The Inspection Panel

Report and Recommendation

Peru: Lima Urban Transport Project
(IBRD Loan 7209-PE and GEF TF No. 052856)

December 15, 2009
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Report and Recommendation

On

Request for Inspection

Re: PERU: Lima Urban Transport Project
(IBRD Loan 7209-PE and GEF TF No. 052856)

A: BACKGROUND

1. On October 1, 2009, the Inspection Panel received a Request for Inspection (the “Request”) related to the Peru: Lima Urban Transport Project (the “Project”). The Project is partially financed by an IBRD loan of US$ 45 million and an Inter-American Development Bank loan of the same amount, and supported by a Global Environmental Facility (GEF) grant in the amount of US$ 7.93 million. The Request was submitted by residents of the Barranco District of Lima (the Requesters). The Requesters claim they are suffering harm as a result of the “deficiencies and omissions” of the World Bank in the Project design and implementation. They allege particularly that consultations were not carried out, that there are negative environmental impacts, that the environmental assessment (EA) was neither rigorously conducted nor approved by the competent authority and that the Project has caused irreparable harm to the historic district of Barranco.

2. The Panel registered the Request on October 14, 2009 and Management submitted its response on November 12, 2009 (the “Management Response”).

3. As provided in paragraph 19 of the 1993 Resolution establishing the Inspection Panel (the “1993 Resolution”), the purpose of this report is to determine the eligibility of the Request and make a recommendation to the Executive Directors as to whether the matters alleged in the Request should be investigated.

B: THE PROJECT

4. The Project is a bus rapid transit (BRT) system in metropolitan Lima under which 28.6km of segregated busways, 2 end terminals with workshops, 2 midway terminals, and 35 bus-stops along existing road corridors are being constructed. It is the first phase of an integrated mass rapid transport system in Lima, and is aimed at providing services from Lima's historic center to the northern and southern parts of the city.  

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5. The Project Appraisal Document states that the Project’s development objectives are to: (i) implement the new mass rapid transit system on the basis of a Public Private Partnership (PPP) with concessioned bus corridor/feeder routes operations and fare collection system; (ii) improve access within low income areas through facilitating the use of low cost transport alternatives, such as bicycles and walking; (iii) strengthen the local institutional capacity to regulate and manage the metropolitan transport system on a sustainable basis; and (iv) reduce the negative environmental impact of motorized transport in Lima. 4

6. According to the Loan Agreement, the Project aims to assist the Borrower “in enhancing the economic productivity and the quality of life in the Borrower’s municipal territory by improving mobility and accessibility for its population, especially in the peri-urban poor neighborhoods, through the establishment of an efficient, reliable, cleaner and safer mass transit system”. 5

7. These objectives are to be achieved through six components:

- **Component 1: Mobility and Environmental Improvements (US$ 37.94 million IBRD).** This component finances infrastructure works, road safety measures, and environmental benefits of the Project.

- **Component 2: Social Mobility and Community Participation (US$ 1.63 million IBRD).** This component includes consultation and communication activities, and mitigation efforts.

- **Component 3: Institutional Strengthening (US$ 1.5 million IBRD).** This component supports the entities responsible for developing a public transport policy, carrying out the physical works, and regulating the mass transit services.

- **Component 4: Studies and Construction Supervision (US$ 3.48 million IBRD).** This component finances supervision of physical works, the preparation of final engineering design to expand the busway network beyond the 28.6 kilometers funded by the project, and the social impact assessments.

- **Component 5: Program Administration (financed exclusively with counterpart funds).** This component finances operational expenses of the institutions administering and implementing the Project.

- **Component 6: Grade Separation of Plaza Grau (financed exclusively with counterpart funds).** This component finances the construction of Plaza Grau, a busy intersection and key node of the busways.

8. The linked GEF component of the Project focuses on reducing greenhouse emissions by retiring polluting buses and by encouraging the use of improved bicycling facilities.

