



1. Project Data

Project ID

P120338

Project Name

Financial Education & Financial Literacy

Country

Russian Federation

Practice Area(Lead)

Finance, Competitiveness and Innovation

L/C/TF Number(s)

IBRD-79830

Closing Date (Original)

30-Jun-2016

Total Project Cost (USD)

23,708,416.03

Bank Approval Date

07-Dec-2010

Closing Date (Actual)

31-Dec-2020

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	25,000,000.00	0.00
Revised Commitment	25,000,000.00	0.00
Actual	23,708,416.03	0.00

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2. Project Objectives and Components

a. Objectives

As stated in the Project Appraisal Document (PAD) on page 9, and in the corresponding Loan Agreement (LA) on page 5, the project development objectives (PDOs) were: (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 PDOs remained unchanged until the project closure, and the performance of the project efficacy will be assessed against the above stated PDOs.



b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

The project had five components as delineated below:

Component 1. Development of a financial literacy (FL) strategy and a consumer protection monitoring and evaluation (M&E) system (at appraisal US\$16.32 million; actual US\$23.87 million). This component aimed to support the development of a national FL strategy, strengthen the institutional and legal framework for the implementation of FL and Consumer Protection (CP) policies, and develop the project M&E framework. It had five subcomponents supporting the following activities: (i) the set-up of the Expert Board aimed at facilitating a public consensus with respect to the national FL strategy, (ii) the development of the National Financial Literacy Improvement Strategy 2017- 2023 , (iii) the completion of analyses, studies, and reviews of the international and Russian regulatory framework, (iv) the establishment of the FL and consumer finance M&E system, and (v) the provision of technical assistance and analytical support to develop FL framework, and the development of education curricula, programs and teaching and learning materials.

Component 2. Financial literacy capacity building (at appraisal US\$32.01 million; actual US\$75.49million). This component intended to support the building of the country's institutional and human capacity required to improve FL in Russia at both federal and regional levels. It was comprised of three sub-components supporting the following activities: (i) the design and delivery of qualification-based training programs, the development and dissemination of the pedagogic and methodological materials, and provision of the on-going methodological support to educators and the training on the use of interactive technologies and digital educational resources in FL programs and courses; (ii) the development, launch and maintenance of the first-ever dedicated public website geared to FL and CP, and (iii) the development and implementation of nine regional FL development programs in 9 participating regions, and the establishment of eight Regional Centers for FL aimed at providing education and advisory support to population and methodological support to educators.

Component 3. Development and Implementation of Education Programs and Information Campaign for Improving Financial Literacy (at appraisal US\$29.12 million; actual US\$66.79 million). This component was to improve FL through development of educational courses, teaching and learning materials and information campaigns. It had three sub-components supporting the following activities: (i) the development of a framework of basic competencies for adult population and schoolchildren in FL, which would guide the design of all educational programs and materials; (ii) the design and implementation of a wide range of public information and awareness campaigns on FL matters, utilizing a variety of media, and



(iii) the launch of a wide range of innovative FL and Financial Education (FE) initiatives at the grass root level.

Component 4. Strengthening of Consumer Protection in Financial Services (at appraisal US\$32.55 million; actual US\$47.48 million). This component was to strengthen the foundation for consumer protection in financial services and had four sub-components supporting the following activities: (i) the development and approbation of education and training materials, and capacity-building activities of Rospotrebnadzor – a government agency, authorized, in accordance with the law, to protect consumer rights of public organizations and citizens, (ii) a wide range of CP initiatives through the Fund of Good Ideas, (iii) the analytical work on international financial ombudsman models, and results, which were to be used for drafting new legislation on financial ombudsman for pre-trial settlement of financial disputes in Russia, and (iv) the development of a methodology for independent monitoring to be used to prepare public reports with recommendations for regulators and CP organizations on ways to improve CP in Russia.

Component 5. Project Management (at appraisal US\$3.0 million; actual US\$6.91 million). This component was to fund the operational costs of the Foundation of Enterprise Restructuring and Financial Institutions Development (FER) and the Project Implementation Unit (PIU). The PIU was to be responsible for the day-to-day management of the project, the monitoring of the project implementation process, and the assessment of the performance of the project, on behalf of the Ministry of Finance of the Russian Federation.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. The estimated cost at appraisal totaled US\$133.0 million, with US\$25.00 million from the International Bank for Reconstruction and Development (IBRD) and US\$88.00 million from the Borrower. The actual cost amounted to US\$ 220.54 million, including US\$23.9 million from the IBRD, and US\$196.90 million from the Borrower.

Project financing. The project was financed by an IBRD loan of US\$25.0 million, and disbursements amounted to US\$23.9 million.

Borrower contribution. The borrower contribution was estimated at US\$88.0 million at appraisal. The borrower's actual contribution was US\$196.90 million.

Dates. The project was approved on December 07, 2010, became effective on July 29, 2011, and was scheduled to close on June 30, 2016. The project closed four years and half behind schedule on December 31, 2020.

Restructurings. The following changes were made through seven Level 2 restructurings as detailed below:

- **The first restructuring was approved on June 23, 2015** to factor in the recommendations of the mid-term review, and to add time for the completion of project activities critical for the achievement of the PDO. The following changes were made: (i) an extension of the project closing date from June 30, 2016 to April 30, 2018 ; (ii) a change in disbursement percentage to increase the share of the Borrower's counterpart contribution; (iii) a change in the implementation schedule to reflect a 22 months' extension, and (iv) a revision of the project's results framework.



