPG Strategy will enable LPG to become the preferred cooking fuel for households in the region by 2030, i.e. to reach at least 45% use in households in the region. It will thus promote the use of LPG by addressing related challenges in order to improve its affordability and penetration at the household level.

One of the strategic areas of this Strategy is to "create an investment-friendly environment to attract and maintain private sector participation and financing throughout the value chain". A key action related to this strategic area is "*to establish favourable fiscal policies such as tax exemptions and reductions for operators in the value chain to make LPG equipment and accessories accessible and affordable to households*".

This is the background to the assignment underlying these Terms of Reference.

2. OBJECTIVES

The main objective of the assignment subject to these ToR is to draw up a Regional Directive harmonizing VAT and customs duty exemptions applied to Liquefied Petroleum Gas (LPG) as well on LPG cylinders including their accessories in the ECOWAS region, in order to make the fuel and first equipment affordable for households and to increase its penetration as clean fuel.

In specific terms, it is intended to:

- Determine the types of LPG equipment/accessories commonly used in the region;
- Identify by country all VAT and custom duty exemptions on LPG as well LPG cylinders including their accessories and make a comparative analysis on the basis of an international benchmarking;
- Propose a regional Directive harmonising these VAT and duty exemptions;
- Assess the financial impacts on tax revenues for each country from the proposed regional Directive.

3. EXPECTED OUTCOME

The main expected outcomes are as follows:

- The types of LPG equipment/accessories used in the region is known;
- VAT and custom duty exemptions on LPG as well on LPG cylinders including their accessories are identified by country;
- A comparative analysis is made with international benchmarking;
- A draft Regional Directive harmonizing these VAT and custom duty exemption is drawn up;
- The financial impact of the harmonisation on countries' tax revenues is assessed.

4. PROFILE OF FIRM

Interested firms must provide information demonstrating that they have the required qualifications and relevant experience to provide the services described.

- A minimum of three (3) similar studies within the last 10 years.
- Solid experience in the following areas
 - Value Added Tax (VAT)
 - Customs duties
 - Hydrocarbon
- Good knowledge of the region (ECOWAS)

The firm must provide **two (2) keys** experts with the following profile :

➤ **Hdrocarbon Expert:**

- He/she must hold a Master's degree in Petroleum Engineering, Chemical Engineering, Energy engineering or related field;
- He/she must have a minimum of eight (8) years' cumulative experience in an international or national organisation, consultancy or government firm;
- He/she must have conducting or been involved in at least two (2) studies related to LPG promotion;
- Must have a good knowledge of the LPG value chain and characteristics in the ECOWAS region;
- He/she must be fluent in one of the official language of ECOWAS and have a good knowledge of one of the two other languages.

➤ **Taxation Expert:**

- He/she must hold a Master's degree in Taxation or related fields;
- He/she must have a minimum of eight (8) years' cumulative experience in an international or national organisation, consultancy or government firm;

- He/she must have conducting or been involved in at least two (2) studies related to the taxation system petroleum products;
- Must have a good knowledge of the taxation system in ECOWAS region;
- He/she must be fluent in one of the official language of ECOWAS and have a good knowledge of one of the two other languages.

5. TIMELINE AND DELIVERABLES

The contract is for a period of four (4) months.

- **1,5 month after the commencement of the contract:** Submission of an interim report presenting the (i) types of LPG equipment/accessories commonly used in the region, (ii) VAT and custom duty exemptions on LPG importation and on LPG cylinders including their accessories by country and (iii) a comparative analysis on the basis of an international benchmarking;
- **3 months after commencement of the contract:** Submission of draft report presenting (i) the propose regional Directive harmonising these VAT and duty exemptions and (ii) the assessment of the financial impacts on tax revenues for each country from the proposed regional Directive. This report will be approved during a regional workshop in one of ECOWAS Member states.
- **4 months after commencement of Contract :** The Consultant shall submit the final documents to ECOWAS.

6. REFERENCE DOCUMENTS

ECOWAS shall make available to the firm all existing documents on LPG in the ECOWAS region (Regional LPG Strategy, Regional Regulations) and any other document deemed useful.

ECOWAS shall provide all necessary support to the consultant for the success of the assignment.