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4 PAD, p. 3.
9. The total Project cost is US$ 141.88 million with IBRD and Inter-American Development Bank financing US$ of 45 million each, GEF providing a Grant of US$ 7.93 million, and the Metropolitan Municipality of Lima (MML) providing US$ 45.95 million. An additional US$80-100 million was to be raised from the private sector.  

10. The IBRD Loan was approved by the Board of Directors in June 2004 and became effective in December 2004. The Closing Date was originally scheduled for June 30, 2009 but was extended by one year to June 30, 2010.

11. Protransporte Metropolitan Institute of Lima (Instituto Metropolitano Protransporte de Lima, Protransporte), an entity established in 2002 under the jurisdiction of the MML, is responsible for Project implementation. A Project Implementation Unit within Protransporte is charged with day-to-day management and execution of the Project. The GEF component is managed by the National Environment Fund (Fondo Nacional Ambiental, FONAM).

12. The Project includes a bus corridor in Barranco, a coastal district located in the south-east of Lima between the relatively wealthier Miraflores District and the relatively low-income Chorillos district, where the bus route ends. Barranco was designated a historical district by the National Institute of Culture in 1972. The bus corridor runs through Barranco on Avenida Bolognesi, a former 4-lane avenue, and two of the avenue’s former lanes have been converted for the busway.

C. THE REQUEST

13. What follows is a summary of the Request for Inspection. The Request (in original Spanish and English language translation) is attached to this Report as Annex I.

14. The Request relates specifically to the bus corridor in Barranco district and not the Project as a whole. The Requesters, who as noted earlier all live in the Barranco district, claim that they are suffering harm as a result of the “deficiencies and omissions” of the World Bank in the Project design and implementation.

15. The Request gives examples of the most serious harm they believe was caused by the Bank’s omissions in following its own policies, including:

- **Traffic Conditions.** Construction of the busway severely affected traffic in the Barranco district as construction did not follow any traffic management or environmental management plans and residents were not kept informed about project-related developments. As a result, quality of life of the residents suffered due to traffic congestion and a higher risk of accidents;
- **Environmental Assessment.** The Environmental Impact Assessment was not approved by the competent authority, the Ministry of Transportation and Telecommunication (MTC), and work...
began without securing the necessary environmental certification. Moreover, there were no environmental management plans nor any plans to mitigate negative environmental impacts;

- **Consultations.** Consultations were not carried out in accordance with Peruvian legislation and district residents remain uninformed about the Project;

- **Impact on Historical District.** The residential character of the Barranco district, its socio-cultural dynamics, and the conservation of the historic area of the district have deteriorated as a result of the Project. The architectural heritage of the district has suffered “irreparable” harm;

- **Economic Activity.** The traditional social and economic exchange between the district of Barranco and Surco has been interrupted.

16. According to the Requesters, the harm that the residents of Barranco and the district itself are suffering is going to remain after construction works have terminated and the bus corridor becomes operational. They further state that the options proposed thus far by Project authorities to solve their concerns do not truly address the problems.

17. The Request includes a list of letters the Requesters addressed to national authorities and the World Bank to raise their concerns. They claim that their concerns about the negative impacts of the Project in the Barranco district were not taken into consideration. These negative impacts, they reiterate, were also not taken into account in the Environmental Assessment (EA).

18. The Requesters point out that the involvement of the World Bank and the Inter-American Development Bank led the MML to agree to organize a consultation to discuss these problems. The Requesters add, however, that this consultation had not yet taken place at the time of writing. Moreover, they state that responses, though received in a timely manner, highlight the future benefits of the Project without taking into consideration the existing negative impacts.

19. Based on the foregoing, the Requesters ask that the Inspection Panel conduct an investigation of the matters described in the Request for Inspection.

20. The above claims may constitute, *inter alia*, non-compliance by the Bank with various provisions of the following operational Policies and Procedures:

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<thead>
<tr>
<th>Policy/Procedure</th>
<th>Description</th>
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<td>Environmental Assessment</td>
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<td>OP/BP 13.05</td>
<td>Project Supervision</td>
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<tr>
<td>OMS 2.20</td>
<td>Project Appraisal</td>
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D. MANAGEMENT RESPONSE

21. What follows is a brief summary of the Management Response[^8], a complete copy of which is attached to this Report as Annex II.

