Loan Agreement

(Financial Education and Financial Literacy Project)

between

RUSSIAN FEDERATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 14, 2011
LOAN AGREEMENT

Agreement dated March 14, 2011, between RUSSIAN FEDERATION (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twenty five million Dollars ($25,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.

2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
2.07.  (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through MOF, with the assistance of the PIU, in accordance with the provisions of Article V of the General Conditions. Additionally, the following will provide assistance in implementing the following parts of the Project: with respect to: (a) Parts 2 and 3, MoEDU; (b) Part 4, CPS; and (c) Part 2(c), administrations of the Pilot Regions and Other Regions in accordance with Implementation Agreements to be signed between said administrations, MOF and the PIU.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) The PIU shall have failed to perform any of its obligations under the Agency Agreement; and

(b) The Agency Agreement, or any provision thereof, shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially and adversely affect the ability of the Borrower or the PIU to carry out the Project.

4.02. The Additional Events of Acceleration consist of the following, namely: any event specified in paragraphs (a) or (b) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) MOF and the PIU have adopted the Project Operations Manual, satisfactory to the Bank; and

(b) the Agency Agreement has been entered into between MOF and the PIU in accordance with the provisions of paragraph 3(a) of Section I.A of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter consists of the following, namely that the Agency Agreement has been duly authorized by the Borrower and the PIU and is legally binding upon the Borrower and the PIU in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is the Minister of Finance or authorized Deputy Minister of Finance.

6.02. The Borrower’s Address is:

Ministry of Finance of the Russian Federation
Ilyinka Street 9
103097 Moscow
Russian Federation

Telex: 112008
Facsimile: (7-495) 925-0889

6.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Moscow, Russian Federation, as of the day and year first above written.

RUSSIAN FEDERATION

By /s/ Alexey Kudrin
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Philippe H. Le Houerou
Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are: (i) to improve the financial literacy of Russian citizens (especially, among the school-age and college students and active and potential low- and middle-income users of financial services); and (ii) to strengthen the foundation for improving consumer protection in financial services.

The Project consists of the following parts:

Part 1. Development of financial literacy strategy, and financial literacy and consumer protection monitoring and evaluation

(a) Provision of support for implementation of the Project by the Inter-agency Project Committee and Expert Board, inter alia, through provision of goods, consultants’ services and training.

(b) Development and dissemination of a National Financial Literacy Improvement Strategy through, inter alia, preparation of background analytical reports on financial literacy and consumer protection programs, public discussions, and expert reviews.

(c) Provision of technical support in consumer protection and financial literacy through, inter alia, review of consumer protection and financial services legislation and recommendations for improvements, and development of methodological and informational materials.

(d) Establishment of a monitoring and evaluation system through, inter alia, regular carrying out of: (i) national financial literacy surveys; (ii) impact evaluation surveys for specific financial literacy, financial education, and consumer protection programs; and (iii) consumer finance surveys.

(e) Provision of advisory and technical support for implementation of the Project by MOF and the PIU, inter alia, through provision of consultants’ services.

Part 2. Financial literacy capacity building

(a) Enhancement, at the federal and regional levels, of the capacity of institutions and educators to raise financial literacy by, inter alia, providing training to, and organizing workshops and discussion forums for, national groups of experts and for teachers and educators.

(b) Establishment, at the national level, of a user-friendly information and education financial literacy and consumer protection web portal, which is designed, inter alia, to provide information to raise financial literacy and to provide information on protection of consumers in the area of financial services.

(c) Carrying out a regional financial literacy development program in Pilot Regions and Other Regions, which includes: establishing Regional Centers of Financial Literacy; developing and testing regional financial literacy education curricula and materials based,
in part, on programs developed under Part 3(a) of the Project; implementing said curricula (including provision of support for delivery and for implementation); training relevant institutional representatives and teachers; monitoring and evaluating the foregoing activities; and carrying out regional public information campaigns and other region-specific capacity building activities for financial literacy.

