

COUNTRY COST-SHARING ARRANGEMENTS^a AND ELIGIBLE EXPENDITURE FINANCING PARAMETERS (2012–2015)

Item	Parameter	Explanation
Country cost-sharing ceiling for loans ^b (2012–2015)	Up to 95%	The government is in the public investment restructuring process and fiscal tightening. Allocation of counterpart fund to ODA projects will be therefore less. Ownership and commitment will be developed through the budgetary allocation process and will allow the oversight agency to ensure that projects are properly prepared and implemented. Depending on the nature of the project and needs, percentages can vary for each project.
Country cost-sharing ceiling for TA ^b and non-ADF grants (2012–2015)	Up to 90%	At the project level, ADB will assess the ownership and commitment of Viet Nam and the executing agency to the assistance provided. The availability of full-time and dedicated staff to coordinate, supervise, and mainstream the assistance provided by ADB and other development partners will be a key consideration in determining whether to provide a higher financing ratio.
Cost-sharing ceiling ^b for all sectors	None	Sector-specific variations can be applied as long as overall ceiling is not exceeded.
Recurrent cost financing ^c	No country limit, but strong emphasis on arrangements to ensure sustainability	Integration of ADB financing in the budget process will ensure that increased recurrent cost financing does not jeopardize overall debt and fiscal sustainability. 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. ADB is not envisaged to finance government personnel and government facilities.
Taxes and duties	None	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 projects costs. ADB would monitor local taxes for possible distortions and ensure that consistent acceptable practices are maintained.

ADB = Asian Development Bank, CSP = Country Strategy and Program, TA = technical assistance.

Note: Financing parameters for the Socialist Republic of Viet Nam approved by the President on 29 May 2012.

^a ADB 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 the new policy, recurrent costs of the borrower continue to be eligible for ADB financing. These are costs need to be regularly or periodically incurred, and could include salaries and operating costs. However, only recurrent costs during the implementation phase of projects will be eligible, and only up to an amount that would be in line with sound banking principles.