22. **Context.** The Management Response begins by providing an overview of how traffic conditions in Lima have deteriorated as a result of an expanding population, emphasizing that

the city’s poorest residents residing on the periphery suffer the most because of the time and effort it takes to travel in this congested city. Management states that Lima has seen a 195% increase in vehicles since the 1990s with another 37% increase expected by the end of 2009. This increase, coupled with a “lightly regulated” system of public transport has led to “endemic” traffic congestion even though 82.5% of all trips are by public transport. Lima’s air quality, according to Management, is among the worst in Latin America.

23. Management believes Lima’s size and economic growth imperatives require a mass rapid transit system such as the Metropolitano, as the Project is known, which is patterned upon Bogota’s TransMilenio. The Metropolitano is the first line in the city’s Bus Rapid Transit (BRT) system and it will run north-south parallel to the coast for 28.6 kilometers. The buses, fueled by compressed natural gas (CNG), will operate along segregated busways and are expected to service 600,000 passengers on a typical weekday, including persons with disabilities, who will access them from 35 stations.

24. **Barranco district.** Management explains that the Metropolitano runs through Barranco on Av. Bolognesi which was a 4-lane avenue whose 2 southbound lanes have been taken over and retrofitted for BRT use. This has resulted in southbound vehicular traffic being “permanently re-routed through the west side of the District” while the 2 northbound lanes continue to be used by vehicles. The determination to avoid disruption to the northbound traffic was made based on the “relative importance” of the north and southbound traffic flow. Management explains that this alignment was chosen “because the avenue was already a major public transport corridor” and only two lanes were recommended for busways because of the narrowness of the corridor and the “desire to avoid expropriation and resettlement” in its historic area. Management believes that Barranco’s traffic problems are “in large part unrelated to the Metropolitano” and are due to the increase in vehicular traffic in general and the existence of commercial and high rise buildings in the district.

25. Management does acknowledge, however, that the construction phase of the Project “exacerbated traffic problems in Barranco”. In Management’s view, this was because of the rerouting of traffic away from Av. Bolognesi onto other streets, the decision by Protransporte to maintain the southbound rerouting as permanent, and the lack of synchronization of the traffic signals. However, Management believes traffic conditions in Barranco will improve once the Metropolitano becomes operational.

26. **Project Status.** Management states that “Project implementation is well advanced, but there are still a number of actions needed to complete the Project”, such as the construction of stations, availability of buses, fare collection and control center, operationalizing the scrapping program for old buses, development of a social mitigation program for bus operators displaced by the new system, and preparation of a mass communication plan informing Lima residents about the Metropolitano. The IBRD loan is 81.6% disbursed.

27. **Traffic Management.** Management accepts that OP 4.01’s (Environmental Assessment) requirements regarding mitigation of “residual adverse impacts has not been fully met”

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9 Management Response, Footnote 5, p. 4.
10 Management Response, p. 4.
because “some measures designed to mitigate temporary increases in congestion, such as installation of traffic signals, were poorly implemented”. Moreover, Management acknowledges that “informed consultation with concerned groups was not always implemented satisfactorily and as a result some groups lacked proper understanding of the Project scope”. However, Management believes it has met OP 4.01’s requirements relating to traffic management measures and assessment of alternatives. Management also agrees with Requesters that “the Project has partially contributed to traffic congestion in Barranco” and the fact that Project implementation has been slower than expected has not helped the situation. Management concludes by noting that though most of the “negative impacts caused by the Project are temporary” permanent negative impacts will not be known until the Project is fully operational.