- **The second restructuring was approved on January 6, 2017** and aimed to expand the development impact of the project by extending the regional coverage from 9 regions to 15 regions. The following changes were made: (i) an increase in the Borrower's co-financing by US\$25.166 million, bringing the total project financing to US\$138.166 million (US\$25 million from IBRD and US\$113.166 million in Borrower financing), (ii) an extension of the project closing date by 12 months until April 30, 2019; (iii) a revision of the project's results framework to adjust the baseline values, and reflect the expansion of the project scope, and (iv) a reallocation of resources between disbursement categories.
- **The third restructuring was approved on May 12, 2017** and aimed to further expand the project's development impact in increasing country coverage up to 28 regions. The following changes were introduced: (i) an additional financing from the Borrower in the amount of US\$16.48 million, bringing the total project financing to US\$154.52 million (of which US\$25 million in IBRD and US\$129.52 million in Borrower financing), (ii) a revision of the project's Results Framework to reflect the increased scope, (iii) a re-allocation between disbursement categories and changes in disbursement estimates, and (iv) a change in procurement, financing, and implementation schedules to reflect updated cost figures.
- **The fourth restructuring was approved on March 13, 2018** to further expand the project outreach, in light of the achieved positive impact, and to support the implementation of the Government's National Strategy for Financial Literacy until 2020. Key changes were as follows: (i) an additional financing from the Borrower in the amount of US\$54.0 million, bringing the total project financing to US\$208.52 million (of which US\$25 million in IBRD and US\$183.52 million in Borrower financing), (ii) an extension of the project closing date until December 31, 2020; (iii) adjustments to the results framework, the disbursement estimates, the component costs, and the disbursement arrangements.
- **The fifth restructuring was approved on January 20, 2020** to further scale up the project's development impact, expand the regional coverage and finance additional activities. Key introduced changes were as follows: (i) an additional financing from the Borrower in the amount of US\$11,829,066, bringing the total Borrower financing to US\$221,485,048 (from the original US\$138.166 million), (ii) an extension of the project closing date until December 31, 2020, (iii) adjustments to the results framework to reflect the expanded scope of the project, and (iv) changes to disbursement estimates.
- **The sixth restructuring was approved in April 2020** and sought to (i) increase the Borrower's co-financing by an additional US\$82,329,673; (ii) extend the Project's closing date by 30 months until June 30, 2023 with the aim of further supporting the implementation of the second stage (2021-2023) of the Government's National Strategy for Financial Literacy; and (iii) adjust results framework, component activities and costs, as well as implementation schedule to reflect proposed expansion of the project scope.
- **The seventh restructuring was approved in October 2020** and aimed at cancelling the previous sixth restructuring. Following a round of consultations related to the COVID crisis, the Borrower decided not to proceed with additional financing and project extension by 30 months. The seventh restructuring aimed at restoring the project closing date, all indicators targets and end dates as they were prior to the sixth restructuring.



The series of restructurings increased the project's level of ambition and hence, in line with Bank's guidelines, no split rating of objectives is contemplated in this review.

3. Relevance of Objectives

Rationale

The relevance of objectives was discussed in the ICR on page 27, and the key justifications of the rating are summarized below:

The PDOs were consistent with the country's priorities at project closing. The project was fully aligned with the country's priorities set out in recent government strategy documents, including (i) the Concept for the long-term socio-economic development of the Borrower until 2020, and (ii) the Strategy for the Developments of the Financial Market of the Borrower until 2020. This project supported the development of the country's first National Improvement Strategy for Financial Literacy and the project contribution was, according to the ICR, critical to setting the stage for the first phase of its implementation between 2017-2020. The results expected from the project aimed at supporting the second phase of the strategy's implementation (2021-2023) beyond this project's life.

The PDOs were consistent with the World Bank's strategies throughout project implementation until closing. The PDOs were consistent with the strategic pillars of the World Bank's Country Partnership Strategy (CPS) for Russia during 2007-2009 which consisted in: (i) promoting economic diversification and growth by increasing savings; (ii) supporting the development of the financial sector; and (iii) delivering effective education services in financial education and awareness. The PDOs and the project activities remained attuned to achieving the objectives of the FY12-16 CPS for Russia, especially with regard to the financial sector development under the first strategic theme – "Increasing Growth and Diversification" - and to the strengthening of skills for economic development under the second strategic theme – "Expanding Human Potential". Throughout the project implementation period, the relevance of objectives remained aligned with the thrust of the WB's Systematic Country Diagnostic (SCD), which affirmed that the stability of the financial sector, the strengthening of well-run banks, and expanding access to underserved segments would require the improvement of the financial literacy of the population.

The project was relevant to the country context at appraisal. Both the PAD and the ICR underscored the readiness of the country, and the comparative advantage of the World Bank intervention. Regarding the country's readiness, the project objective was highly relevant to the country context at project appraisal as demonstrated in the PAD on pages 24-36, whereby key issues of financial literacy and education, and consumer protection in financial services were discussed. In particular, (i) a June 2008 nationwide financial literacy survey noted the prevalence of a general feeling of a low level of financial literacy and little confidence in the protection of financial consumers, (ii) the demand for financial education was high in Russia, and (iii) while a basic framework for consumer protection in financial services was in place, it needed further clarification in order to fully regulate all the issues connected with financial services, and finally (iv) the existing Consumer Protection Law did not provide for protection in all financial services.

Regarding the Bank's comparative advantage, the WB was well positioned to support an innovative multi-sector Financial Education and Financial Literacy (FEFL) program that included both financial consumer protection and financial literacy as critical complementary elements in ensuring an enabling framework for



overall financial stability. A combination of knowledge generation capabilities, program and project implementation experience, and convening power – both internationally and within Russia – positioned the WB as the right institution to partner with the Government of Russia and support the FEFL project (ICR, para 11 and 12).

Overall, the relevance of the PDOs was high at the time of project approval and continued to be so at project closing.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

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)

Rationale

Theory of change (ToC)

There was no causal chain developed either in the PAD or in the seven subsequent restructuring papers. The ICR constructed a results chain retrospectively shown in Figure 1, presented in pages 10-11, and summarized below.

