

TERMS OF REFERENCE (TOR) FOR CONSULTANCY TO UNDERTAKE RESEARCH ON TAXATION AND SUBSIDIZATION OF RENEWABLE ENERGY PRODUCTS AND SERVICES IN UGANDA WITH PARTICULAR INTEREST IN REFUGEE AND HOST COMMUNITIES

1. About Oxfam

Oxfam is a global movement for change that empowers people to create a secure future, just and free from poverty. We believe that everyone has a right to safety, security, a livelihood, and a say in decisions that affect them. In Uganda, our Vision is to see Uganda free of inequality and Injustice: A society where people, particularly women and young people, claim and exercise their rights and responsibilities and influence decisions that affect their lives. Our work is guided by the Country Strategic Framework (CSF) (2021-2030), organized around four themes: Governance and Accountability, Resilient Livelihoods, Humanitarian preparedness and response and Gender Justice and Women's Rights. All the themes work towards influencing policy and practice, youth and women empowerment, inclusive participation in decision-making at various levels, and capacity strengthening of national and local actors.

2. Background

Uganda is home to over 1.5 million refugees. Most of these refugee communities have been displaced due to protracted civil wars in neighboring countries such as South Sudan and the Democratic Republic of Congo. Refugees live in 13 hosting districts mainly in Northern and Western Uganda, typically in three categories – urban areas, camps, or settlements.

Renewable energy sources, such as solar and wind power, offer opportunities for sustainable development. Despite the significant strides in the Off-Grid Energy (OGÉ) market in Uganda, refugees still struggle to access energy due to infrastructure challenges and low purchasing power emanating from affordability concerns. Consequently, refugee and host communities exhibit a low willingness to pay for new technologies, since they are deemed costly and prohibitive. Instead, their preference lies with traditional energy sources and cooking methods, influenced by factors such as availability, price, and familiarity. As such, the majority of refugees use unreliable sources of energy, with 70% of refugees living in settlements experiencing high energy vulnerability, which limits the development of sustainable livelihoods.

The growth of private sector companies supplying off-grid solar energy products, backed by favorable government policies such as tax exemptions on solar generation components, must play a critical role in growing energy access. However, 90% of the population living in refugee camps and host communities still have limited or no access to electricity and, instead, rely heavily on firewood and charcoal for cooking and heating. Reliance on firewood and other biomass fuels also strains relationships with host communities, when competing over scarce resources or entering private land for collection of firewood. In addition, the collection of firewood also comes with the risk of gender-based violence which disproportionately impacts women and girls negatively.

The majority of populations in displacement settings live below the poverty line and struggle to afford energy solutions. Therefore, PAYGO models and asset financing are central to supporting consumers to purchase energy solutions, the costs of which are often perceived as prohibitive. However, refugees and small businesses lack access to and awareness of financial services, and energy companies lack market information and technical expertise to design appropriate PAYGO models. In addition, the main barriers to the widespread

adoption of PUE by refugee and host communities are affordability, unwillingness or inability to pay out of pocket, and limited access to flexible financing.

3. About SUSTAINED project

SUSTAINED project, implemented by a consortium of CARE, OXFAM and Mercy Corps with funding from the Embassy of the Kingdom of Netherlands aims to increase access and use of quality, reliable, affordable, and clean energy for electricity, cooking, and income-generating opportunities for refugees and surrounding host communities. The project is implemented through adoption of a Market Systems Development (MSD) approach, by integrating demand activation, addressing supply side barriers and strengthening an enabling environment for off-grid solutions. SUSTAINED also intentionally integrate gender perspectives to ensure inclusive growth and opportunities for all market participants, including refugees, women, and marginalized groups.

Under outcome 3: SUSTAINED aims at strengthening the enabling environment through policy advocacy. This will be done through robust assessment of existing policies, and based on this analysis, SUSTAINED will advocate on relevant policy issues, through the dissemination of policy briefs and the organization of national-level policy dialogues and engagements. Among SUSTAINED advocacy priorities, the partners will focus on greater resource allocation for public incentive systems that promote renewable energy adoption in refugee-hosting districts, such as tax exemptions.