(d) Provision of support for the preparation of follow-up operations in the areas of financial literacy and consumer protection.

Part 3. Development and implementation of education programs and information campaigns for improving financial literacy

(a) Development and implementation of education programs for improvement of financial literacy, including: developing and testing of teaching and learning curricula and supporting materials targeted at school children, college and university students, and active and potential low- and middle-income users of financial services; and disseminating implementation experiences through conferences and seminars.

(b) Development and implementation of an information campaign for improvement of financial literacy, including: defining campaign messages, developing campaign information materials and medium, and developing and implementing programs for training of journalists.

(c) Carrying out financial literacy Sub-projects through, *inter alia*, provision of support for selected financial literacy initiatives by private and public sectors, non-government organizations, non-profit organizations, and professional associations.

Part 4. Strengthening consumer protection in financial services

Carrying out the following to protect consumers in the financial services area:

(a) Development and implementation of a plan for improving the capacity of the Consumer Protection Service for financial consumers protection by, *inter alia*, analyzing the existing regulatory structure for protection of consumers in the financial services market and practice and the procedures for handling consumer complaints, studying international experience in that area, and developing and implementing recommendations for improvement.

(b) Carrying out financial literacy Sub-projects through provision of support for selected initiatives that protect consumers in the area of financial services, including initiatives for provision of legal advice and information to consumers by the private and public sectors, non-government organizations, non-profit organizations, and professional associations.

(c) Provision of support for establishment of a voluntary financial ombudsman and for improving independent monitoring of consumer protection.
Part 5.  Project management

Provision of support to the PIU for implementation of the Project through financing of Operating Costs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall maintain, or establish and maintain, as the case may be, for purposes of carrying out the Project, the following until completion of the Project:

   (a) The Inter-agency Project Committee (“IAPC”), chaired by the Deputy Minister of Finance, responsible for supervision of overall Project implementation and providing strategic oversight of the implementation of specific Project activities.

   (b) The Project Working Group established within the Ministry of Finance and to be responsible for operational aspects of Project management.

   (c) The Expert Board to be established and to be responsible for providing strategic analytical and expert support to IAPC on financial literacy strategy.

2. The Borrower shall maintain, or establish and maintain, as the case may be, for purposes of carrying out the Project, the following in accordance with the provisions of the Project Operations Manual:

   (a) One or more Regional Center for Financial Literacy to be established in each Pilot Region and in each Other Region for purposes of implementing Part 2(c) of the Project.

   (b) The PIU responsible for provision of day-to-day Project implementation support to MOF, including financial management, disbursement, procurement, fiduciary compliance and reporting arrangements.

3. The Borrower, through MOF, shall:

   (a) enter into an Agency Agreement with the PIU, on terms and conditions satisfactory to the Bank, for provision of day-to-day support for the implementation of the Project, which terms and conditions shall include compliance with the Anti-Corruption Guidelines and the Project Operations Manual;

   (b) enter into an Implementation Agreement with the PIU and the administration of each of the Pilot Regions and Other Regions for the implementation of Part 2(c) of the Project in accordance with the provisions of the Project Operations Manual; and
4. The Borrower shall:

(a) cause the PIU, for purposes of guiding Project implementation, to develop a Project Operations Manual satisfactory to the Bank setting out, *inter alia*:

(i) financial management policies, requirements and detailed procedures consistent with the provisions of paragraph 1, Section II.B of this Schedule;

(ii) guidelines and procedures for procurement consistent with the provisions of Section III of this Schedule 2;

(iii) with regard to regional financial literacy development programs under Part 2(c) of the Project, eligibility criteria, selection, approval and implementation procedures; and

(iv) with regard to Sub-projects under Parts 3(c) and 4(b) of the Project, eligibility criteria, selection, approval and implementation procedures.

