

CONFORMED COPY

LOAN NUMBER 7999-RU

Loan Agreement

(Preservation and Promotion of Cultural Heritage Project)

between

RUSSIAN FEDERATION

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated March 23, 2011

LOAN AGREEMENT

Agreement dated March 23, 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 one hundred million Dollars (\$100,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 provisions of 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 MOC, with the assistance of FISP, in accordance with the provisions of Article V of the General Conditions.
- 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) FISP shall have failed to perform any of its obligations under the Agency Agreement in such a way as to materially and adversely affect the implementation of the Project; 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 FISP 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) the Agency Agreement has been entered into between the Borrower, represented by the MOF and MOC, and FISP, on terms and conditions satisfactory to the Bank;
 - (b) the Borrower has established the Inter-ministerial Committee with a composition and terms of reference satisfactory to the Bank; and
 - (c) the MOC has adopted the Project Operational Manual, satisfactory to the Bank.
- 5.02. The Additional Legal Matter consists of the following, namely that the Agency Agreement has been duly authorized by the Borrower and FISP and is legally binding upon the Borrower and the FISP 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
 Washington, D.C.

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/ Andrey E. Busygin

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Pedro Alba

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are: (i) to support the conservation, safekeeping and promotion of cultural heritage assets in Leningrad, Pskov, Novgorod and Tver oblasts of the Borrower; and (ii) to strengthen regional capacity for cultural heritage management so it supports the socio-economic development of the Participating Oblasts.

The Project consists of the following parts:

Part 1. Integrated Heritage Site Development

(a) Rehabilitation and improvement of cultural heritage sites and institutions

Carrying out a program of Sub-projects to support the rehabilitation, improvement, safekeeping and conservation of cultural heritage sites with strong cultural significance:

- (i) support to large-scale, integrated site development and management Sub-projects consistent with regional (oblast level) development plans, to finance the conservation of built heritage and other site interventions; and
- (ii) support to small scale local Sub-projects aiming at improving existing cultural heritage sites and institutions, enhancing their appeal to visitors and value for local populations.

(b) Capacity building for integrated site development

Provision of consultants' services and Training to build the capacity of oblasts, municipalities and state cultural institutions with a view to improving cultural development, including:

- (i) activities required to improve the capacity of the Participating Oblasts in cultural heritage management and, specifically, in linking cultural heritage with economic and social development;
- (ii) pre-identified Training and capacity building specific to Sub-project investments as well as additional support identified by a Beneficiary to ensure the effective implementation of a proposed Sub-project; and
- (iii) exchange of experiences between Beneficiaries to promote knowledge and innovation sharing.

Part 2. Protection of Museum Assets

Support the Borrower's efforts in protecting and promoting the moveable cultural heritage assets of Russia, through:

(a) Improvement of collection management, conservation and storage

Improving the management of museum collections of the Leningrad Oblast through the development of enhanced conservation and storage practices and capacity, including: (i) the carrying out of an in-depth institutional and physical needs assessment for the development of a conservation and storage strategy; (ii) targeted technical assistance to improve the management of collections, including, *inter alia*, spatial management, conservation, reporting practices and practices for electronic management of collections; and (iii) the construction of a Multifunctional Museum Facility, for conservation, research and training purposes, including laboratories and studios for various types of items and materials (e.g., works on paper, wood, canvas; metal, porcelain, etc.) and serving as a regional hub for providing professional culture and art services.

(b) Development and testing of museum security practices

- (i) Development of practical guidelines and specifications to promote the installation of modern security systems, including training guidelines for museum guards and security personnel, based on the specific category and characteristics of cultural institutions; and
- (ii) installation and testing of modern security equipment and provision of related training in selected cultural institutions in Participating Oblasts.

Part 3. Project Management, Monitoring and Evaluation

Support to MOC and FISP for the management, implementation, monitoring and evaluation of the Project, including the development of impact monitoring mechanisms for Sub-projects and the financing of Operating Costs; and support to the Borrower for the preparation of follow-up operations in the cultural sector.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. MOC shall be responsible for the overall management and implementation of the Project. The Inter-ministerial Committee shall be responsible for overall coordination of activities under the Project, and for approving Sub-projects under Part 1 (a) of the Project. The Borrower shall ensure that, at all times throughout the duration of the Project, the Inter-ministerial Committee functions in a manner, and with resources necessary for the successful management and implementation of the Project.
2. FISP shall be responsible for day-to-day Project management and implementation, including financial management, disbursement, procurement, safeguards compliance and reporting arrangements. To this end, the Borrower shall cause FISP to establish adequate coordination mechanisms with each Participating Oblast to ensure: (a) effective and continuous communication with all stakeholders; and (b) close support for Sub-projects preparation and implementation.
3. The Borrower shall, at all times throughout the duration of the Project: (a) cause FISP to perform in accordance with the Agency Agreement all the obligations of FISP therein set forth; and (b) maintain FISP, and ensure that it has the resources, is staffed by personnel with qualifications and under terms of reference, and functions at all times in accordance with procedures necessary and appropriate for the carrying out of the Project, and satisfactory to the Bank.
4. The Borrower shall:
 - (a) cause MOC, FISP and Participating Oblasts to perform the Project in a timely manner and in accordance with the Project Operational Manual, and to apply and implement the actions, criteria, policies, procedures and arrangements therein set forth; and
 - (b) 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, and shall cause FISP and Participating Oblasts to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Sub-projects.