Toward improved financial literacy of the Russian citizens, the project funded four categories of activities supporting: (i) the financial literacy strategy and consumer protection monitoring and evaluation, (ii) the financial literacy capacity building, (iii) the education program and information campaign, and (iv) the strengthening of consumer protection in financial services. Activities implemented under the four headings were to generate outputs and outcomes that would logically lead to an improved financial literacy of the Russian citizens. For instance, toward building financial literacy capacity building, key activities included the establishment of national and regional methodological centers as well as regional centers of financial literacy. Generated outputs included (i) having a one-stop-shop portal for financial literacy which is operational, and (ii) several FL teachers and specialists trained, and regional FL improvement programs implemented. Expected outcomes were (i) the higher share of active and potential adults school-aged and college students in the targeted regions, who understand the trade-off between the risk and rewards in choosing financial products, and (ii) the higher share of adults school-aged and college students who understand the importance of having a financial cushion for life emergencies and crisis situations in those regions.



The expected outcomes would be attributed to both the Bank and the Borrower; while the latter provided 88 percent of the funding, the World Bank funded the 12 percent remaining, but introduced world-class experience and lessons learned from similar settings.

Outputs:

Toward the first objective, the project generated the outputs presented in the ICR on page 32-36 and in the Annex Table 1, and are summarized below. The large number of outputs reflects the considerable complexity and scope of this project.

- The target for the number of regional FL development programs implemented with the project support was fully met and reached 9;
- The target for the number of teachers of the relevant subjects trained by the project in regions was exceeded, reaching 60,974 against a target of 46,000;
- The target for the number of methods experts in the general education and vocational schools prepared was exceeded, reaching the number 2,390 against the target of 1,600;
- The target for the number of students/future teachers trained in financial literacy was exceeded, reaching 12,439 against a target of 12,000;
- The target for the number of financial literacy specialists prepared by the project was exceeded, reaching 9,712 against a target of 8,200;
- The number of financial literacy textbooks published and distributed in regions were exceeded, reaching 16,757,502, against a target of 13,000,000;
- The number of participants of events carried out within "Financial Literacy Week" was exceeded, reaching 7,700,000, against a target of 7,500,000;
- The total number of financial literacy publications exceeded the revised target of 30,000 and reaching 43,793;
- The number of leaflets and other materials, distributed in Moscow & in Russian regions was exceeded, reaching the number of 1,805,000, against a target of 1,800,000;
- The total social media outreach was exceeded, reaching 8,413,276, against a target of 8,000,000;
- The number of FL and CP improvement initiatives supported through the Fund of Good Ideas was slightly missed reaching 116 against a target of 124;
- The target of number of printed materials issued under the Fund of Good Ideas was fully met;
- The number of digital products (edutainment and social ad videos, games, webpages) created under Funds of Good Ideas was exceeded reaching 164 against a target of 160;
- A Working Group (WG) composed of international and domestic experts was set up and provided strategic, analytical, and expert support to the Ministry of Finance (MoF) of Russia and other key stakeholders in the area of financial literacy and consumer protection. The Expert Board played a key role in reaching a consensus with respect to the National Financial Literacy Improvement Strategy, and in the approval of the educational standards, and the financial literacy framework;
- A first National Financial Literacy Improvement Strategy (2017-2023) was developed and approved in 2017 and resulted in 50 cooperation agreements signed between the MoF and regional administrations for the purposes of the Strategy implementation;
- A national user-friendly information and educational portal (<https://vashifinancy.ru>) on financial literacy and financial consumer protection services was established in 2015, and currently serves as a single hub for all products created under the project;



- 28 regional websites dedicated to financial literacy and consumer protection topics were developed at the regional level and are operational;
- Nine regional financial literacy development programs were designed and implemented with the support of the regional administrations, educational and financial institutions and aimed to provide educational and consulting services in the area of financial literacy and consumer protection, regional information campaign and monitoring and evaluation;
- 8 Regional Centers for Financial Literacy (RCFL) were established and are operational, and all educational programs developed under the Project at the federal level were tested in 9 participating regions;
- The Ministry of Finance approved in September 2015 the concept and strategic plan for the information campaign on FL and financial CP. A nation-wide campaign was launched later that year and the following was accomplished : (i) six “National Savings Weeks” involving 6,950,000 participants overall, (ii) five “National Financial Literacy Weeks” for Children and Youth; (iii) awareness-raising campaigns in the participating regions; and (iv) delivery of over 20 events for journalists from 29 regions of the country;
- Three federal methodological centers for financial literacy improvement were established in three largest federal universities;
- Over 60,000 teachers were trained in methods of teaching a course in FL to various categories of students and in integrating elements of financial literacy into teaching traditional academic subjects;
- 9,712 consultants/FL specialists were trained, and subsequently conducted over 39,000 activities in financial literacy for adults;
- A framework of basic competences for adults and school-age students in the area of financial literacy was developed; and the latter served as a basis for all educational programs and materials development under the project;
- 16 financial literacy packages for the students of general and secondary vocational education institutions were cleared and were then finalized. Based on the developed teaching and learning packages, an electronic textbook on financial literacy was created, which included electronic versions of all teaching materials, supplemented by digital educational resources;
- 16,757,500 textbooks were printed and delivered to 9 participating regions of the project and 42 regions of Russia as part of 7 teaching and learning packages in financial literacy for students of general educational institutions, institutions of secondary vocational education and those specializing in social and economic studies;
- About 75% (5,172) of all education institutions in 9 participating regions use teaching and learning packages on financial literacy developed under the Project;
- 4 educational modules for undergraduate and postgraduate university students were developed. Based on these materials, the Economic Faculty of the Moscow State University developed an electronic textbook for students specializing in non-economic disciplines;
- 30 educational modules for adults (different age groups) on different aspects of financial literacy were developed;
- An educational application “Finsovet” - an electronic reference book on FL for all age groups, for mobile devices, desk top computers and laptops was developed;
- A social online game on financial literacy (Finznayka) for secondary school students, and an online service for personal money management for children and adolescents (the Monetkiny) were developed;



- 8,700 rural teachers have been trained in FL and methods in organizing and carrying out awareness raising activities for rural population;
- More than 12,000 students at pedagogical universities were trained in the methods of teaching FL in general and secondary schools;
- About 26,000 events were held to improve financial literacy at the place of work, which were attended by more than 900 thousand people, while more than 8 thousand events were held in single-industry towns;
- Four National Olympiads in Financial Literacy for schoolchildren and three National Olympiads on FL were carried out for undergraduate students;
- A National Financial Literacy Championship was held with participation of more than 500 teams from 15 regions of the Russian Federation;
- 116 sub-projects were supported at the grass roots level in the area of financial literacy and consumer protection. The sub-projects financed competitively selected initiatives implemented by non-government/non-profit organizations, professional associations, private or public sector, including six rounds of “Fund of Good Ideas” competitions; and
- A monitoring and evaluation system in the area of financial literacy was established and supported (i) five rounds of the Financial Literacy Survey; (ii) two rounds of evaluations measuring the effectiveness of six educational programs; and (iii) three rounds of assessment of the FL level of 15-year-old students within the framework of PISA-2012, 2015 and 2018.

