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**MANAGEMENT REPORT AND RECOMMENDATION**  
**IN RESPONSE TO THE**  
**INSPECTION PANEL INVESTIGATION REPORT**

**PERU**  
**LIMA URBAN TRANSPORT PROJECT**  
**(LOAN NO. 7209-PE)**

**February 23, 2011**



**MANAGEMENT REPORT AND RECOMMENDATION  
IN RESPONSE TO  
THE INSPECTION PANEL INVESTIGATION REPORT NO. 58832-PE  
  
PERU  
LIMA URBAN TRANSPORT PROJECT  
(LOAN NO. 7209-PE)**

Pursuant to paragraph 23 of the Resolution Establishing the Inspection Panel (IBRD Resolution 93-10 and IDA Resolution 93-6), attached for consideration by Executive Directors is Management's Report and Recommendation in response to the findings set out in the Investigation Report No. 58832-PE dated January 18, 2011, of the Inspection Panel on the captioned Project (Lima Urban Transport Project, Loan No. 7209-PE).



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LIMA URBAN TRANSPORT PROJECT  
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## ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
BRT	Bus Rapid Transit
EA	Environmental Assessment
EIA	Environmental Impact Assessment
GEF	Global Environment Facility
GTU	Directorate of Urban Transportation, Municipality of Lima ( <i>Gerencia de Transporte Urbano</i> )
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDB	Inter-American Development Bank
INC	National Institute of Culture ( <i>Instituto Nacional de Cultura</i> ), now under the auspices of the Ministry of Culture
ISR	Implementation Status Report
<i>Metropolitano</i>	BRT project implemented by <i>Protransporte</i> with World Bank and IDB financing
MML	Municipality of Metropolitan Lima ( <i>Municipalidad de Lima Metropolitana</i> )
OMS	Operational Manual Statement
OP	Operational Policy
OPN	Operational Policy Note
PAD	Project Appraisal Document
PDO	Project Development Objective
PPP	Public-Private Partnership
<i>Protransporte</i>	An urban transport authority of MML ( <i>Instituto Metropolitano Protransporte de Lima</i> )
SEA	Strategic Environmental Assessment
TMS	Traffic Management Study
TOR	Terms of Reference
ZRE	Special Regulation Zone ( <i>Zona de Regulación Especial</i> )

## EXECUTIVE SUMMARY

On January 18, 2011, the Inspection Panel submitted its report on its investigation of the Lima Urban Transport Project (P035740, the “Project”), financed by the International Bank for Reconstruction and Development (IBRD). The Request for Inspection was submitted by residents of the District of Barranco (the “Requesters”) within the Municipality of Metropolitan Lima (MML).

### ***Background***

The Project, known as the “*Metropolitano*,” aims to increase the availability of public transportation in the Municipality of Lima to serve the mobility needs of its residents, particularly the poor, and thereby enhance their economic productivity and quality of life. Specifically, the Project components include constructing a high-performance bus rapid transit system (BRT) with modern articulated buses fueled by compressed natural gas, controlled by a global positioning system, using an automated fare collection system, and operating on segregated traffic lanes with dedicated stations and terminals. The Project is of major importance to the Government of Peru and Lima’s municipal authorities.

Traffic conditions in Lima have significantly worsened in recent years due to the rapid increase in the number of personal vehicles and the proliferation of small privately operated buses. Prior to construction of the *Metropolitano*, Lima was the largest city in Latin America without a metro or BRT and the largest world-wide without mass transit, resulting in some of the worst traffic congestion and air quality in Latin America. *Protransporte*, an urban transport authority of the MML, is implementing the Project.

The Requesters raised concerns that the Project had: (i) significantly worsened traffic conditions in Barranco; (ii) caused negative environmental and social impacts that had not been adequately mitigated; (iii) failed to inform and consult the affected communities appropriately; (iv) caused irreparable harm to Barranco’s designated buildings and areas of historic value; and (v) been poorly prepared and inadequately supervised. Despite these concerns, the Requesters stated at the time of their Request that they did not oppose the Project itself. Management understands, however, that in the Bank’s most recent consultations with the Requesters (February 2011), the Requesters expressed their wish that the core elements of the *Metropolitano*, i.e., the dedicated busway and stations, be removed from Barranco altogether.