(b) cause MOF, the PIU, and the administrations of the Pilot Regions and Other Regions to carry out the Project in a timely manner and in accordance with the provisions of the Project Operations Manual, and to apply and implement the actions, criteria, policies, procedures and arrangements therein set forth; and

(c) not amend or waive, or permit to be amended or waived said manual or any provisions thereof, except with the prior written approval of the Bank.

B. Counterpart Funding Requirements for the Project.

Without limitation upon any of its obligations under this Agreement, the Borrower shall ensure that sufficient annual allocations be made in the Borrower’s budget for the Borrower’s counterpart contribution to the costs of the Project.

C. Anti-Corruption.

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Sub-projects.

1. For purposes of Parts 3(c) and 4(b) of the Project, the Borrower, through the PIU, shall ensure:
(a) The selection and approval of Sub-projects in accordance with the eligibility criteria and selection procedures set forth in the Project Operations Manual.

(b) The conclusion of a Sub-project Contract between the PIU (on behalf of MOF) and each Beneficiary (selected in accordance with the provisions of the Project Operations Manual) for purposes of implementing Part 3(c) or 4(b) of the Project, as the case may be, on terms and conditions satisfactory to the Bank and specified in the Project Operations Manual, which shall include rights to protect the interests of the Borrower and the Bank, including:

(i) the right of the PIU to suspend and/or terminate the Sub-project Contract upon the Beneficiary’s failure to perform any of its obligations under the related Sub-project Contract; and

(ii) the undertaking of the Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (C) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

2. The Borrower, through the PIU shall exercise its rights under each Sub-project Contract in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall ensure that the PIU shall not assign, amend, abrogate or waive any Sub-project Contract or any of its provisions.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through the PIU, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty five days after the end of the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months following the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain, or cause to be maintained, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower, through the PIU, shall prepare and furnish to the Bank, as part of the Project Report, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower, through the PIU, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower, provided that the first and last audit periods may, with the agreement of the Bank, cover a period of up to eighteen (18) months. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods and Technical Services. All goods and Technical Services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Technical Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Technical Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and Technical Services. The Procurement Plan shall specify the circumstances under which such methods may be used.
C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection based on Consultant’s Qualification</td>
</tr>
<tr>
<td>(b) Quality-based Selection</td>
</tr>
<tr>
<td>(c) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(d) Least Cost Selection</td>
</tr>
<tr>
<td>(e) Single-source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultant</td>
</tr>
</tbody>
</table>

3. **Short lists.** Short lists for assignments to be procured under the provisions of this Section III.C may:

   (a) comprise of both qualified government-owned universities, research centers and other educational institutions that satisfy the requirements of paragraph 1.11(c) of the Consultant Guidelines, and private enterprises if there are inadequate number of qualified private sector enterprises for the shortlist; or

   (b) where in response to the Borrower's request for expressions of interest no suitably qualified private sector consultant has expressed interest, consist entirely of qualified government-owned universities, research centers and other educational institutions that satisfy the requirements of paragraph 1.11(c) of the Consultant Guidelines.

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below. The Borrower may, for purposes of the Project, open and maintain one or more designated accounts in accordance with the provisions of Section 2.04(a) of the General Conditions.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Technical Services, consultants’ services, and Sub-project Financing</td>
<td>22,000,000</td>
<td>20%</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>25,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or

   (b) for payments made prior to the date of this Agreement.

2. The Closing Date is June 30, 2016.
ANNEX
to
SCHEDULE 2

Mandatory Provisions for Procurement under
Bank-Financed Contracts Subject to National Competitive Bidding

Contracts for goods for which Part B of Section III of Schedule 2 to the Loan Agreement allows procurement under paragraphs 3.3 and 3.4 of the Procurement Guidelines may be procured in accordance with the provisions of national laws and regulations of the Borrower. In order to assure economy, efficiency, transparency and broad consistency with the provisions in Section I of the Procurement Guidelines, the national procurement provisions shall be modified as set forth in the following paragraphs.

Eligibility

1. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of bidder and/or origin of goods other than those imposed by primary boycotts.