Outcomes:

Key outcomes achieved toward the first objective were discussed in the ICR on pages 30-31, and are summarized below:

- The share of active and potential low- and middle-income users of financial services (adult population) in the 2 pilot and the additional 7 regions, who understand the trade-off between the risk and rewards in choosing financial products, increased from 63.9% in 2013 to 72.5% in 2020, exceeding the pre-set end-target of 68% during the last three years of survey cycles. Similarly, the share of school-aged and college students in the above regions, who understand the trade-off between risk and rewards in choosing financial products displayed a positive upward trend (from 53.0 to 75.2 for Group I, and from 51.3 to 75.9 for Group II), well exceeding the end-of-project targets (55% for Group I and 54% for Group II). However, a downward trend was observed for these two groups between 2019 and 2020 because mainly of the coronavirus-driven recession;
- There was a clear positive trend for 7 participating regions where the share of adults who understand the importance of having a financial cushion for life emergencies and crisis situations increased from a baseline of 31.7% to 36.3%, thus exceeding the end-target of 33% during the last three survey cycles. The 2 pilot regions exceeded the end-target during the 2018 and 2019 survey cycles, but showed a downward trend during the last 2 survey cycles. Similarly, the share of school-aged and college students in the 2 pilot regions and the 7 other participating regions, who understand the importance of having a financial cushion for life emergency and crisis situations slightly exceeded its end-of-project target of 77% for the 2 pilot regions and the target of 76% for the 7 other participating regions in 2018 and maintained this level through 2019. The noticeable downward trend for almost all regions in 2020 and an overall mixed performance could be explained by the corona virus pandemic.
- In the context of the Organization of Economic Cooperation and Development (OECD) Programme for International Student Assessment (PISA) assessment of Financial Literacy, students in Russia scored



above the average of the 10 OECD countries and economies that were assessed in financial literacy in 2015. With a mean score of 512 points, Russia ranked between 4th and 5th among all 15 participating countries and economies. The country did not sustain this high ranking in the next round of assessment in 2018, demonstrating a slightly lower score (495) and taking a middle position among 20 participating countries.

The extent to which Objective 1 was achieved was substantial.

Rating

Substantial

OBJECTIVE 2

Objective

To strengthen the foundation for improving consumer protection in financial services

Rationale

Theory of change

There was no causal chain developed either in the PAD or in the 7 subsequent restructuring papers. The ICR constructed a result chain (ICR-Figure 1 and pages 10-12) whose key features are summarized below.

Toward strengthening the foundation for improving consumer protection in financial services, the project funded four categories of activities described under the first objective, which also fed into the achievement of the outcomes identified under the second objective. Expected outputs included: (i) the establishment of a monitoring and evaluation system in the area of consumer protection, (ii) a system of hotline call centers to advise consumers on financial issues is established and operational and (iii) a special system for submitting and handling financial consumer complaints in e-format was developed, just to name a few. The expected outcomes were: (i) the percentage of active and low- and middle-income users of financial services who compare options before obtaining a credit, and (ii) the percentage of active and potential low- and middle-income users of financial services who know what administrative/legal action to be taken having discovered a deceit by a provider of a financial service.

The achieved outcomes are to be attributed to both the Bank and the Borrower; while the latter provided 88 percent of the funding, the World Bank funded the 12 percent remaining, but brought in world-wide experience and lessons learned from similar settings in the area of FL and consumer protection (CP).

The key assumptions underlying the ToC for support to strengthening of consumer protection in financial services were as follows: (i) improvement of the financial CP information system, carrying out regular consumer research and targeted surveys, improving the coordination between the Consumer Protection Service (Rospotrebnadzor) and the financial-market regulators, (ii) capacity building of government agencies dealing with CP in financial services both at the federal and regional levels, and (iii) strengthening the role of civil society in financial CP, and strengthening of dispute resolution mechanisms will result in better quality



and increased availability of financial information for consumers and higher consumer confidence in the financial sector.

Toward the second objective, the project generated the outputs were presented in the ICR on pages 36-40 and in the Annex table 1, and are summarized below:

Outputs:

- A number of outputs generated under the first objective also contributed to supporting the achievement of the second objective; and additional outputs are listed below;
- A system of hotline call centers to advise consumers on financial issues was established and operational;
- The total number of complaints on violations of financial consumer rights received by Rospotrebnadzor was exceeded, reaching 202,891 against a target of 180,000;
- The target for the number of consultations on financial consumer rights provided through Rospotrebnadzor hotlines and public offices reached 126,040, exceeding the target of 120,000;
- The special system for submitting and handling financial consumer complaints in e-format was developed and functional;
- An e-library (infotheque) on topical consumer protection issues is established and operational;
- The number of Rospotrebnadzor consulting centers for consumers in the Russian Federation reached 583, exceeding the target of 500;
- The number of Rospotrebnadzor specialists trained on financial consumer protection and financial literacy reached 1509, slightly exceeding the target of 1,509;
- The number of the reports dedicated to the financial consumer protection, containing independent monitoring results and recommendations reached 11, exceeding the target of 11;
- A system of standards for all major financial services to consumers were developed, successfully tested and used by the Bank of Russia in 2019 during the launch of the standardization process for a number of financial services;
- A set of educational materials were developed, including training programs, for the training of Rospotrebnadzor staff in financial services consumer protection field;
- More than 1,500 Rospotrebnadzor specialists were trained, as well as 3,240 specialists from other public institutions and government agencies;
- Two large-scale waves of distance learning were held for employees of Rospotrebnadzor, for which a special Distance Learning Platform was developed. The total number of remotely trained Rospotrebnadzor employees exceeded 1,100 participants from all regions of the Russian Federation;
- Eleven public reports on financial services consumer protection in Russia were prepared and published, identifying key consumer issues in the financial market and the best practices in the area of protection of their rights, provision of information, counseling, regulation and supervision in this area. Electronic versions of the reports are published on the official website of Rospotrebnadzor. These reports were presented and discussed with the expert community and public during four national conferences and four international conferences.
- A fully functioning 24-hour free hotline for financial services consumers was created in 2017 and starting in the second quarter of 2020 this system is being supported by Rospotrebnadzor itself;
- An internet reception desk of Rospotrebnadzor was launched, allowing consumers of financial services to file their application/complaint or get machine-aided clarifications remotely;