4. Problem statement

Uganda's energy sector is heavily reliant on biomass, particularly firewood and charcoal, which comprise over 85% of total energy consumption. Electricity and petroleum products represent a smaller portion.

While national electricity access stands at about 57% (24% on-grid, 33% off-grid) as of 2023, the government is actively promoting renewable energy sources like solar, hydro, and biomass to expand generation and distribution. Despite Uganda's commitment to expanding access to affordable and clean energy, the current taxation regime on energy products presents significant barriers to progress. While certain renewable energy products like solar panels are theoretically exempt from taxes under regional frameworks, inconsistencies in implementation, lack of clarity in customs classification, and local taxation practices continue to inflate costs and deter private sector participation. This misalignment between fiscal policy and national development and climate goals hampers efforts to achieve universal energy access, exacerbates energy poverty, and undermines environmental sustainability.

To address these challenges, SUSTAINED plans to develop a research study to advocate for the design and implementation of a targeted fiscal incentive framework that enhances energy access for vulnerable populations and catalyzes private sector investment (supply) of off-grid products in humanitarian settings.

The research will seek to:

1. Identify existing targeted tax exemptions, and for companies (ESCOs) delivering energy solutions in refugee and host communities
2. Document current tax regime on renewable energy products with specific interest on Productive Use of Energy and Clean Cooking Stoves in refugee, host and underserved communities.
3. Identify ESCOs and existing subsidies on renewable energy products, document their impact on demand

and supply of renewable energy products in refugee and host communities.

4. Highlights the effects of various taxes on pricing of clean energy products, including VAT and import duties, analyze their implications on affordability and equitable access for refugees and host communities.
5. Undertake situational assessment of private sector (Energy Service Companies) and stakeholder consultations to inform tax policy recommendations
6. Document good practices of clear and consistent enforcement of tax exemptions for renewable energy products at both customs and local government levels.
7. Analyze and document global and regional best practices in tax incentives for energy access in humanitarian settings.
8. Develop actionable policy reforms to foster a more inclusive, efficient, and enabling energy market environment to achieve sustainable clean energy access in refugee and host communities.
9. Document strategies for strengthening multi-stakeholder coordination comprising URA, MEMD, OPM, and development partners—to coordinate and align fiscal policies and ensure favorable taxes and subsidies for the renewable energy products in the humanitarian sector.
10. By streamlining taxation and creating an enabling environment for inclusive energy models, Uganda can make significant strides toward universal energy access while advancing its socio-economic and environmental development objectives.
11. A tax research will present key findings, insights, and tax policy recommendations from the situational assessment and stakeholder consultations to inform policy recommendations.

4.1 Purpose and Objectives of the research study

Purpose: To generate a concise, evidence-based tax research report that highlights the taxation and subsidization of clean energy products, analyze their implications for refugees and host communities, and proposes actionable tax policy reforms to foster a more inclusive, efficient, and enabling energy market environment.

4.2 Specific Objectives:

- To examine how current tax and subsidization policies influence pricing, adoption, and distribution of solar and clean cooking products in refugee-hosting areas.
- To assess how taxation frameworks affect the viability and scalability of ESCOs and FSPs in humanitarian markets.
- To develop concrete, actionable policy recommendations for fiscal reforms aligned with Uganda's energy, climate, and development goals.

The SUSTAINED tax research report will be disseminated to a wide audience through various channels to maximize its impact and reach.

5. Methodology

The research study will be developed through a mixed-method, participatory, and evidence-driven process consisting of the following key components:

5.1 .Desk Review:

Review of relevant national and regional tax policies and review of global and regional best practices in tax incentives for energy access in humanitarian settings. The consultant will review existing national policies, laws including tax bills, and regulations related to taxation and subsidization of renewable energy products in Uganda. The consultant will also study the different tax and nontax barriers for renewable energy products as well as available subsidies and their timelines.