2. Eligibility for foreign firms to participate in bidding shall not be based on requirements to joint-venture with national firms.

3. Bidders shall only be required to register for bidding provided that registration requirements and process are simple and non-discriminatory and otherwise qualified foreign bidders are not excluded from participating.

4. No preference shall be accorded to bidders on the basis of, inter alia, place of registration, ownership, and small size. No restrictions shall be imposed in terms of source of labor, material or equipment.

5. Government-owned entities shall be eligible to participate in bidding for contracts if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the purchaser or the contractor.

Standard Bidding Documents

6. Until a modified version of the Borrower’s standard bidding document has been approved for use by the Bank, the Bank’s own standard bidding document shall be used.

Advertising bidding opportunities; time for bid preparation

7. Bidding opportunities shall be advertised in national press of wide circulation. Prospective bidders shall be allowed at least 30 days for bid preparation and submission of bids (excepting contracts for readily available off-the-shelves goods or standard specification commodities or small value works)

8. The opportunity to pre-qualify for procurements involving large or complex contracts shall be advertised.
9. Minimum experience, technical and financial requirements (for pre- or post qualification) shall be explicitly stated in the bidding documents and only criteria so specified shall be used to determine whether a bidder is qualified to bid. Bids by bidders which are deemed not qualified to bid shall not be further considered and shall be rejected.

**Bid opening**

10. Bids shall be opened immediately after the deadline for bid submission and in the presence of bidders who wish to attend. Bids received after the deadline shall not be considered and shall be returned unopened.

**Rebidding**

11. Rebidding shall not necessarily be required if only one bid has been received provided that the bid received is responsive, bid price is acceptable and bidder is deemed capable of performing the contract in accordance with the criteria in the bidding documents.

**Bid evaluation**

12. Evaluation criteria shall be clearly specified in the bidding documents and evaluation criteria other than price shall be expressed in monetary terms. Only criteria so specified shall be used in bid evaluation. Merit points shall not be used in evaluations of bids for goods and works contracts.

13. Bid evaluations shall be confidential and bidders shall not be allowed to be present during evaluation. No information relating to the evaluation shall be disclosed to any bidder until the successful bidder has been notified of contract award.

14. Bids containing material deviations from technical specifications and/or material reservations to the terms or conditions of the bidding documents shall be rejected as “substantially not responsive”. Bidders shall not be requested or permitted to withdraw material deviations or reservations once bids have been opened.

15. Evaluations shall be made in strict adherence to the criteria specified in the bid documents and no other criteria than those specified in the bidding documents shall be applied. Contract shall be awarded the lowest evaluated qualified and responsive bidder.

16. There shall be no negotiations of price or substance with “winning” bidders prior to contract award.
**SCHEDULE 3**

**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15</td>
<td></td>
</tr>
<tr>
<td>Beginning April 15, 2016 through April 15, 2024</td>
<td>5.56%</td>
</tr>
<tr>
<td>On October 15, 2024</td>
<td>5.48%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of
withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions

1. “Agency Agreement” means the agreement to be entered into between the Borrower, represented by MOF, and the PIU pursuant to Section 5.01 (b) of, and paragraph 3(a) of Section I.A of Schedule 2 to this Agreement.


3. “Beneficiary” means, unless otherwise agreed by the Bank, a proponent of financial literacy and financial consumer protection initiatives from the private or public sector, non-government organization, non-profit organization, and professional association, each selected in accordance with the provisions of the Project Operations Manual; and “Beneficiaries” means, collectively, all such beneficiaries.

4. “Category” means a category set forth in the table in Part A.2 Section IV of Schedule 2 to this Agreement.


7. “Expert Board” means the expert board referred to in paragraph 1(c) of Section I.A of Schedule 2 to this Agreement.

8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008), with the modifications set forth in Section II of this Appendix.

9. “Implementation Agreement” means the agreement to be entered into between the Borrower, represented by MOF, the PIU and each administration of the Pilot Regions and Other Regions pursuant to paragraph 3(b) of Schedule 2 to this Agreement.