- A 'reception desk' website was integrated into the official information resource of Rospotrebnadzor for consumers - zpp.rospotrebnadzor.ru and its further maintenance is carried out by the agency independently;
- 170 kiosks with interactive content were placed in all regional offices of Rospotrebnadzor, serving as points of delivery of important information about financial services and consumer protection in the financial market to visitors to the regional divisions of Rospotrebnadzor;
- A toolkit for remote control of the entire network of 170 electronic kiosks was also developed, including a user and administrator manual; distance training was organized and conducted for Rospotrebnadzor employees on the use of the tools introduced since 2019 into the practice of Rospotrebnadzor;
- Information booklets "I want. I know. I can." and posters were developed explaining citizens the important characteristics of basic financial services, algorithms for their responsible use and ways to protect their rights in the case of their violation;
- Overall, 9.15 million copies of the above booklets were disseminated by Rospotrebnadzor among citizens, and based on the booklets on consumer rights, infographic materials were created; these contain consumer-friendly step-by-step diagrams for using major financial services and solutions of key problem situations;
- 16 instructional videos for adults and 3 training videos for students were created and published on popular video hosting services. Furthermore, the staff of Rospotrebnadzor created and distributed brochures explaining in detail the contents of each booklet and guidelines on informing the citizens across all Rospotrebnadzor units in all regions of Russia;
- Online game tests related to the characteristics of basic financial services and their consumers, an online financial quest for teenagers, as well as a series of financial comics for teenagers on typical life financial situations, including fraud;
- A large-scale series of interregional school educational festivals were carried out in 2017-2018, which helped to familiarize students and educators with the principles of responsible consumer behavior in the financial market;
- Materials developed under the project were disseminated through two large networks of federal organizations: libraries and institutions providing social services (multifunctional centers for the provision of state and municipal services, Pension Fund, social security);
- An analytical report reviewing international experience of financial ombudsman models had been prepared and used for drafting new legislation on financial ombudsman, including the Federal Law of June 4, 2018 No. 123-FZ on the Commissioner for the Rights of Financial Services Consumers, which introduced the institution of a financial ombudsman in the Russian Federation;
- 53 sub-projects focusing on strengthening consumer protection were competitively selected and generated/implemented training courses; media products; and items of printed materials that propagated the idea of financially-prudent behavior;

Outcomes:

Key outcomes achieved toward the second objective were discussed in the ICR on pages 36-39, and are summarized below:

- The percentage of active and low- and middle-income users of financial services who compared alternatives before obtaining a credit was exceeded, as there was a clear positive dynamic for the 2 pilot regions from a baseline of 69.2% in 2013 to 82% in 2020, thus exceeding the end-of-project target by 12.8%. The other 7 regions demonstrated a slight decline in the last year of the project, but



the trend was still largely positive compared to its control group, which demonstrated a continuous decline over the 3 rounds of the survey;

- The percentage of active and potential low- and middle-income users of financial services who know what administrative and legal action to take having discovered a deceit by a provider of a financial service in the project's 2 pilot regions showed a continuous positive dynamic between 2013 and 2019 from 32.2% baseline to 52.1% in 2019, and despite a decline in 2020, the indicator still exceeded its end-of-project target of 42%. The project's other 7 regions also demonstrated a positive change between 2015 and 2019 as opposed to the control group which shows a continuous decline from the baseline. The positive trend for both project's region groups was not sustained in 2020, given that the fifth round of the FL survey was carried out during the unfolding coronavirus pandemic. The differences in lockdown measures introduced by different region administrations and economic situation might have contributed to the noticeable decline.

The extent to which Objective 2 was achieved was substantial.

Rating

Substantial

OVERALL EFFICACY

Rationale

The overall efficacy performance of the project is rated Substantial.

With respect to the first objective, the share of school-aged and college students, and that of active and potential low- and middle-income users of financial services in the 2 pilot and the additional 7 regions, who understand the trade-off between the risk and rewards in choosing financial products in both categories of regions exceeded the target during the last three years of survey cycles. However, a downward trend was observed for these two groups of population between 2019 and 2020, mainly because of the coronavirus-driven recession. Similarly, the share of school-aged and college students, and that of active, and potential low- and middle-income users of financial services in the 2 pilot and the additional 7 regions who understand the importance of having a financial cushion for life emergencies and crisis situations was exceeded during three survey cycles, but a noticeable downward trend for almost all regions in 2020 was observed, and an overall mixed dynamic could be explained by the corona virus pandemic. Moreover, students in Russia scored above the average of the 10 OECD countries and economies that were assessed in financial literacy in 2015, although this performance moderated over time.

Achievements toward the project's first objective are rated substantial.

