Terms of Reference

Analysis of Taxes and Tariffs for Clean and Efficient Cookstoves and Fuels in Haiti

I. EXECUTIVE SUMMARY

The Global Alliance for Clean Cookstoves seeks proposals from consultants or consulting firms to analyze the taxes and tariffs that apply to the clean cooking sector in Haiti. The consultant will i) produce a detailed, comprehensive list of applicable taxes and import tariffs, including rules that apply to exemptions and ii) develop tangible policy messages and evidence for the advantages and disadvantages of changing policies and regulations.

II. THE CONTEXT

Taxes and tariffs are a concern for clean cookstove and fuel manufacturers and distributors in many countries, including Haiti. Trade barriers can constrain the reach of cookstove and fuel manufacturers, decreasing the potential impact that switching to cleaner and more efficient options would have on the environment, health, and livelihoods. In some markets, taxes and tariffs can reach or exceed 50% of the ex-factory price of a cookstove and, in some cases, duties are charged on the combined cost of goods and freight further increasing the competitive disadvantage of world class technology in a given market. Excessive duties and taxes can be the single most important factor denying consumers access to high amenity, money-saving, and life-saving cookstove technology.

Better understanding about applicable taxes and tariffs would equip manufacturers and importers to plan and budget for new market entries. Better understanding by donors, development partners, and civil society would enable engagement with policy makers in a constructive dialogue about potential changes.

Globally, the policy case for lower trade barriers is underdeveloped, relying on claims about broad environmental and health benefits of improved cooking technologies, rather than on improvements in the labor market, job creation in the manufacturing sector, and direct family welfare through substantial reductions in household expenditures.

To address these challenges, the Global Alliance for Clean Cookstoves is seeking consultants or a consulting firm to develop a Haiti policy database and advocacy toolkit for addressing national trade barriers to clean and improved cooking solutions.

The objectives of this project are twofold:

1. Develop a comprehensive list of the current taxes and tariffs on clean and efficient stoves and fuels in Haiti, including stove components and fuel processing equipment. This should include rules that have been applied to exemptions from taxes and import tariffs.

2. Build a robust policy case for changes to the current tax and import tariff regime, grounded in global best practices and robust economic research and analysis. This policy case should be targeted towards national policy makers and key industry stakeholders, to stimulate policy dialogue with the Government of Haiti.

The section below lays out the proposed methodology, data sources, and deliverables for executing against these objectives.
III. **SCOPE OF THE ASSIGNMENT**

The assignment will involve the following two components:

**Component 1 - Database on trade barriers**

The consultant will research and develop a comprehensive list of the taxes and tariffs in Haiti that apply to a range of clean and efficient cooking technologies, components, fuels, and fuel processing equipment.

*Technology scope*

**Cookstove technologies:** Portable rocket stoves, fixed rocket stoves, natural draft gasifiers, forced draft gasifiers and stoves; TLUD stoves; renewable liquid biofuel stoves; solar cookers; modern fuel stoves (including LPG, electric/induction, kerosene).

**Stove components:** Stove “flat packs”, industrially produced combustion chambers and other components, pre-manufactured stove liners, roll metal for stove casing, power units for fan gasifiers including batteries, PV panels and thermoelectric generators (TEG).

**Fuels:** Pellets, briquettes, charcoal, electricity, ethanol, kerosene, liquefied petroleum gas (LPG), and natural gas/methane.

**Fuel processing equipment:** Advanced charcoal kiln technologies, biofuel distillery components, and pelletizing equipment.

*Data scope*

**Quantitative / “hard” data:** VAT/sales taxes, import duties, other relevant taxes, applicable HS codes, and tariffs (e.g., port levies, unloading fees, clearing agent charges);

**Qualitative / “soft” data:** In addition to “hard” quantitative information on taxes and tariffs, the consultant should also capture the “softer” qualitative aspects of the operability of different trade regimes in terms of complexity of documentation, reference to written policies and how they are applied, and formal and informal transaction costs.

Therefore, meaningful and comparable indicators should be developed and integrated into the database to reflect importer feedback on both the quality of customs processes (e.g. based on such as average delays for customs clearance) and consistency in the application of published processes and fees (e.g. transparency and dependability in the application of different tariff/tax schemes) for different fuels and clean cooking products and components.