### ***Findings of the Panel***

The Panel found that the Project had been correctly categorized as “B” and that the environmental studies on issues directly affecting BRT construction and operation had complied with OP 4.01, Environmental Assessment. Project supervision, information dissemination, and consultations with the affected communities had been strengthened in early 2009, as the construction phase ended, operations began, and the communities

started to voice their concerns in a more organized fashion. These strengthened activities complied with OP 13.05, Supervision, and OP 4.01.

The Panel also found that the initial Environmental Assessment (EA) studies did not comply with policy with respect to identification, analysis, and mitigation of impacts beyond the corridor itself, e.g., changes in pedestrian and vehicular traffic flows and their economic and cultural impacts in Barranco. The Panel felt that a 2005 Traffic Management Study (TMS) could have analyzed these matters, but did not and that this lack of analysis did not comply with OPN 11.03, Management of Cultural Property, the then applicable policy. While commending Management for bringing supervision and Project performance into compliance with Bank policy from 2009 onward, the Panel found that during the earlier critical phase of Project preparation and most of the construction phase, dissemination of information, consultations with residents of Barranco, and the quality of supervision had not complied with OP 13.05 and OP 4.01.

The Panel concluded that the changes in traffic in Barranco resulting from the Project and the general disruption caused by the BRT-related construction work had caused deterioration in the quality of life of many residents in the District and posed a threat to its historic character. The Panel recognized, however, that these alleged harms, which it felt were significant, could not be attributed solely to the Project. One of the reasons for this important finding was that substantial increases in traffic volume had already been occurring throughout Lima, including Barranco. Moreover, the latter had already been experiencing an increase in residential and commercial construction that was effecting a marked transformation of the District from a predominately residential area into a magnet for recreation and entertainment seekers. Finally, the Panel recognized that some of the Requesters' complaints might recede and some of the harms might be reversed once the *Metropolitano* becomes fully operational.

### ***Management's Response and Recommendations***

Management appreciates the Panel's clear exposition of its findings and its concurrence with the Project's importance and complexity and, thus, the value of the Bank's engagement. Management acknowledges the Panel's findings of non-compliance and welcomes the Panel's finding that Management's actions since early 2009 have brought Project supervision, dissemination of information, and consultations with the Requesters and other affected persons into compliance with policy. Management also concurs with the Panel's conclusion that the alleged harms it found cannot be attributed solely to the Project.

The focus of Management's Action Plan, which reinforces the Plan contained in Management's November 2009 Response to the Request, continues to be on further strengthening the Project's development outcomes through compliance with Bank policies. In implementing the 2009 Plan, the Task Team has supported *Protransporte's* dialogue and consultations with residents of Barranco and other stakeholders. It is advising *Protransporte* on how to strengthen its consultative practices and its processes to receive and address residents' grievances regarding the Project. This should help



*Protransporte* manage issues that may arise in the future. Management is continuing its close supervision of the environmental, cultural heritage, and social aspects of Project implementation, including the final works in Barranco, to ensure that they are completed satisfactorily and in line with designs approved by the National Institute of Culture (INC).

In addition, Management has financed a new TMS. This study, expected to be completed by October 2011, is explicitly analyzing changes in traffic patterns and volumes in Barranco and how to mitigate their adverse impacts so as to preserve the District's cultural value. Following through on Management's 2009 Action Plan, the Task Team facilitated consultations on the study's preliminary findings in December 2010 and will continue to engage with *Protransporte* to support its community consultations before the authority implements measures to improve traffic conditions. *Protransporte*, which has demonstrated its commitment to adopting an improved traffic management plan, has stated that it wishes to consider, among other technical inputs, the final 2011 TMS report and the results of the public consultations before making decisions on specific improvement measures to implement. Finally, responding to interest expressed by the Municipality of Barranco, Management intends to advise it on how to incorporate in the District's Participatory Development Plan 2011-2021 an analysis of Barranco's historical buildings and monumental areas and measures to preserve them in the service of long-term dynamic social and economic development in Barranco. Management's actions will be ongoing through October 2011.