1. For purposes of Part 1 (a) of the Project, the MOC, through FISP, shall ensure: (a) the selection and approval of Sub-projects in accordance with the eligibility criteria and selection procedures set forth in the Project Operational Manual; and (b) the conclusion of a Sub-project Agreement between the MOC and each Beneficiary for purposes of Parts 1 (a) (i) and 1 (a) (ii) of the Project on terms and conditions satisfactory to the Bank and specified in the Project Operational Manual, which shall include the following:

- (i) The financing of the Sub-project shall be on a grant basis.
- (ii) The MOC, through FISP, shall obtain rights adequate to protect its interests and those of the Bank, including the right to: (A) suspend or terminate the right of the Beneficiary to use the proceeds of the financing provided for the relevant Sub-project upon the Beneficiary's failure to perform any of its obligations under the related Sub-project Agreement; and (B) require each Beneficiary to: (I) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the Project Operational Manual, the Environmental Management Framework, the Resettlement Policy Framework, the site specific Environmental Management Plan and Resettlement Action Plan when required and the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (II) provide the resources required for the purpose; (III) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives; (IV) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (V) 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 MOC, through FISP, shall exercise its rights under each Sub-project Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project. Except as the Bank shall otherwise agree, the MOC shall not assign, amend, abrogate or waive any Sub-project Agreement or any of its provisions without a prior agreement with the Bank.

E. Safeguards.

1. The Borrower shall, and shall cause FISP and each Beneficiary to ensure that:

- (a) the Project is carried out in accordance with the respective terms of the Environmental Management Framework and the Resettlement Policy Framework; and
 - (b) the Environmental Management Framework and the Resettlement Policy Framework, or any provision thereof, shall not be amended, suspended, abrogated, terminated or waived or permitted to be amended, suspended, abrogated, terminated or waived, except with the prior written approval of the Bank.
2. The Borrower, through the MOC, shall ensure that when required by the Resettlement Policy Framework:
 - (a) a specific Resettlement Action Plan, including the relevant social assessment, will be prepared in a form and substance satisfactory to the Bank prior to execution of a respective work contract; and
 - (b) no works will be started under any Sub-project unless all affected people are fully compensated in accordance with the provisions of a respective Resettlement Action Plan.
3. The Borrower, through the MOC, shall ensure that when required by Environmental Management Framework a site specific Environmental Management Plan will be prepared in a form and substance satisfactory to the Bank prior to commencement of any works under a respective Sub-project.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through FISP, 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 semester, 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 FISP, 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 FISP, shall have 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 Works.** All goods and works 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 Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b) Shopping
(c) Direct Contracting

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.

<u>Procurement Method</u>
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection based on Consultant's Qualification
(e) Single Source Selection
(f) Individual Consultant

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.

E. Procurement of Operating Costs

Incremental expenditures included in the Operating Costs category, with the exception of expenditures for Project audit, office equipment and furniture, can be procured in accordance with the established Borrower's administrative procedures acceptable to 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be Financed
(1) Goods, works, consultants' services and Training for the Project, except for Part 2 (a) of the Project	90,300,000	43%
(2) Goods, works and consultants' services under Part 2 (a) of the Project	4,200,000	12%
(3) Operating Costs	5,500,000	100%
TOTAL AMOUNT	100,000,000.00	

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 July 31, 2017.

**ANNEX
to
SCHEDULE 2**

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

Contracts for goods or works 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 place of registration, ownership, small size, etc. 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 dependant 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.