5.2. Primary Data Collection:

Key Informant Interviews (KIs): Engage stakeholders from government agencies (MoFPED, URA, MEMD, OPM, Uganda Energy Credit Capitalisation Company (UECCC)), private sector (Tulima Solar, D.Light, PESITHO among others), refugee-led organizations (ICAN SS, CECI), financial service providers (e.g., VisionFund), and other humanitarian and development partners (UNHCR, DCA).

5.3 Data sources

The tax research report will synthesize key findings from in-depth interviews, focus group discussions, case studies, and policy analyses to capture lived experiences. These consultations will aim to ground the research in practical realities and firsthand experiences. Key elements may include but not limited to:

- **Private Sector Engagement:** Gather perspectives from ESCOs (e.g., PESITHO, Tulima Solar, D.Light and other SOLCO PSA partners) regarding how taxation impacts their cost structures, product pricing, logistics, and ability to scale in displacement contexts.
- **Financial Service Providers (FSPs):** Understand how tax policies affect credit and financing models for end-users and whether existing taxation limits FSPs' ability to innovate or expand. VisionFund,
- **Refugee-Led Organizations (RLOs):** Capture unique community-level perspectives, especially on affordability and accessibility challenges created by current tax structures.
- **Government Agencies:** Engage tax authorities and relevant line ministries to understand policy intentions, enforcement challenges, and opportunities for reform or exemption mechanisms (MoFPED, MEMD, URA, OPM, National Renewable Energy Platform-NREP, Uganda Solar Energy Association – USEA, Uganda Energy Credit Capitalisation Company (UECCC)) etc.
- **Development and Humanitarian Actors:** Include donors and implementers to map out ongoing advocacy efforts and alignment with national development goals (e.g., Uganda Vision 2040, NDP IV, UNHCR, DCA, WFP).

6. Outputs/Deliverables

The consultant will be expected to develop and submit.

- Inception report detailing the methodology of delivering research report on the current state of taxation and subsidization policies for renewable energy products (Off-grid solar, Productive Use of Energy (PUE), Clean Cooking Stoves (CCS) and other renewable energy technologies in Uganda.
- Draft research report
- All the datasets
- Final research report

7. Timeframe and estimated working days

The assignment will be undertaken in May/June 2025, lasting a total of 30 working days from the date of signing the contract.

Activity	Date	Number of days
Consultant to sign contract for the assignment	June 16 th 2025	1
Conduct desk review and interviews	June 16 th to June 26 th 2025	20
Sharing first draft and addressing comments	July 04 th 2025	8
Final Report Submission	July 5 th 2025	1
Total		30

8. Qualification and experience of the consultant/team

- The consultant/ team of consultants should be qualified and experienced with a background in Energy policy, Economic/tax policy, Energy Economics, Natural Resources Management, Social policy, Engineering, Governance and development studies. A Master's Degree in a relevant field will be an added advantage
- The consultant should present experience working in energy related spaces and tax policy.
- Strong research and analytical skills.
- Experience in policy analysis and development.
- Familiarity with Uganda's energy sector and renewable energy policies.
- Excellent writing and communication skills.

9. Supervision/management of the assignment

The consultancy work will be managed and supervised by the Energy and Extractive Industries Coordinator at Oxfam working closely with consortium partners (Mercy Corps and CARE). The consultant will be responsible for planning the activities in a timely manner and informing the Oxfam team in advance to ensure their participation.

10. Payment

The consultant/s will be paid in 02 instalments i.e. 20% will be paid after approval of the inception report and 80% after submitting the final policy brief. The consultant/s will be responsible to remit taxes that relate to the consultancy.

11. Submission of Technical and Financial Proposal:

Interested candidates are invited to submit the following application documents:

1. A technical proposal detailing their understanding of the Terms of Reference and how they plan to execute the assignment, with the consultants' relevant experience
2. A financial proposal providing financial considerations to execute the assignment
3. A copy of the curriculum vitae of the consultant/s who will be assigned to conduct the work.

Please send your technical and financial proposals by 27th May 2025 to ugandalogistics@oxfam.org