A key challenge that the Bank, the municipalities, and the implementing agencies have faced in this Project is one that arises in all urban infrastructure projects. This is the need to formulate and implement designs that maximize positive developmental impacts (such as, in the case of this Project, access to mobility for the poorest) while reconciling the inevitable competing interests that exist within the community and minimizing localized disruptions (such as, in this Project, inconvenience to car drivers and residents in some areas of the community). The requirement to do so in a consultative and environmentally, socially, and culturally sensitive manner in order to achieve sustainable outcomes is appropriate but adds greatly to the challenge. Management believes that the Action Plan outlined above and further detailed in Section V will effectively address this challenge.



## I. INTRODUCTION

1. On October 14, 2009, the Inspection Panel registered a Request for Inspection, IPN Request RQ09/09, concerning the Lima Urban Transport Project (P035740, the “Project”), financed by the International Bank for Reconstruction and Development (IBRD, the “Bank”). The Request for Inspection was submitted by residents of the District of Barranco (the “District”) within the Municipality of Metropolitan Lima (MML).
2. The Executive Directors and the President of IBRD were notified by the Panel of receipt of the Request. Management responded to the claims in the Request on November 13, 2009. In its subsequent Report to the Board, the Panel found the Request eligible and recommended that the Executive Directors authorize an investigation. They did so on December 16, 2009.
3. On January 18, 2011, the Panel issued its report outlining the findings of its investigation. Management appreciates the Panel’s clear and thorough presentation of its findings. This Management response to the Panel’s findings is organized as follows: Section II provides an overview of the Project and its context; Section III summarizes the Panel’s findings; Section IV discusses special issues; Section V presents Management’s Action Plan to address the Panel’s findings; and Section VI concludes the Report. The Panel’s findings, along with Management’s responses, are set forth in greater detail in Annex 1.

## II. THE PROJECT

### Context

4. Transport conditions in Lima have worsened significantly in recent years. Government statistics suggest that in the 1990s, the car fleet increased by 195 percent to approximately 402,000 and by another 37 percent between 2000 and 2009 to approximately 784,000.<sup>1</sup> Congestion is endemic, even though 82.5 percent of all trips are by public transportation. At Project inception, public transportation consisted of a few standard buses and thousands of smaller privately operated and poorly regulated units of varying types and with an average age of close to 18 years. As a result, despite Lima’s privileged location by the coast its air quality is one of the worst in Latin America.
5. Lima’s size and overall characteristics make an efficient mass rapid transit system an indispensable part of the response to these rapidly worsening conditions. Until the *Metropolitano* system started operations on May 1, 2010, Lima was the largest

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<sup>1</sup> Source: *Gerencia de Transporte Urbano, Municipalidad de Lima Metropolitana* (Directorate of Urban Transportation, Municipality of Metropolitan Lima).

metropolis in Latin America without either a metro or a bus rapid transit (BRT), and one of the largest world-wide without any mass transit.<sup>2</sup>

## The Project

6. The Project was approved by the Bank's Board of Directors in December 2003 and became effective one year later. The Project Development Objective (PDO) is to assist the MML to enhance economic productivity and quality of life within the Lima Metropolitan Area by establishing an efficient, reliable, cleaner and safer mass rapid transit system to improve mobility and accessibility for the metropolitan population, especially in the poor peri-urban neighborhoods. The specific PDOs, as reported in the Project Appraisal Document (PAD), are to:

- Implement a new mass rapid transit system, the *Metropolitano*, on the basis of a Public Private Partnership;
- Improve access within low income areas by facilitating the use of low cost transport alternatives, such as bicycles and walking;
- Strengthen the local institutional capacity to regulate and manage the metropolitan transport system on a sustainable basis; and
- Reduce the negative environmental impact of motorized transport in Lima.

7. The Project financed the first line of an integrated mass rapid transit system that uses BRT technology. This line has a trunk of 28.6 km, from the Independencia District in the north of Lima to the Chorrillos District in the south, to which feeder lines connect. The buses operate in segregated traffic lanes (*Corredor Segregado de Alta Capacidad*). The line has 35 stations and 2 transfer terminals, where passengers change from feeder buses to the trunk line. The trunk line is already carrying approximately 300,000 passengers daily and ridership is expected to rise to at least 600,000 passengers on a typical weekday once the system becomes fully operational. This will make it one of the most heavily used in the world. The buses are the modern articulated type, run on compressed natural gas, use an automated fare collection system, and are controlled by a global positioning system.