With respect to the second objective, the percentage of active and low- and middle-income users of financial services who compared alternatives before obtaining a credit was exceeded, as there was a clear positive dynamic for 2 pilot regions, although the other 7 regions demonstrated a slight decline in the last year. The



percentage of active and potential low- and middle-income users of financial services who know what administrative and legal action to take having discovered a deceit by a provider of a financial service in the project's 2 pilot regions show a continuous positive dynamic despite a decline in 2020. The project's other 7 regions also demonstrated a positive dynamic between 2015 and 2019, but the positive trend for both project's regional groups was not sustained in 2020 because the fifth round of the FL survey was carried out during the unfolding coronavirus pandemic.

Achievements toward the project's second objective are also rated substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic efficiency

The ICR (p.41-42) used the cost benefit analysis carried out at appraisal. The key assumption was that the project benefits will arise from an increase in financial knowledge and literacy in the targeted population, which might lead to a surge in savings and to a higher income over the lifecycle. Costs included the program costs incurred by both the borrower co-financing and the Bank funding. At appraisal, the NPV was estimated at RUB 3.15 billion, and no Internal Rate of Return (IRR) was computed. The ICR found errors in the appraisal NPV estimates, and NPV recalculation resulted in about RUB1.89 billion, with an IRR at appraisal of 22%. According to the ICR an ex post cost-benefit analysis indicates that the project was a sound investment decision, estimating a positive NPV of benefits (RUB 5.0 billion); the program's internal rate of return was estimated at 26%, which was significantly higher than the discount rate (12%).

Operational efficiency

The project resources were almost fully utilized, as 95% of the IBRD financing and 90% of Borrower financing were disbursed. The project disbursed US\$40 million during the first 5 years of implementation and disbursements were multiplied by more than four times (US\$180 million) in the last five years, reflecting an increase in implementation capacity and pace. The program's use of country's networks for educational activities, outreach, and disseminations events contributed to a high implementation efficiency, allowing the project impact to expand from the original 2 pilot regions to 67 regions of the Russian Federation, thus substantially increasing the number of beneficiaries.

Through efficient procurement of textbooks, the project generated large savings allowing it to print additional copies and deliver more textbooks to more regions. The estimated budget for "Production and delivery of educational and informational materials" was at US\$19.78 million based on comparable prices in Russia for similar products. However, with the participation of companies from different countries (Italy, Vietnam, India), the



awarded contract amounted to US\$13.09 million, leading to major savings that allowed the printing of more books later and deliver them to more regions, thereby further enhancing the project’s efficiency.

In conclusion, both the project’s ex-post economic and operational efficiency was substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	22.00	97.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	26.00	97.00 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDOs was high because of its close alignment to government and World Bank development strategies at project approval and continued to be so at project closing. The efficacy performance with the project's two main objectives was overall substantial. Efficiency was rated substantial because the project's estimated economic efficiency (NPV and EIRR) and operational efficiency were substantial. Therefore, based on minor shortcomings in efficacy and efficiency the project’s overall outcome is rated satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The risk that the achieved outcomes will not be sustained is arguably low, because of strong Government policy, political and financial commitment, as well as institutional strength. Improving the financial literacy and consumer protection remains one of the top priorities of the Russian Government as evidenced by the adoption, implementation and ownership of the National Financial Literacy Improvement Strategy until 2023. The MoF plans to sign implementation agreements with the remaining regions of the country and intends to



provide systematic policy, technical and methodological support to the regions during the implementation phase, and to create a greater synergy between the National FL Improvement Strategy and Russia's other national projects, such as the "Digital Economy".

Moreover, the GoR has shown its financial commitment to improving the financial literacy of its population and strengthening foundations for consumer protection by allocating resources to this effort since 2008, through technical assistance and the Russia-OECD-WB Trust Fund, and then through the sustained co-financing to this project and budget allocations for the implementation of the Strategy. Finally, this project has strengthened the institutional readiness as the Scientific Research Financial Institute (NIFI) has been given a mandate to coordinate and monitor the implementation of the National Financial Literacy Strategy as announced in December 2020 by the Russian Government. A Financial Literacy Center was created and is expected to continue rolling out and scaling up the most successful practices in financial literacy and consumer protection, organize and conduct educational events on a national scale. Finally, Regional Financial Literacy programs supported by the project were based on the models and approaches that explicitly incorporated sustainability commitments and guarantees from the local governments. Sustainability of implementing financial literacy programs at the regional level was ensured through agreements signed between the MoF and participating regions. Finally, many interventions were institutionalized at project closure and are expected to continue being offered or implemented beyond the project closing date to respond to the generated public demand and support for continuous engagement in financial education and consumer protection programs.

8. Assessment of Bank Performance

a. Quality-at-Entry

The World Bank's performance in ensuring quality at entry is rated satisfactory.

The preparation of this operation was supported by a skilled World Bank team, which was tasked to deliver such a multisector operation. The preparation work was grounded in the evidence derived from diagnostic and analytical work and the findings of the 2008 national financial literacy survey, and reflected lessons from the World Bank's experience in structuring complex projects and developing policy frameworks. The strategic relevance of the project was based on the assumption that improved financial literacy would enhance the effectiveness of consumer protection public policy measures, which in turn would strengthen the case for effective financial education. The details of project activities were agreed upon by both the World Bank and Government's counterparts. Implementation arrangements were adequately crafted, an assessment of FM and procurement was carried out at entry, and the preparation team appropriately assessed risks and identified adequate mitigation measures. Finally, the project design was underpinned by a highly consultative process and policy dialogue, including a financial literacy study tour to the U.S. by a large group of Russian officials and experts.

Implementation readiness was at a good level as exemplified by the early selection of the PIU and early identification and selection of 3 pilot regions, a comprehensive and detailed Project Operations Manual, with clearly defined implementation arrangements and procedures, a Project Implementation Plan and Procurement Plan for the whole Project duration, including identification of the responsible agencies, and an agreement between the PIU and the MoF was signed prior to project's effectiveness.



The project design used a phased approach to factor in the multi-sectoral nature of the project, spanning multiple dimensions (literacy, education, consumer protection) and target groups. This approach allowed for the testing, evaluation and refinement of education programs, before expanding the project to additional participating regions. However, the M&E design could have benefitted from limiting the number of outputs indicators, which were excessive and difficult to monitor for the PIU.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

Overall, the Bank's quality of supervision is rated Satisfactory.