28. **Environmental Assessment.** Management states that “requirements of the Bank’s Operational Policy on Environmental Assessment, OP 4.01, have not been fully met”. Management believes it has “met the requirements of OP 4.01 during preparation and appraisal” but “acknowledges that disclosure of relevant studies and plans did not always meet the policy’s requirements”. Management also states “institutional capacity for environmental and social management was insufficiently developed at the time of Project approval” and “the Bank team could have intervened more forcefully” to promote institutional strengthening. The Project was categorized as Category B for purposes of Environmental Assessment as studies revealed impacts to be localized and temporary.

29. Management believes the question of whether the environmental approval process complied with national law is a matter for the Peruvian legal system to decide if a case is formally submitted. It believes that the Bank met OP 4.01’s requirement that a Bank-financed project “take into account ... national legislation” (OP 4.01, paragraph 3) and notes that the Bank was aware, during appraisal, that the Peruvian legal framework for EIA approval was “unclear”. The Bank concluded, while “recognizing the ambiguity in national legislation”, that “Project preparation was sound and that local processes had been proper”. Management explains that the ambiguity was a result of the fact that, while the relevant Law 27446 was approved in April 2001, its corresponding regulations were not issued until September 2009, thus hampering the implementation of the Law. The legal ambiguity regarding who should approve EIAs and the subsequent corridor-specific Environment Management Plans (EMPs) continued during Project implementation and when construction began in 2007.

30. **Consultations.** Management agrees that “the Project has not met fully the requirements of policies and procedures related to consultations and grievance mechanisms”. It states that though efforts were made to “consult widely” on environmental analyses, “these were not always fully satisfactory in terms of prior information, disclosure, and follow-up engagement with concerned stakeholders”. Management does, however, state that local consultations on the Strategic Environmental Assessment (SEA) and draft EIA were held, focus groups were established, the draft EIA was posted online for comments for a two month period and the final

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13 Management Response, p. 11.
14 Management Response, p. 27.
EIA was posted online for one year. And though the Bank’s Infoshop disclosed the English language Executive Summary of the EIA prior to Project appraisal, Management feels it should also have disclosed the full EIA and SEA in Spanish at that time as “this disclosure would have provided Project stakeholders with additional sources of detailed information.” Management concludes by saying that “actions taken by the Bank since 2008 contributed to positive developments in communication and public outreach.”

31. Management believes the question of whether consultations were held according to national law is a matter for the Peruvian judicial system to decide if a case is brought before it.

32. **Impact on Historical District.** Management states that “the requirements of OP 4.11 on Physical Cultural Resources have been met” as the Project complies with local law and institutions and impacts on cultural resources and historical sites have been minimized. The National Institute of Culture (Instituto Nacional de Cultura, INC) has oversight of the Project and approval is being sought from it for the design of the bus station under construction in the Barranco district. Management also states that trust funds are being mobilized, independent of Project-related mitigation measures, to study the revitalization of historic areas of Lima.

33. **Project Appraisal.** Management believes it has “broadly met the requirements of the Bank’s Policy OMS 2.20 on Appraisal”. It elaborates by stating that while the project fully met conceptual, economic, financial, and commercial aspects of OMS 2.20 during preparation and appraisal, the Project “was not ready for implementation at the time of approval” since, for example, bidding documents consistent with the Bank’s procurement guidelines were not available and implementation and coordination capacity of Project agencies, especially in the environmental social management areas, “needed significant strengthening”. Management concludes by saying that the assumption that outstanding issues would be resolved during implementation was “overly optimistic.”

34. **Project Supervision.** Management is of the view that Project supervision has “partially met” the requirements of OP 13.05 (Project Supervision). Management observes that the Project is a “highly complex endeavor” and that Bank staff “made progressive efforts to meet the standards set by OP 13.05”. Though a 2006 Quality of Supervision Assessment rated supervision as “moderately satisfactory”, more recent Bank efforts, particularly in light of the problems raised, have been proactive and robust.