## Project Components

8. The Project was jointly prepared with and supervised by the Inter-American Development Bank (IDB) and grant support was also provided by the Global Environment Facility (GEF). The IBRD-supported Project comprises six components: *Component 1: Mobility and Environmental Improvements* (US\$ 99.92 million total; US\$ 37.94 million IBRD, US\$ 37.94 million IDB, and US\$ 24.04 million MML); *Component 2: Social Mitigation and Community Participation* (US\$ 5.75 million total;

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<sup>2</sup> In the late 1980s the Government of Peru initiated the construction of a heavy rail line (*Tren Eléctrico*), but this project was not completed. Currently, the Government is completing the first line and planning to start operations by June 2011.

US\$ 1.63 million IBRD, US\$ 1.63 million IDB, and US\$ 2.49 million MML); *Component 3: Institutional Strengthening* (US\$ 3.67 million total; US\$ 1.5 million IBRD, US\$ 1.5 million IDB, and US\$ 0.7 million MML); *Component 4: Studies and Construction Supervision* (US\$ 8.58 million total; US\$ 3.48 million IBRD, US\$ 3.48 million IDB, and US\$ 1.62 million MML); *Component 5: Program Administration* (US\$ 5.58 million, all counterpart funding) and *Component 6: Grade Separation of Plaza Grau* (US\$ 10 million, all counterpart funding).

9. In addition, a parallel GEF grant for US\$ 7.93 million supported the reduction of greenhouse gas emissions by promoting the retirement of obsolete and polluting buses and improving bike facilities.

### **Project Financing**

10. The Project had an overall estimated cost of US\$ 142.33 million. It was financed as follows: US\$ 44.4 million from MML; US\$ 45 million each in loans from IBRD and IDB; and the US\$ 7.93 million grant from GEF.

11. In addition, the private sector invested a total of approximately US\$ 200 million to purchase the new articulated buses; build the terminals, maintenance workshops and depots; and buy back and scrap the old polluting buses.

### **Executing Agencies**

12. *Protransporte*, established in 2002 under the jurisdiction of the MML, is the executing agency, has managed the IBRD and IDB loan proceeds, and now also oversees the Project's operations. The National Environmental Fund (*Fondo Nacional de Ambiente*) received the GEF grant and oversaw execution of that aspect of the Project.

### **Project Status**

13. The Implementation Status and Results Report (ISR) ratings for both PDO and overall Implementation Progress are satisfactory and, given the outcomes already achieved, the development objectives are expected to be met.

14. The *Metropolitano* system started operations with passengers on May 1, 2010, on a 10 km stretch. Following international best practice, operations on the entire trunk line and feeder routes are being gradually phased in. As this process has continued, the Municipality of Lima has eliminated the old bus routes that unnecessarily duplicated the expanding service provided by the *Metropolitano*. The transition has been taking place smoothly, due to negotiated, signed agreements between the Directorate of Urban Transportation (*Gerencia de Transporte Urbano*, GTU) and operators of the old bus routes. These agreements provided, *inter alia*, for relocation of the operators to underserved areas of Lima. Currently, the *Metropolitano* is transporting 300,000 passengers per day. Once all the feeder routes are operating, demand forecasts estimate that over 600,000 passengers will use the line on a typical workday, making the system one of the most heavily used in the world. As illustrated in the box below, Project benefits have already accrued and are being evaluated. These include: savings in travel time,

particularly for the low income population, reduced air pollution and greenhouse gas emissions, lower noise levels, improved vehicular and pedestrian safety, and an enhanced sense of security. Preliminary observations suggest that the Project is well on its way to achieving the key performance indicators outlined in the PAD. Finally, the program of removing from the streets of Lima and scrapping old buses is proceeding in line with expectations.