Given the multisector nature of the project, the World Bank provided a cross-sectoral support from the Education, and the Finance and Competitiveness Global Practices, with a core team based in Moscow to ensure a continuous dialogue with the client, and to timely address implementation issues. Bank management joined formal supervision missions and engaged with the client regularly, and the WB senior management was kept abreast of the project performance bi-annually. The World Bank also took active part in workshops, conferences, including discussions within the framework of international fora.

This supervision arrangement provided required qualified technical support, resolved implementation hurdles on the spot, processed 7 restructurings to meet the client's needs, and significantly accelerated disbursement and impact during the second half of project life. The WB team carried out regular implementation support missions, including restructuring missions and filed Aide Memoires, Restructuring Papers and Implementation Status & Results Reports (ISRs), which summarized project progress and changes introduced through restructurings.

After the 2014 mid-term review (MTR), the team downgraded the rating for the project's progress toward its Development Objective and implementation progress (IP) rating to Moderately Satisfactory (MS) and Moderately Unsatisfactory (MU) respectively, due to substantial delays during the expansion phase into the newly added regions and slow disbursements. The project was then upgraded back due to satisfactory performance rating and exited its problem status in June 2016. This entailed a proactive focus on expanding the Borrower's capacity for procurement processing combined with a close monitoring of the procurement plan.

Between 2014-2016, the WB team closely monitored disbursements, commitments, and pipeline tenders to ensure an accelerated implementation pace, and as a result, the project subsequently increased disbursement levels during the last five years of the project by 400% to US\$180 million, compared to US\$40 million in the first five years.

Finally, the ICR noted that the PIU had a much more expanded list of intermediate outcome indicators than the Bank's tighter list. The lack of alignment of indicators created challenges for the Bank team when reporting progress in the ISR's. However, in response to the continued expansion of the project's activities and revisions to the Results Framework, which included new indicators resulting from restructurings, the Bank team decided to incorporate more PIU indicators into the ISR reporting system. Consequently the Bank team had to come up with solutions to the need to monitor two different sets of data from two



different systems (client's and Bank's). The last few ISRs therefore faced challenges tracking the project's many achievements (ICR, paragraphs 159 ad 160)

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

As described under Section 4, the theory of change of the project was generally sound. Appropriate activities were identified and were expected to be implemented to generate substantive outputs, which would feed into the outcomes necessary to achieve the project's stated objectives, which were clearly specified. For instance, toward improving financial literacy, key activities would include the establishment of national and regional methodological centers and regional centers of financial literacy. Training, books and workshops organized by the centers would increase the share of the population in the targeted regions, who understand the trade-off between the risk and rewards of choosing between financial products. However, the results framework had weaknesses, as baselines were lacking at appraisal. Reliable baseline data and relevant benchmarks for most of the project indicators did not exist at approval and had to be collected through the initial financial literacy survey and adjusted to improve clarity and credibility. The M&E design improved overtime during the development phase and formulation of the national strategy for financial literacy.

The PIU had overall responsibility for the project's M&E. The Results Framework clearly indicated the data sources and entities responsible for the collection of data for each project indicator, and the Operations Manual described the arrangements for data collection and analysis. The project design piloted financial education programs, and made necessary evaluation and adjustments, building on the results of the evaluation. The Results Framework was adequate for assessing the achievement of project objectives, and the chosen indicators were measurable.

There were, however, some shortcomings with the M&E design. The number of intermediate indicators was excessive, and the multiple restructurings led to multiple revisions of PDO and intermediate indicators as restructuring, creating difficulties in monitoring progress toward outputs and outcomes unless new indicators were defined. On the positive side, M&E arrangements were well-embedded in Government institutions and this contributed to smooth adjustments to enable the monitoring of project implementation, capture and report on the results achieved on the ground.



b. M&E Implementation

As indicated earlier, baselines and targets for outcome indicators were only established after the completion of the first FL survey became available in 2012. Five rounds of FL survey, including calculations of the Financial Literacy Index for each of the Russia's 83 regions, and three rounds of assessment of the FL level of 15-year-old students were carried out. Data were collected and analyzed in line with planned arrangements. The establishment of an M&E system in the area of consumer protection was established through the Russia's 83 regions, and three rounds of assessment of the FL level of 15-year-old students were carried out. Data was collected and analyzed in line with planned arrangements. The establishment of an M&E system in the area of CP was established through (i) four rounds of the Survey on Financial and Saving Behavior of the Population, which provided indicators for international benchmarks; (ii) field study of the "payday loans" segment (PDL) which aimed to examine how the use of this kind of borrowing affects the financial well-being of consumers; and (iii) sociological study on the problem of the debt loan of the Russian population. Progress reports were prepared by the PIU and submitted to stakeholders on a regular basis. The Results Framework was revised many times to ensure clarity, reflect implementation progress and adjust to the expanding scope of the project.

During the November 2014 mid-term review (MTR), the team downgraded the project DO and implementation progress (IP) rating to Moderately Satisfactory (MS) and Moderately Unsatisfactory (MU) respectfully, due to substantial bottlenecks during the expansion phase into the newly added regions and slow disbursements. The Project was upgraded back due to satisfactory performance and exited its problem status in June 2016. However, the World Bank team reported encountering some challenges with reporting the progress in the Results Framework through ISR's and portal system. While the PIU had a much more expanded list of output indicators, the World Bank had a tighter list of intermediate results indicators originally. Moreover, the continued expansion of the project activities led to further revisions to the Results Framework, which included introduction of new indicators through restructurings, and the team decided to incorporate more intermediate results indicators into the ISR reporting system, making M&E reporting more complex. Overall, M&E implementation was sustained, but it had to confront the difficulties of reporting on an expanding operation.

c. M&E Utilization

Reliable data on the levels of financial literacy of the Russian population, that came from regular FL surveys, provided essential information during the design phases of Russia's first national strategy for financial education and informed the design and the implementation of various financial education programs, initiatives, sub-projects and information campaigns by identifying groups in need and priority areas, and by measuring change over time. As part of the FL Survey, the project supported the development of the Financial Literacy Index. Russia has been able not only to measure the level of FL of its citizens at the national level, but also at the regional level. Having the value of the FL Index for each region allowed FL ratings for all Russian regions, create a baseline against which to measure future progress of each region, have additional evidence of FL needs and identify priority actions. The FL ratings are available to the public through an Interactive Map for Financial Literacy Levels of the Russian regions. Results from the pilot and the evaluation of financial education programs set the stage for adjustments and reorientation of programs during the roll-out stage to other regions. The M&E data were used not only to inform the decision making, but also to demonstrate progress to the public and key stakeholders.



