

GHANA: COUNTRY FINANCING PARAMETERS

Date: April 25, 2006

The country financing parameters for Ghana set out below have been approved by the Regional Vice President, Africa Region, and are being posted on the Bank's internal website.

ITEM	Parameter	Remarks/Explanation
Cost sharing. Limit on the proportion of individual project costs that the Bank may finance	Up to 100%	Counterpart funding will continue to be encouraged. The types of projects which may be financed up to 100% include those related to community based programs, governance, capacity-building, and biodiversity / international waters protection. Counterpart funding will be the rule in SWAps and for projects executed by entities with own sources of income (eg, ports, power, water).
Recurrent cost financing. Any limits that would apply to the overall amount of recurrent expenditures that the Bank may finance.	No country level limit	Recurrent cost financing will be applied on a case-by-case basis, subject to project or sector-level assessment of medium-term sustainability. Projects that include financing for staff costs will be accompanied by explicit agreement that Government will assume the cost of permanent positions after the Bank's contribution to the project is completed. Performance based incentive programs for civil servants may be financed, provided that such programs are part of the government's public sector reform program and are applicable to all donor-funded programs.
Local cost financing. Are the requirements of IDA financing of local expenditures met, namely that: (i) financing requirements for the country's development program would exceed the public sector's own resources (e.g., from taxation and other revenues) and expected domestic borrowing; (ii) financing of foreign expenditures alone would not enable the Bank to adequately assist in the financing of individual projects.	Yes	The requirements for local cost financing are met. The Bank may finance local costs in the proportion required by individual projects.
Taxes and duties. Are there any taxes and duties that the Bank would not finance?	None	Taxes and duties are considered reasonable. Local tax regimes will need to be monitored as decentralization progresses. IDA will consider whether taxes and duties constitute an excessively high share of project costs.