

**COUNTRY COST-SHARING ARRANGEMENTS AND
ELIGIBLE EXPENDITURE FINANCING PARAMETERS, 2014–2018^a**

Item	Parameter	Remarks/Explanation
Country Cost-Sharing Ceiling^b for Loans (2014–2018)	Up to 99%	Individual projects may be accorded ADB financing of up to 99% of total project costs to provide maximum flexibility for the government to finance its development agenda. Actual cost-sharing for individual projects will be based on project-specific considerations: higher financing percentages may be provided for non-income earning projects that address binding constraints to inclusive growth; and lower financing percentages may be provided for income-earning projects to encourage local ownership. ADB will continue to seek cofinancing opportunities with other development partners.
Country Cost-sharing Ceiling^b for TA and Other Grants (2014–2018)	Up to 99%	TA and other grant projects may be accorded ADB financing for up to 99% of project costs. Under TA programs, the counterpart government agency would normally be expected to provide in-kind facilities to support the work of TA consultants.
Country Cost-sharing Ceiling^b for Specific Sectors	None	No sector-specific variations are proposed.
Limits on Recurrent Cost Financing^c	None	While no country limit has been set for recurrent cost financing, such financing is not expected to be significant. The government is encouraged to strengthen arrangements that ensure the fiscal and operational sustainability of development projects. ADB will continue to monitor sustainability at the sector and project levels. At the project level, recurrent cost financing will be considered if it is consistent with project objectives and accompanied by arrangements to ensure sustainability after ADB financing ceases. Compensation costs associated with land acquisition will be eligible for ADB financing.
Taxes and Duties	None	Local taxes and duties are considered reasonable. No taxes and duties are targeted specifically at ADB projects. ADB may finance taxes and duties associated with project expenditures, provided they do not constitute an excessively high share of project costs.

ADB = Asian Development Bank, TA = technical assistance.

^a ADB's policy on cost-sharing is governed by: ADB. (2005). *Cost Sharing and Eligibility of Expenditures for Asian Development Bank Financing: A New Approach*. Manila.

^b Country cost-sharing ceilings are financing parameters that indicate the maximum share of costs ADB will finance with respect to an aggregate portfolio of projects in a developing member country (DMC), over the country partnership strategy period for that DMC.

^c Under ADB's policy, recurrent costs of the borrower are eligible for ADB financing. These costs must be regularly or periodically incurred, and may include salaries and operating costs. However, only recurrent costs incurred during the implementation phase of projects will be eligible, and only up to an amount that would be in line with sound banking principles.

Source: ADB.