35. **Action Plan.** The Management Response presents an action plan with related timeline to follow up on issues raised by the Requesters. The Action Plan proposes a traffic management study to be concluded by June 2010, active supervision of the environmental and social impacts, an ex-post environmental audit, support for dialogue and consultation with the help of an expert Facilitator, continuation of technical advice to Protransporte to help the agency...
manage the issues raised in the Request and in the future, and finally supervision to ensure works in Barranco conclude satisfactorily.\textsuperscript{24}

E. ELIGIBILITY

36. The Panel must determine whether the Request satisfies the eligibility criteria for an Inspection, as set forth in the 1993 Resolution establishing the Panel and the 1999 Clarifications,\textsuperscript{25} and recommend whether the matters alleged in the Request should be investigated.

37. The Panel has reviewed the Request and the Management Response. A Panel team, comprising the Panel Chairperson Roberto Lenton, Executive Secretary Peter Lallas, and Senior Operations Officer Tatiana Tassoni visited Lima from December 07-09, 2009. During the visit, the Panel team met with signatories of the Request for Inspection and other Project affected people who reside in the district of Barranco, and with representatives of civil society organizations and experts in urban planning and architecture interested in the issues raised in the Request. The Panel also met with national and local Authorities; with officials of Protransporte; with Bank staff in the Lima Country Office, and with representatives of the Inter-American Development Bank, co-financier of the Project. The Panel visited the District of Barranco where the Requesters live, walked along the bus corridor in Barranco, Avenida Bolognesi, and visited areas in Barranco that the Requesters feel are suffering and will suffer adverse impacts as a result of the Project.

38. The Panel wishes to express its appreciation to the Requesters and other residents of Barranco, to officials of the Ministry of Economy and Finance of the Government of Peru, to the Metropolitan Municipality of Lima and the Municipality of Barranco, and to officials of Protransporte and the National Environment Fund for sharing their views and exchanging information and insights with the Panel. The Panel also wishes to thank the World Bank Country Office in Lima for providing relevant information and assisting with logistical arrangements, and the World Bank Project Team in Washington, DC for briefing the Panel team on relevant aspects of the Project.

39. The Panel is satisfied that the Request meets all of the eligibility criteria provided in the 1993 Resolution and Paragraph 9 of the 1999 Clarifications.

40. During the visit, the Panel confirmed that the Requesters are legitimate parties under the Resolution to submit a Request for Inspection to the Inspection Panel. They are residents of Barranco district of Lima, Peru, have common interests and concerns, and reside in the Borrower’s territory. This meets the requirements of Paragraph 9(a).

41. The Panel notes that facts stated in the Request “assert in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect upon the requesters” as required by Paragraph 9(b).

\textsuperscript{24} Management Response, p. 21-22.
\textsuperscript{25} Conclusions of the Board’s Second Review of the Inspection Panel (the “1999 Clarifications”), April 1999.
42. The Requesters assert that they feel harmed by the Project as they have experienced its “negative consequences” and “worst damages” caused by the Project, as designed and as executed, in the district of Barranco. The Requesters cite traffic congestion, deteriorating living conditions, increasing risk of traffic accidents, loss of access to residences and businesses, economic harm to businesses along the bus corridor, changes to the residential and cultural character of the neighborhood, negative impacts on the historic architectural heritage of Barranco, and changes in the socio-economic and socio-cultural relationships between the Barranco and Surco districts. They believe that these impacts will be of a near and longer-term nature. According to the Requesters, the harm they suffer is the result of a failure of the Bank to comply, among others, with its policies on Environmental Assessment, Cultural Resources and Project Supervision.

43. The 1999 Clarification further provides that the Panel shall satisfy itself that the Request “does assert that the subject matter has been brought to Management’s attention and that, in the requester’s view, Management has failed to respond adequately demonstrating that it has followed or is taking steps to follow the Bank’s policies and procedures” as set forth in Paragraph 9(c). The Panel confirmed that, as acknowledged in the Management Response, the World Bank was aware of the concerns of the people living in the Barranco district before the submission of the Request for Inspection. The Requesters corresponded with Bank Management and met with Bank staff on several occasions prior to the submission of the Request for Inspection. The Panel is satisfied that the Requesters brought the Request’s subject matter to Management’s attention, and that the Requesters consider that Management has failed to respond adequately.

