

PAPUA NEW GUINEA: COUNTRY COST-SHARING CEILING AND OTHER FINANCING PARAMETERS (2009–2010)

Item	Parameter	Remarks/Explanation
Country Cost-Sharing Ceiling for the loan portfolio over the period 2009–2010	Up to 85%	Higher percentages of financing would be provided for non-income earning projects with strong evidence of ownership and commitment that address binding constraints to growth and development. ^a Lower percentages of financing would be provided for income-earning projects so as to encourage local ownership including private sector participation.
Country Cost-Sharing Ceiling for the TA portfolio and other grants over the period 2009–2010	Up to 99%	Higher percentages of financing would be provided for projects and activities with strong evidence of ownership and commitment that address binding constraints to growth and development. ^a This is in line with the TA financing of other development partners.
Cost-Sharing Ceiling for specific sectors	None	Sector specific variations have not been proposed. However, lower percentages of financing are expected for income-earning projects in transport and infrastructure so as to encourage local ownership.
Recurrent Cost Financing	No country limits	At the project level, recurrent cost financing would be considered if consistent with project objectives, provided there is strong demonstration of arrangements to ensure sustainability after ADB financing ceases. Integration of ADB financing in budget and planning processes would be strongly emphasized to help ensure that increased recurrent costs from ADB projects avoid adverse impacts on fiscal sustainability.
Taxes and duties	None. Taxes and duties are eligible for ADB financing provided they are limited to a reasonable amount.	Taxes and duties are considered reasonable, and there are no taxes and duties specifically targeted at ADB projects. At the project level, ADB would consider whether taxes and duties constitute an excessively high share of project costs. ADB would monitor local taxes for possible distortions and ensure these remain consistent with acceptable practices.

ADB = Asian Development Bank, TA = technical assistance.

^a The assessment of ownership and commitment would take into account the quality of budget and planning processes and the availability of locally-funded staff to coordinate and supervise assistance provided by ADB.