

PETROLEUM PRICING FORMULA COMPONENTS

- 1) **Average Platts:** This is the monthly average reference international prices for refined products, and it's quoted in US Dollars (\$) per metric ton.

They are quoted from FOB Mediterranean Cargo (Med Cargo) as follows:

No.	PRODUCTS	PLATTS QUOTED (USD PER METRIC TON)
1	Petrol	Gasoline Prem Unleaded 10ppmS FOB Med Cargo
2	Diesel	Gasoil 0.1%S FOB Med Cargo (NextGen MOC)
3	Jet A1 / Kerosene	Jet CIF NWE Cargo
4	Marine Fuel Oil	FO 1%S FOB Med Cargo

- 2) **Freight:** This is the premium price to bring a vessel of product to Freetown, Sierra Leone. It was reviewed in 2015 as part of the Commercial Formula and later in both retail & commercial formulae respectively (*27th July & 24th August 2015 pricing formula reviews*). The current freights are as follows:

	Petrol	Diesel	Jet A1 / Kerosene	Marine Fuel Oil
Freight (USD per Metric Ton)	86.50	85.00	69.00	98.50

These were also increased at the height of the Russia/Ukraine crisis as OMC's claimed that suppliers had increased freight considerably for diesel and fuel oil (*30th June 2022 pricing formula review*).

Current Freight	Petrol	Diesel	Jet A1 / Kerosene	Marine Fuel Oil
Freight (USD per Metric Ton)	86.50	148.00	69.00	103.50

- 3) **Import Duty:** Revenue paid to by the Oil Marketing Companies (OMCs) to the National Revenue Authority (NRA) / Government of Sierra Leone (GoSL). It is 5% of C&F and it is statutory.
- 4) **Storage:** Funds allocated to the OMCs for the maintenance of their installation tanks. This provision has been in place since the WB/EC/ADB/IMF funding import arrangement in the 90s. It is USD 4.70 per metric ton on each of the product. According to the prevailing Pricing Formula, Storage Fees are as follows:

- 5) **Port Charges:** Revenue provision for Sierra Leone Ports Authority (SLPA). Port Charges are USD 3.00 per metric ton on petrol, diesel, and kerosene and USD 2.00 per metric ton on marine fuel oil.
- 6) **Petrojetty Charges:** Charges paid by the OMCs to Petrojetty (SL) Limited for berthing and discharging imported petroleum products at Petrojetty. These charges were incorporated into the Pricing Formula since 11th November 2016, and are meant for recouping the money spent on construction of the new Petrojetty. It's a Build-Operate-Transfer (BOT) arrangement between GoSL and Addax/Oryx Group. Petrojetty Charges are USD 20.00 per metric ton (petrol, diesel, jet/kerosene & marine fuel oil).
- 7) **Demurrage:** Funds allocated to the OMCs for the costs incurred for the delays experienced/encountered by vessels delivering imported petroleum products. Demurrage is USD 2.00 per metric ton each product:
- 8) **Freight Levy:** Revenue paid to Sierra Leone Maritime Administration by the OMCs. It is USD 2.00 per metric ton on each product (petrol, diesel, jet/kerosene & fuel oil).
- 9) **Other Charges (Transfer & Agency fees, etc.):** Money allocated to the OMCs for the costs incurred in transactions leading to the importation and landing of petroleum products to their installations. These were adjusted upwards on 24th August 2015 as follows:
 - Petrol: From USD 5.68 to USD 13.48 per metric ton
 - Diesel: From USD 4.96 to USD 12.76 per metric ton
 - Kerosene: From USD 5.51 to USD 13.31 per metric ton
 - Fuel Oil: From USD 3.07 to USD 10.87 per metric ton

The upward adjustment was due to the USD 7.80 fee introduced by Sierra Leone National Shipping Agency effective 1st April 2015.
- 10) **Landed Cost (USD):** This is the total costs incurred for the purchase and transportation of petroleum products into Sierra Leone and it's the aggregate of all expenses in the value chain quoted in US Dollars (\$).
- 11) **Conversion (Metric Ton / Litre):** This the total amount of petroleum products in litre that equals a metric ton and it varies according to products grade.

- 12) **Landed Cost (USD / Metric Ton):** This is the total incurred cost for the purchase and transport of petroleum products into Sierra Leone and it's the aggregate of all expenses in the value chain quoted in US Dollars (\$).
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- 14) **Foreign Exchange (FX) Rate:** This is the weighted average (*not on volume of amount purchases*) FX rates derived from the analysis of FX transactions provided by the Bank of Sierra Leone and Oil Marketing Companies (OMCs').
- 15) **Landed Cost (Le/Lt):** This is the cost to land a litre of petroleum product into the country and it's quoted in leones per litre using the prevailing exchange rate of the leone to US Dollar.
- 16) **Distribution Cost:** OMCs' profit margins. It also comprises margins given to OMCs, Dealers and Transporters.
- 17) **Stabilization Fund:** This is a component that the GoSL is using to off-set operational losses of OMCs. This fund is collected by the OMCs and the Agency only had an oversight on the amount collected based on sales volume per period and reconciled data between OMCs' and PRA.
- 18) **Petroleum Fund:** Fund paid to PRA by the OMCs for the running of the Agency.
- 19) **Excise Duty:** This is a Statutory Provision and it's paid by the OMCs to NRA/GoSL in line with the Customs & Excise Act of Sierra Leone.
- 20) **Road User Charge:** Revenue paid by OMCs to Road Maintenance Fund Administration for the maintenance of roads.
- 21) **Uniform Price Adjustment Factor:** Money allocated to the OMCs to ensure that Dealers can adhere to the stipulated Government pump price throughout the Country irrespective of the transportation cost and distance from Freetown. It is Le70.00 / NLe0.07 per litre on petrol, diesel, and kerosene. Before now fuel oil was transported via vessel and its not sold at the pumps.

- 22) **Infrastructure Development Fund:** Fund for infrastructural development activities of GoSL. It was initially **Le 500.00** per litre but later reduced to **Le 440.00** per litre as at pricing formula review of 12th December 2016, in order to commensurately increase the OMCs' Distribution Cost by Le 60.00 per litre.
- 23) **Subsidy Provision:** It was money allocated by GoSL to the OMCs for selling petroleum products at a subsidised price. when the other GoSL taxes (Excise Duty, Road User Charge (RUC) and Infrastructure Development Fund) cannot off-set the subsidised pump prices for products.
- 24) **Full Pass-Through Pump Price:** It's the Final cost of the product at the pumps, its cost recovery plus profit margins and its paid by the final consumer of the product.



Note:

1. *Uniform Price Adjustment Factor helps to keep the prices of petroleum products the same across the country, as Sierra Leone is ahead of other countries in the sub-region (Ghana, Burkina Faso, etc) that are calculating uniform price factor based on distance covered per tanker to a certain location.*
2. *Storage has been in the formula for quite too long without review and it's important to be reviewed as not all what was happening in the 90's is still applicable (before it was donor support to the country and now it's completely private sector market).*
3. *PRA – Petroleum Regulatory Agency*
4. *NRA – National Revenue Authority*
5. *GoSL – Government of Sierra Leone*
6. *OMCs – Oil Marketing Companies*