*Methodology*

Desk-based research followed by triangulation interviews and surveys focused on 15-20 stakeholders, including:

- Government officials in renewable energy units, trade/finance ministries, and customs;
- Local cookstoves and fuels importers;

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1Though not all of these technologies are currently available or prevalent in the Haitian market, the Alliance is seeking data on how these items would be classified under the current tax regime.
Local cookstoves and fuels manufacturers relying on imported materials for manufacturing/processing;
Global cookstoves and fuels exporters active in local market, if applicable.

Interviews with multi-national cookstoves and fuels exporters will be particularly important as a triangulation tool, and as a source of data to compare trade barriers in Haiti with those of other countries.

Possible data sources

- Existing publicly available tax / tariff databases compiled by GACC, WB, and cooking market participants. Some data sources to consider are:
  - Deloitte global indirect tax rates database;
  - Ernst & Young 2014 Worldwide VAT, GST and Sales Tax Guide;
  - WTO Tariff Database;
  - Local manufacturers of any similar consumer durables
- National customs and tax regulations for target countries;
- Interviews with customs officials, clearing agents and the central bank regulators concerned;
- Interviews with national or international cooking enterprises active at the country level – including manufacturers focused on country and local stove and fuel importers/wholesalers.
- Dalberg’s 2016 “Health, wealth, and growth: why lowering cookstove trade barriers makes sense” advocacy toolkit.

Component 2: Building a case for policy change in Haiti

The objective of this component is to provide policy and decision makers with robust evidence and case studies on the potential socio-economic benefits of changing the cookstoves and fuels policy environment for both domestic and international industry players, including information on how these changes would affect the balance of trade.

Methodology

- Development of a quantitative market model on the socio-economic benefits to Haiti that would result from policy change. This model will be built using:
  - An understanding of the price premium paid in the market for clean cookstoves and fuels;
  - Analysis of potential price drops from removal of trade barriers;
  - Price sensitivity analysis;
  - Employment effects in all key parts of the stove supply chain including manufacturing, sales, distribution, service, etc.;
  - Employment sensitivity of different parts of the supply chain with regard to demand/supply dynamics;
  - Analysis of potential changes in the trade balance and the resulting effects for the economy.
- Qualitative overview of barriers with illustrations/case studies of how they impede clean and improved cooking solution market development, technology transfer and market growth.

Possible data sources:

- Economic modeling and desk research;
- Interviews with sector experts and trade economists.
IV. DELIVERABLES

(i) A comprehensive list of fuel, cookstove, and component taxes, tariffs and subsidies in Haiti including exemptions and related rules. The list must be accompanied by a detailed bibliography to facilitate data capture for future updates.

(ii) Policy advocacy report and toolkit (5-10 page quick lessons/executive summary document and 50-100 page advocacy report) including:

- Overview of trade barrier landscape and trends;
- Barrier illustrations / case studies of barrier costs and benefits of barrier removal;
- Overview of analogues / best practices from other sectors and markets (e.g., health and BoP products, etc.);
- High level policy recommendations on trade barrier removal/reductions;
- Projected impact on balance of trade;
- Advocacy toolkit appendix:
  - Easy framework for key selling points of policy change;
  - Primer on key stakeholders/audiences to consider in advocating for policy change;
  - Q&A/common arguments for trade barriers and how they should be addressed/debunked.

(iii) French translations of the full database and advocacy toolkit, for use with Francophone policymakers and stakeholders.

V. TIMELINE

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<thead>
<tr>
<th>Activity</th>
<th>Date</th>
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<tbody>
<tr>
<td>Contract signing</td>
<td>August 18</td>
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<tr>
<td>Inception report</td>
<td>August 30</td>
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<tr>
<td>Interim report (draft database and outline of advocacy toolkit)</td>
<td>October 1</td>
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<tr>
<td>Final report (final database and full advocacy toolkit)</td>
<td>November 1</td>
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<tr>
<td>French-language translations of full advocacy toolkit and database</td>
<td>November 1</td>
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VI. CONTRACTUAL TERMS

1. Following contract signature and submission of an inception report, an advance of 20% of the total contract value will be paid to the consultant
2. 30% of the contract amount will be paid to the consultant upon delivery and acceptance of the interim report
3. 50% of the contract amount of will be paid to the consultant upon delivery and acceptance of all deliverables.

VII. QUALIFICATIONS

Consultant applying for this assignment should demonstrate the following.

- Fluency in French;
• Extensive experience working in developing countries, with experience working in Haiti preferred;
• Experience and understanding of clean and efficient cooking markets, fuels and technologies, including key contacts in the sector;
• Experience in trade barrier analysis;
• Experience in econometric analysis, including modeling and scenario analysis.