44. The Panel notes that the subject matter of the Request is not related to procurement, as required by Paragraph 9(d).

45. As stated earlier, the Loan was approved by the IBRD Board of Executive Directors in June 2004 and the expected closing date is June 30, 2010. As of October 14, 2009 when the Panel registered the Request, US$ 36.7 million, or 81.6%, of the Loan had been disbursed. Hence, the Request satisfies the requirement in paragraph 9(e) that the related loan is neither closed nor substantially disbursed.26

46. Additionally, the Panel has not previously made a recommendation on the subject matter of the Request, thereby satisfying paragraph 9(f).

F. OBSERVATIONS

47. The Panel notes the key importance of the Urban Transport Project for the city of Lima. During its visit, the Panel witnessed the high traffic volume in the city and the long commuting times between various locations, and observed that all parties involved, including the Requesters, underscored the urgent need to improve transport conditions in Lima and the importance of the Bus Rapid Transit system (BRT) for the city. The Panel also notes that the Request for

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26 According to the 1993 Resolution, “[t]his will be deemed to be the case when at least ninety five percent of the loan proceeds have been disbursed.” Footnote to 14(c).
Inspection relates only to one segment of the Project – the bus corridor in the district of Barranco – and not the Project as a whole.

48. During its eligibility visit, the Panel team visited the district of Barranco and areas that the Requesters believe will suffer negative impacts as a result of the Project. The Panel team walked along the entire section of Avenida Bolognesi which is the BRT corridor in the district of Barranco, and visited the historical center of the district, which, in the Requesters’ opinion, is suffering and will continue to suffer harm from the Project as designed and implemented. During the walk along Avenida Bolognesi, the Panel team also had the opportunity to speak at random with residents, business owners and school teachers of Barranco, who raised complaints about perceived negative impacts of the Project.

49. The Requesters reside in both the eastern and western side of the Avenida Bolognesi. They and other affected people raised issues related both to the design and implementation of the Project, and expressed concerns about what they believe will be not only temporary, but adverse longer-term impacts that will remain after the BRT becomes operational. As illustrated by the examples below, these concerns center on the potential socio-economic and cultural impacts of the Project on the urban environment of Barranco.

50. In this regard, the Panel was informed that a significant part of Barranco is an historical district and was declared “zona monumental” (historical zone), an area with special architectural value. The Requesters state that an adequate analysis of alternatives, one that would consider various options for the bus corridor in Barranco and would take into consideration the historical and cultural value of the district, was not carried out during Project preparation. They add that no Project study analyzed the particular cultural features of Barranco, which differentiate it from other districts of Lima where the Project has also been implemented, and that the environmental assessment prepared under the Project was too general and did not contain an analysis of long-term impacts of the Project specific for Barranco. Moreover, they state, no consultation took place with the residents of the District during the preparation of the EA and little or no information was offered to them about the Project. Problems relating to lack of access to information, the Requesters indicated, continue to this day.

51. More specifically the Requesters raised concerns about the rerouting of traffic from Avenida Bolognesi to the historical center of Barranco, which in their view has dramatically increased traffic through the historical center of the district, thus contributing to the degradation and pollution of the cultural and architectural patrimony of Barranco. The Requesters also showed the Panel some Project structures adversely affecting historical properties. According to the Requesters, Project studies failed adequately to consider these issues and impacts on the Barranco District and, as a consequence, the Project will result in degrading permanently the district’s historical center and thwart its tourism-derived economic possibilities.

52. During the Panel team’s visit to the site, the Requesters described how, in their view, the lack of an adequate environmental and socio-economic analysis of the Project contributed to several negative socio-economic impacts in Barranco. They stated that the Metropolitano will practically act as a “wall” between the east and the west sides of the District, making pedestrian crossing between the two sides difficult and dangerous and limiting communication and access to basic services. In their view, this would be particularly harmful for lower income residents of the eastern side. Other social and economic concerns the Requesters raised included the
removal of a pedestrian bridge on Avenida Bolognesi, which was used by students of various schools, including a school for special needs children; sidewalks along Avenida Bolognesi which are narrow, without access ramps and in many instances blocked by project-constructed columns or trees; loss of access to properties by a number of residents along Avenida Bolognesi; loss of clientele by some businesses; and difficulties in accessing the adjacent Surco district, which has close socio-economic relations with Barranco, because of changes in traffic patterns.