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) Withdrawn 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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each April 15 and October 15 Beginning April 15, 2017 through April 15, 2027	4.55%
On October 15, 2027	4.45%

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 entered into between the Borrower, represented by MOF and MOC, and FISP pursuant to Section 5.01 (a) of this Agreement, which shall include terms specifying the responsibilities of FISP in respect of management and implementation of the Project, including compliance with the Anti-Corruption Guidelines, the Project Operational Manual, the Environmental Management Framework and the Resettlement Policy Framework, and making available to FISP, on a non-reimbursable basis, the proceeds of the Loan allocated from time to time to Categories (1), (2) and (3) of the table set forth in Section IV of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with modifications set forth in Section III of this Appendix.
3. “Beneficiary” means, respectively, for purposes of Part 1 (a) (i) of the Project, a Participating Oblast, and for purposes of Part 1 (a) (ii) of the Project, a cultural institution, applied for, or selected for carrying out a Sub-project.
4. “Category” means a category set forth in the table in Part A.2 Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
6. “Environmental Management Framework” means the environmental management framework dated January 26, 2010, prepared by the Borrower and satisfactory to the Bank, describing environmental mitigation, monitoring and institutional measures required for the Project and to be taken to eliminate adverse environmental impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, including guidelines and procedures for the preparation of site specific Environmental Management Plans and “chance finds” procedures.
7. “Environmental Management Plan” or “EMP” means a site specific environmental management plan, setting forth the mitigation and monitoring measures required to be taken to avoid or minimize adverse environmental impacts, to be prepared and implemented in a manner fully consistent with the Environmental Management Framework, and “Environmental Management Plans” means said Plans, collectively.
8. “FISP” means St. Petersburg Foundation for Investment Projects, a non-commercial foundation established pursuant to Resolution of the Governor of St. Petersburg No. 331-p, dated October 28, 1996, and registered by the Registration

- Chamber of St. Petersburg, under Certificate of Registration No. 43863, dated March 4, 1997, and which is the party to the Agency Agreement.
9. “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.
 10. “Inter-ministerial Committee” means the Borrower’s committee established pursuant to Section 5.01 (b) of this Agreement.
 11. “MOC” means the Borrower’s Ministry of Culture or any successor thereto.
 12. “MOF” means the Borrower’s Ministry of Finance or any successor thereto.
 13. “Operating Costs” means reasonable incremental costs associated with the administration of FISP, including: Project audit, staff salaries, training, including study tours and seminars, social charges, office and vehicle rental, maintenance and minor refurbishing of office and equipment, office equipment, furniture, materials and supplies, communication costs, support for information systems, translation expenses, bank charges, and travel and per diem costs of FISP staff directly associated with implementation of Project activities, and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the Bank.
 14. “Participating Oblasts” means the Leningrad, Novgorod, Pskov and Tver oblasts of the Russian Federation and “Participating Oblast” means individually any of the said oblast.
 15. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
 16. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated September 17, 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.
 17. “Project Operational Manual” means the manual adopted by the MOC pursuant to Section 5.01 (c) of this Agreement, setting forth procedures and rules related to Project implementation, including the eligibility criteria and selection procedures for Sub-projects.
 18. “Resettlement Action Plan” means a resettlement action plan for a site specific resettlement; to be prepared and implemented in a manner fully consistent with the Resettlement Policy Framework, and “Resettlement Action Plans” means said Plans, collectively.
 19. “Resettlement Policy Framework” means the resettlement policy framework, satisfactory to the Bank, dated January 26, 2010, prepared by the Borrower and setting forth, *inter alia*: (i) the description of areas covered by the Project; (ii) the legal basis and screening process for land acquisition, resettlement and land use in connection with works and

- construction activities to be carried out under the Project; (iii) the resettlement principles and entitlements of Project affected people based on different categories of impact; (iv) the procedures for valuation, compensation and other assistance provided to the affected people, including the grievance process; and (v) the responsibilities, procedures and requirements for the development and implementation of site specific Resettlement Action Plans.
20. “Sub-project” means a specific investment under Part 1. (a) of the Project, selected by the Inter-ministerial Committee, in accordance with Part D of Section I of Schedule 2 to this Agreement and the Project Operational Manual.
 21. “Sub-project Agreement” means an agreement executed between the MOC and a Beneficiary for the purposes of Part 1. (a) of the Project and referred to in Part D of Section I of Schedule 2 to this Agreement.
 22. “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

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

“Section 7.02. *Suspension by the Bank*

... (1) *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 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 definitions set forth in the Appendix are modified as follows, and the following new definitions are added in alphabetical order to the Appendix as follows:

- (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.”

- (b) The definition of the term “Variable Rate” is modified, in relevant part, to read as follows:

“(c) upon a Currency Conversion to an Approved Currency of an amount of the Withdrawn Loan Balance that accrues interest at a variable rate during the Conversion Period, the variable rate of interest applicable to such amount shall be equal to either: (i) the sum of: (A) LIBOR, or such other base rate as may be agreed by the Borrower and the Bank, for the Approved Currency; plus (B) the spread to LIBOR or to such other base rate, if any, payable by the Bank under the Currency Hedge Transaction relating to said Currency Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the interest rate component of the Screen Rate.”

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.”