15. As of February 7, 2011, the Loan is 96.8 percent disbursed. The Closing Date was originally June 30, 2009, but is now April 30, 2011. Management intends to continue its Project supervision and its dialogue with MML, *Protransporte*, and the residents of Barranco through October 2011.

**The *Metropolitano*  
Illustrative Preliminary Outcomes**

*Rider Satisfaction:* According to a user survey, 83 percent of riders rate the service as good or very good. Before the *Metropolitano* started operations, only 13 percent of users rated public transportation service as good or very good.

*Travel Time Savings:* Based on origin/destination data, *Protransporte* reports that users are benefiting from reductions in travel times ranging from 25 percent to 50 percent.

*Traffic and Pedestrian Safety:* Before *Metropolitano*, there were on average 26 fatal or serious accidents per month along the main corridor. In the nine months since *Metropolitano* commenced operations, there has been only one fatality and only three accidents resulting in injury.

*Distributional Impact:* At least 50 percent of the users of *Metropolitano* come from low income areas.

**The Situation in Barranco**

16. The District of Barranco, a relatively small geographic area, lies adjacent to the ocean in the southern part of the city of Lima between the Districts of Miraflores (relatively wealthy) and Chorrillos (relatively low income). Starting in 1972, the then National Institute of Culture (*Instituto Nacional de Cultura*, INC, which is now under the auspices of the Ministry of Culture) gradually designated almost 200 colonial and republican-era buildings and six areas of historic value in Barranco as “designated monuments” and “monumental urban landscapes,” respectively, all of which are within a Zone of Special Regulation (*Zona de Regulación Especial*, ZRE). Despite this designation, due to pressures from developers and other economic forces, some of the historic buildings, especially on the west side close to the coast, have been replaced by

high-rises, and this trend is likely to continue. The west side also has many bars and restaurants that attract significant numbers of visitors traveling mostly by car. The east side of Barranco is mainly residential and not as wealthy as the west side. Its population largely depends on public transportation, in contrast to the residents of the west side, who rely primarily on cars. Barranco, as with all districts in Lima, has its own elected authorities: a mayor and a city council. MML has authority over metropolitan issues, such as mass transit, in Barranco, as it does in its other constituent districts.

### Status of Management's Action Plan of November 2009

17. As part of its response to the Request for Inspection of the Project in November 2009, Management submitted an Action Plan to address the Requesters' main issues. The following table summarizes the status of this Action Plan.

ACTIONS	STATUS
<b>Traffic Management</b>	
Finance through trust funds a traffic management study encompassing such aspects as the management of road closures and detours, the synchronization of traffic signals, and the operation of intersections in order to improve traffic flow and enhance road safety in various districts of Lima, including Barranco. The results of this study will be coordinated with the implementation of the traffic signal system of the <i>Metropolitano</i> .	Management hired a consulting firm through international competitive bidding to carry out the study. The firm has submitted a draft report for Barranco. The report analyses alternatives for addressing traffic management problems, including one submitted by representatives of the community. In accordance with this Action Plan, the Task Team led a consultation on the draft report in Barranco on December 5, 2010, to gather feedback from the Requesters and other stakeholders. In early January 2011, the additional information that the community had requested was posted on the website of the Bank's local office. Management will reflect feedback from the Municipality, community, and <i>Protransporte</i> in the analysis of the draft report that it is preparing. It is expected that the consulting firm will also reflect these inputs in its final report, which should be completed by October 2011. <i>Protransporte</i> is committed to adopting an improved traffic management plan. Management understands that <i>Protransporte</i> will base its decisions in that regard on a comprehensive review of the consulting firm's final report, the results of public consultations thereon, the recommendations of the 2005 Traffic Management Study (TMS), and the review of the micro-design of intersections along the Project alignment that it is undertaking.
<b>Environmental Management</b>	
Continue the active supervision of environmental and social aspects of the Project in order to ensure that communication between the MML and the local residents improves, with the	Since Management's response to the Request, there have been 6 supervision missions. Missions have included staff and consultants with specialized expertise in social, cultural heritage, and environmental aspects. <i>Protransporte's</i> communications with the community