M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental compliance. The operation was classified as a Category C project for its perceived minimal social or environmental impacts. The Project did not envision works, land acquisition or resettlement. The project primarily provided technical assistance with goods and services, and did not trigger any environmental and social safeguards or concerns.

b. Fiduciary Compliance

Financial Management. No major concerns were raised from a financial management (FM) perspective during the lifetime of the project. Financial management and disbursement operations were carried out by the Foundation of Enterprise Restructuring and Financial Institutions Development (FER), a noncommercial legal entity, competitively selected as the PIU by the Ministry of Finance. The FM capacity of the FER was assessed during preparation, was found to be adequate and continued to be sufficient during project implementation period. The financial management arrangements continued to be overall satisfactory and acceptable to the World Bank throughout Project's life. The Bank's FM team carried out regular reviews as part of the supervision mission and consistently rated the FM as satisfactory. Quarterly unaudited interim reports were timely submitted, were acceptable and annual external audits had clean audit opinions.

Procurement: Procurement performance of the project was also consistently rated satisfactory throughout implementation. Procurement of all goods and technical assistance services under the project followed the World Bank Procurement Guidelines and policies. Procurement planning was overall adequate and supported by approved Procurement Plans that were updated and published regularly. The Bank's Procurement team carried out regular reviews as part of supervision missions and consistently rated Procurement performance as satisfactory.

c. Unintended impacts (Positive or Negative)

The Project played an essential role in the establishment of the financial ombudsman in Russia.

d. Other

11. Ratings



Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR identified a set of recommendations and lessons (p.54-56), and most of them are commonly found in IBRD countries. A selection of the lessons is summarized below. Lessons specific to this operation are not included.

- **Borrower commitment and leadership are the key ingredients to achieving stated objectives and social impact.** The Russian Government provided sustained funding, along with strong leadership and coordination of partners, which fostered cooperation and built institutional and human capacities. The strong leadership and inclusive approach allowed the design and implementation of the National FL Strategy, facilitated horizontal and vertical institutional linkages among the key stakeholders, and promoted cross-sectoral dialogues and collaboration, as well as an institutional and public support. The lesson from this project is that because of strong oversight, the project engaged local government administrations, educational institutions, and other non-government organizations, and financial institutions in the development and implementation of a comprehensive financial literacy program which resulted in a shared ownership and contribution to the achievement of positive development outcomes.
- **The stability of implementing teams contributes to the ease with which implementation obstacles are addressed:** Stability of the Government, the PIU staff and the WB team facilitated smooth implementation of project activities and the achievement of project development objectives. Throughout the project lifetime, the Government and PIU team remained stable, and highly engaged in addressing all obstacles on the project implementation path. The Bank team was similarly stable. The lesson from this project is that the stability of the teams assisted in ensuring mutual understanding of the project objectives and consistency of purpose when crafting solutions to project implementation obstacles.
- **Embedding project implementation within existing country institutions helps to build capacity, to pilot and test programs and then foster sustainability.** A phased implementation approach was the model adopted to deliver this complex and multi-sectoral operations, which went through strategic sequencing of activities, testing new ideas and methodologies, evaluating them and adjusting as needed. The project teams worked very closely with the key ministries and other institutions involved on institutionalizing project activities to ensure sustainability. In addition, piloting activities proved to be a useful approach prior to a nation-wide scale up. The government accepted new ideas and was willing to test them out in pilot programs, evaluate them and adjust prior to a full scale-up,



before expanding them to nationwide coverage. Sustainability of project interventions critically depends on establishing or strengthening the appropriate institutional framework. The lesson from this project is that strategic use of existing institutions and infrastructure like schools, centers, libraries, workplaces, community centers, and unemployment centers provide unique opportunities to deliver a program to large and often diverse segments of the population in a cost-effective approach.

- **This project exemplified how limited seed money from the World Bank Group can generate results and impact in IBRD countries.** Funding of this project was 12 percent from IBRD, and 88 percent from the Borrower. The seed money from the Bank (US\$25 million) mobilized up to ten times an amount of resources from the Borrower, and supported a large program implemented over ten years with a high level of ownership and potential for sustainability.

13. Assessment Recommended?

Yes

Please Explain

This was a flagship project supported by the WBG in an IBRD-only country. It took more than 10 years and ten times the initial envelope of the estimated project funding to implement the program. The project showcased a project co-financed by the WBG and the borrower through sustained dialogue and strong coordination and leadership from the Borrower. Project implementation also showcased ownership of the program and potential for sustainability. A PPAR in the medium term to check on the sustainability of results and government ownership could provide valuable lessons for other countries.

14. Comments on Quality of ICR

The ICR provides a detailed narrative of the project context, design and prolonged implementation of the project, which is broadly consistent with the Bank's ICR guidelines. The results orientation and quality of analysis are strong, as the ICR is generally evidence-based. The ICR is internally consistent; and there is a logical linking and integration of the various parts of the report. The ICR was particularly strong in showcasing the features of project ownership and the prospects for sustainability. It also provided a number of useful lessons.



A moderate shortcoming of the ICR is its lack of conciseness as the report is three times the maximum length. It spawned this more detailed and longer than usual review.

a. Quality of ICR Rating
Substantial