10. “Inter-agency Project Committee” and the acronym “IAPC” mean the Inter-agency Project Committee established by Order Number 182, dated March 25, 2010, issued by the Minister of Finance, as amended from time to time, and referred to in paragraph 1(a) of Section I.A of Schedule 2 to this Agreement.

11. “MoEDU” means the Borrower’s Ministry of Education and Science or any successor thereto.
12. “Ministry of Finance” and the acronym “MOF” mean the Borrower’s Ministry of Finance or any successor thereto.

13. “Operating Costs” means reasonable incremental costs incurred by the PIU on account of Project implementation, management and monitoring, including: staff salaries; social charges; consultants’ services to support PIU activities, Project audit; training, conferences and seminars attended by PIU staff; dissemination of Project related information; office rent and utilities; office equipment and supplies; office and equipment insurance, maintenance and repair; vehicle rental, maintenance and repair; travel; communication; translation and interpretation; bank charges; and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the Bank.

14. “Other Regions” means regions, other than the Pilot Regions, to be selected by the Borrower in accordance with the provisions of the Project Operations Manual for purposes of implementing Part 2(c) of the Project.

15. “Pilot Regions” means Kaliningrad, Tver, and Volgograd oblasts (regions) selected by the Ministry of Finance in July 2010 and agreed with the Bank for purposes of implementing Part 2(c) of the Project.

16. “Project Implementing Unit” and the acronym “PIU” mean Non-Commercial Foundation for Enterprise Restructuring and Financial Institutions Development (FER), a legal entity organized and established pursuant to the law of the Borrower on non-commercial organizations, and operating on the basis of its Charter dated July 5, 1996, as amended on June 2, 1997 and June 10, 2003, and was selected by the Borrower to assist MOF in the implementation of the Project and which is a party to the Agency Agreement.


18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated August 18, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. “Project Operations Manual” means the manual adopted by the MOF and the PIU pursuant to Section 5.01 (a) of this Agreement, setting forth procedures and rules related to Project implementation, including the eligibility criteria and selection procedures for Sub-projects.

20. “Regional Center for Financial Literacy” and the acronym “RCFL” mean the regional center for financial literacy established, or to be established, in the Pilot Regions and in Other Regions for purposes of implementing Part 2(c) of the Project; and “Regional Centers for Financial Literacy” and the acronym “RCFLs” mean, collectively, all such centers for financial literacy.
21. “Sub-project” means a specific sub-project under Part 3(c) or 4(b) of the Project, selected and approved for financing using the proceeds of the Loan and to be carried out by a Beneficiary, all in accordance the provisions in Section I.D of Schedule 2 to this Agreement and the Project Operations Manual.

22. “Sub-project Contract” means an agreement entered between the PIU (on behalf of MOF) and a Beneficiary for the purposes of implementing a specific sub-project under Part 3(c) or 4(b) of the Project and referred to in Section I.D of Schedule 2 to this Agreement.

23. “Sub-project Financing” means financing (using proceeds of the Loan) for part of the cost of services under a Sub-project made pursuant to a Sub-project Contract and referred to in the table in paragraph 2 of Section IV.A of Schedule 2 to this Agreement.

24. “Technical Services” means expenditures for: (a) Project related study tours, training courses, seminars, workshops and other training activities (which are not included under goods and consultants’ services), including costs of training materials, space and equipment rental, travel and per diem costs of trainees (including civil servants) and trainers; and (b) organizing, and providing technical support for implementation of Project activities, including workshops, study tours, round table discussions, conferences and other events.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (l) of Section 7.02 is modified to read as follows:

   “Section 7.02. Suspension by the Bank

   ... (l) Ineligibility. The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower (other than the Member Country) or the Project Implementing Entity is ineligible to receive proceeds of financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The definition of the term “Conversion Date” is modified to read as follows:

“Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“… (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“… (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:
“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”