ACTIONS	STATUS
continued support of experienced Bank staff.	have improved, as solutions to conflicts regarding Project design in Independencia and La Unificada north of downtown Lima illustrate. Intensive supervision is ongoing.
Bank follow-up on <i>ex post</i> environmental audit at completion of works.	Management has provided draft terms of reference (TOR) to <i>Protransporte</i> . The latter has indicated that it will finalize the TOR, obtain the clearance of the Ministry of Housing, Construction, and Sanitation and begin the bidding process soon after the works have been completed. This is expected by October 2011.
Consultation and Communications Strategy	
<p>Support dialogue and consultation in Barranco, between <i>Protransporte</i>, stakeholders and authorities of Barranco by:</p> <p>(a) Hiring an expert on facilitation, conflict resolution and mediation.</p> <p>(b) Setting up the operation of the roundtable agreed upon in June 2009.</p> <p>(c) Establishing an improved, formalized system of mediation and grievance redress in the Project.</p>	<p>(a) Management hired a facilitator in October 2009.</p> <p>(b) The roundtable, or <i>Mesa de Diálogo</i>, was established with the facilitator's help. Dialogue broke down on January 30, 2010, as progress seemed unlikely due to wide and strongly held divergence of perspectives and interests among the participants. With the new municipal administrations of Lima and Barranco in place, there is a renewed commitment to participatory consultations, which <i>Protransporte</i> will lead. Management has offered its support, should <i>Protransporte</i> find it helpful.</p> <p>(c) <i>Protransporte</i> has established a well-functioning grievance and redress mechanism for the operational phase of the <i>Metropolitano</i>. Examples of how the mechanism is functioning effectively include, in Barranco, repair of damages to streets caused by the works and relocation of Project related elements. In the areas to the north of downtown Lima known as La Unificada and Independencia, <i>Protransporte</i> responded to residents' complaints by making changes in Project design, including new traffic patterns for cars and pedestrians, even after construction had been completed. The mechanism enables users to register complaints at any of the 35 stations of the <i>Metropolitano</i>, on <i>Protransporte</i>'s website, or via a hotline advertised in each station and in all buses. In addition, the municipal administrations in Lima and Barranco channel to <i>Protransporte</i> any complaints that they receive directly. <i>Protransporte</i> has a unit that prioritizes, analyzes, and responds to the complaints. In addition, <i>Protransporte</i> has partnered with civil society organizations to gather feedback and receive complaints.</p>
Continue technical advice to	<i>Protransporte</i> 's communications with the community



ACTIONS	STATUS
<i>Protransporte</i> in the area of communications and ensure proper oversight, support, and quality of local consultations, including record keeping, with the objective of helping the agency manage the issues that could develop in the future with other stakeholder groups, such as existing bus operators.	have improved, as indicated above, as have its processes for consultations and managing concerns of stakeholder groups. During the most recent supervision mission, flower vendors in Barranco expressed their satisfaction with the way in which <i>Protransporte</i> had listened to and acted upon their views on relocation of the flower market. The phase-out of the old bus routes as the <i>Metropolitano</i> has started operations has been progressing smoothly without strikes or protests by the operators, thanks in part to negotiated agreements between the operators and <i>Protransporte</i> – another indication of improved communications and consultations. Solutions to conflicts regarding Project design in Independencia and La Unificada, north of downtown Lima, also illustrate the improved consultations and communications.
<b>Supervision</b>	
Monitor final works in Barranco in order to ensure that they are concluded satisfactorily and that stations are constructed per designs approved by the INC.	Management has verified that INC approved the route alignment and design of stations, including the station in Barranco, which has a unique design, to minimize disruption of the historic area. Management has also verified that the works are being completed in line with INC's clearances, procedures and regulations. Intensive supervision of the progress on works and of the other actions described above will continue through October 2011.

### III. THE PANEL'S FINDINGS

18. The Panel assessed the Bank's compliance with the following Operational Policies and Procedures:

OP/BP 4.01	Environmental Assessment
OPN 11.03	Management of Cultural Property
OP/BP 13.05	Project Supervision
OMS 2.20	Project Appraisal.

