



**The World Bank**

RUSSIA FOREST FIRE RESPONSE PROJECT (P123923)

REPORT NO.: RES36167

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RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
RUSSIA FOREST FIRE RESPONSE PROJECT  
APPROVED ON SEPTEMBER 20, 2012  
TO  
MINISTRY OF FINANCE

ENVIRONMENT & NATURAL RESOURCES

EUROPE AND CENTRAL ASIA

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**I. BASIC DATA**

**Product Information**

Project ID P123923	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 20-Sep-2012	Current Closing Date 31-Dec-2019

**Organizations**

Borrower Ministry of Finance	Responsible Agency Federal Forestry Agency, Ministry of Natural Resources and Environment
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**Project Development Objective (PDO)**

Original PDO

The objectives of the Project are to improve forest fire prevention and suppression in select forest ecosystems, including targeted protected areas, and to enhance forest management in pilot regions.

**Summary Status of Financing**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-81970	20-Sep-2012	08-Jul-2013	05-Dec-2013	31-Dec-2019	40.00	16.20	23.76

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No

**I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES**



The Project's Loan Agreement was signed on July 8, 2013 and the Project became effective on December 5, 2013. The Project has two components: Part A (Enhancing Forest Fire Prevention, Management and Control) implemented by the Federal Forest Agency (FFA) and Part B (Building Foresting and Protected Areas Management Capacity) implemented and the Ministry of Natural Resources and Environment (MNRE). As of March 21, 2019, disbursement is US\$ 16.2M, which is 41 percent. The project is rated Moderately Unsatisfactory on both the PDO and IP.

After a reasonable start in 2014 (US\$4.23M of the Loan had been disbursed, 41 percent of the original disbursement target for that stage), between February 2015 and March 2016, the implementation of Part A activities (implemented by the FFA) ceased. Under Part A approvals for TORs, specifications, tender documents, and some contract outputs stalled. By December 2015, there were outstanding contracts for approximately US\$22 M, of which US\$11 M were awarded but not signed. Designed to be implemented at a slower initial pace, the implementation of Part B activities (implemented by MNRE), started to accelerate in 2016.

To speed up implementation and meet the project development objectives, the Project was restructured on December 15, 2016. The scope of Part A (implemented by the FFA) was changed to include only the activities for which contracts were already signed and/or awarded. The scope and coverage of Part B (implemented by MNRE) were expanded to included activities in 25 Protected Areas (PA) from the initial 12 PAs. The Project Closing Date was extended to December 31, 2019 from January 31, 2018. The Loan amount of US\$40 M and the PDO remained unchanged.

Despite close monitoring of Project implementation during 2017 – 2018 since restructuring, the pace of implementation has not picked up. Disbursement of the Loan funds remained unchanged at 41 percent (US\$ 16.2 M out of US\$ 40 M) over a period of 24 months. None of the agreed actions, including 13 items specified in the June 2018 Aide Memoire has been completed. The Project has reached an almost complete standstill. Based on the analysis of the current procurement plan, and updated dates for the TORs and Technical Specifications, none of the consultancy and goods contracts can be completed by the Project Closing date.

Upon consideration, the Government of Russian Federation decided to close the Project, ahead of its closing date of December 31, 2019, due to the need to optimize federal budget expenditures and in light of persistent delays in implementation, and cancel any undisbursed funds. Through consultations with all relevant parties, agreement was reached to close the Project on March 31, 2019. The agreement was confirmed officially with a February 22, 2019 letter from the MOF.

The restructuring will entail two changes:

1. The Project closing date will be moved forward to March 31, 2019 from December 31, 2019.
2. A total of US\$23,756,379.30 will be cancelled.

## II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

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<b>Ln/Cr/Tf</b>	<b>Status</b>	<b>Original Closing</b>	<b>Revised Closing(s)</b>	<b>Proposed Closing</b>	<b>Proposed Deadline for Withdrawal Applications</b>
IBRD-81970	Effective	31-Jan-2018	31-Dec-2019	31-Mar-2019	31-Jul-2019

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