53. The Requesters noted that, following complaints to the implementing agency, some problems have been mitigated. However, they claim that these measures are the result of improvisation rather than proper planning, and are so far insufficient to address what they believe will be harms due to the present design and implementation of the Project as it relates to Barranco District. They also believe these harms will remain even after the construction phase has been completed and the BRT becomes operational.

54. In its Response, Management has acknowledged certain instances of non-compliance with Bank policies, and included proposed actions to deal with issues raised in the Request. These actions provide for: 1) financing a traffic management study dealing with, among other things, management of road closures and detours, synchronization of traffic signals and enhanced safety concerns; 2) continuing active supervision by experienced Bank staff of environmental and social aspects of the Project; 3) supporting “dialogue and consultation in Barranco between Protransporte, stakeholders and authorities of Barranco by (a) hiring an expert on facilitation, conflict resolution and mediation; (b) setting up the operation of the roundtable agreed upon in June 2009; (c) establishing an improved, formalized system of mediation and grievance redress in the Project;” and 4) monitoring the final works in Barranco to ensure that they are concluded satisfactorily. Management has informed the Panel that it is seeking additional resources to implement these actions.

55. The Panel was informed that the facilitator referred to in the Management response has been contracted and a Mesa de Diálogo (Roundtable) has been established to ensure communication among all parties involved and build a dialogue aimed at solving the issues raised by the Requesters. The Requesters have participated in these meetings and view this development positively. They raised concerns with the Panel, however, about the openness and willingness of some of the participants to exchange information about the Project, and to consider some of the proposals developed by community members to address the various concerns noted above.

56. The Panel appreciates the steps proposed by Management to address the Requesters’ issues. Moreover, in its meeting with the representative of the Metropolitan Municipality of Lima and Protransporte, the Panel learned of some ongoing initiatives to address issues of concern that are to be discussed in the Mesa de Diálogo. In particular, the Panel was informed that two working groups within the Mesa are being formed to evaluate, among other things, short-term and medium/long term options proposed by the residents of Barranco to deal with the increased traffic and other impacts of the Project as implemented.

57. The Panel notes the importance of these efforts to address concerns expressed in the Request for Inspection. However, the range, seriousness, and long-term nature of the issues of harm that the Requesters have raised, aspects of which the Panel observed, as well as the issues of compliance with policies and procedures, may not be adequately covered by these actions.
G. RECOMMENDATION

58. The Requesters and the Request meet the eligibility criteria set forth in the Resolution that established the Inspection Panel and the 1999 Clarification.

59. The Panel notes that there are conflicting assertions and differing views on issues of harm and compliance with policies and procedures raised in the Request for Inspection, as evidenced by the various statements made in the Request, in the Management Response, and in the Panel’s meetings with affected people and with Bank staff. In order to ascertain compliance or lack thereof with Bank policies and procedures in the design and implementation of the Project, the Panel must conduct an appropriate review of all relevant facts and applicable policies and procedures. This can be done only in the course of an investigation.

60. In light of the observations noted above, the Panel recommends that an investigation be carried out on the issues raised by the Request.

61. The Panel notes that the investigation would focus on the issues raised by the Request as they relate specifically to the district of Barranco, including in particular the potential longer-term impacts of the Project and the adequacy of related mitigation measures.

62. The Panel also notes the importance of the steps proposed by Management to address a number of issues raised by the Requesters, and of continuing to pursue these and other additional possible solutions, especially as Project implementation is well advanced. The Panel’s investigation will include reporting on positive steps and actions taken by Management before and during the course of the investigation to address the issues of compliance and the concerns raised by the Requesters.