DEPARTMENT FOR INFRASTRUCTURE, ENERGY AND DIGITALIZATION

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DIRECTORATE OF ENERGY AND MINES

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

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TERMS OF REFERENCE

March 2026

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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 assignement 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 the 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 custum duty exemption is drawn up;
- The financial impact of the harmonisation on countries' tax revenues is assessed.

4. PROFILE OF FIRM

The firm must have conducting a minimum of two (2) similar studies during the last 10 years.

The firm must provide **three (3) keys** experts with the following profile :

➢ **Hdrocarbon Expert (Head of mission):**

- He/she must hold a Master's degree in Petroleum Engineering, Chemical Engineering, Energy engineering of related filed;
- He/she must have a minimum of eight (8) years' cumulative experience in the hydrocarbon sector 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 taxation 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 systeme 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.

- **Legal Expert:**

- He/she must hold a master's degree in law or a related field;
- He/she must have a minimum of six (6) years of cumulative experience in legal affairs in an international or national organization, a consulting firm, or a government agency;
- He/she must have led or participated in the drafting of at least two Community texts within the ECOWAS region;
- He/she must have a good knowledge of the legal standards of the ECOWAS Commission;
- He/she must be fluent in one of the official languages of ECOWAS and have a good knowledge of one of the other two languages.

5. TIMELINE AND DELIVERABLES

The contract is for a period of five (5) months.

The deliverables are the following:

- **Inception Report**: summarizing the objectives, methodology, implementation schedule, organization of the data collection phase, etc. (***2 weeks after the start of the service***);
- **Report No. 1**: presenting, among other things, (i) the types of LPG equipment/accessories commonly used in the region, (ii) VAT and customs duty exemptions on LPG and LPG cylinders, including accessories, by country, and (iii) a comparative analysis based on international benchmarking (***2.5 months after the start of the service***);
- **Report No. 2**: presenting (i) the proposed regional directive harmonizing these VAT and customs duty exemptions and (ii) the assessment of the financial impact of the proposed directive on each country's tax revenues (***4 months after the start of the service***). This report will be approved at a regional workshop in one of the ECOWAS member states.
- **Final report**: including the study report and the draft Directive (***5 months after the start of the service***).

The firm must include in their financial proposal, the cost of their participation to the regional validation workshop which will be conducted during 3 days.

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.