19. The Panel found areas of compliance and areas of non-compliance. Specifically:

#### *Compliance*

- The Project was correctly categorized as "B" in compliance with OP/BP 4.01.
- The Environmental Assessment (EA) studies had an acceptable quality and complied with policy on issues directly affecting BRT construction and operation.
- Management brought the Project into compliance with the consultation requirements of OP 4.01 in 2009, when residents of Barranco began to voice their

concerns in a more organized fashion, by engaging them in consultations, including through the roundtable established in 2009, to discuss short- and long-term solutions for traffic problems resulting from the Project.

- Supervision activities were strengthened and a number of actions were taken in compliance with OP/BP 13.05, once problems were identified through residents' complaints and supervision missions. One such important action is the 2011 TMS to analyze and compare different alternatives, including an alternative proposed by residents of Barranco.

### ***Non-compliance***

- Identification, analysis, and mitigation of impacts beyond the corridor itself – such as changes in pedestrian and vehicular traffic flows and their economic and cultural heritage impacts – were inadequate and fell short of the requirements of OP 4.01 with respect to Barranco as a whole.
- In the early phases of the Project and during a good part of Project implementation, dissemination of information and consultation with the affected people in Barranco failed to meet policy requirements. The lack of adequate consultations, particularly during the Project's critical design phase, appears to have been a spark for tension and conflict, notwithstanding the Project's importance.
- The 2005 TMS offered the opportunity to evaluate and devise adequate measures to mitigate the permanent impacts of the Project on traffic patterns in Barranco, but had weaknesses, especially with respect to the depth of the evaluation of changed traffic conditions and their impacts in Barranco. Furthermore, the traffic re-routing pattern recommended in the study, which the Panel experts stated that they considered optimal, was not implemented, and a different traffic pattern was actually put in place. The Panel found no record indicating when and why the 2005 traffic re-routing recommendation was changed, nor any analysis of the traffic pattern alternative and its impacts.
- Supervision through much of Project construction was not consistently up to speed with events and circumstances on the ground.
- Analysis of the potential impacts of the Project on the historic character of Barranco was inadequate and not in compliance with OPN 11.03, the then applicable policy. In particular, the EAs did not mention the potential problems associated with the impacts of re-routed traffic on buildings and public places of historic interest in Barranco. To the Panel's knowledge, a detailed study of these issues has yet to be carried out.

20. The Panel concluded that the changes in traffic in Barranco resulting from the Project and the general disruption caused by the BRT-related construction work had caused deterioration in the quality of life of many residents in the District and posed a threat to Barranco's historical character. It recognized, however, that these alleged harms, while significant, could not, in fairness, be attributed solely to the Project. The reason for

this is that significant increases in traffic volumes – and associated noise, congestion, and air pollution – had already occurred in recent years, independently of the Project, in Lima as a whole and in Barranco in particular. The Panel also observed that an increase in residential and commercial construction had already been occurring in Barranco, contributing to its marked transformation from a predominantly residential neighborhood into a recreational and entertainment magnet for tourists and residents of Lima alike. Finally, the Panel concluded that some of the Requesters’ concerns might recede and some of the alleged harms might be reversed once the *Metropolitano* became fully operational and with establishment of a new traffic management pattern.

#### IV. SPECIAL ISSUES

21. This section addresses key issues arising from the Panel’s Report. They are: (i) traffic management; (ii) the Project’s impact on cultural properties in Barranco; and (iii) consultation.

##### **Traffic Management**

22. Management acknowledges that the EA studies and the 2005 TMS could have analyzed Project impacts in Barranco more deeply and explicitly recognized the historic value of the District and the desirability of a traffic management plan that would protect it. Management also notes, as did the Panel, that the traffic management plan recommended by the 2005 TMS, which the Panel found to be optimal, has not been put in place. The reason for this is that the plan was always intended for implementation when the *Metropolitano* became fully operational, not during its construction phase. Because of this, *Protransporte* separately proposed plans to GTU for traffic detours during the construction phase and GTU approved those plans. Management acknowledges that it should have verified GTU’s analysis of alternatives and reflected the outcomes of its analysis and the results of any discussion of differences in appropriate supervision documents.

23. To fill the gaps in the scope of the 2005 TMS with respect to Project impacts on the historic neighborhood and monuments in Barranco, the Bank committed at a meeting in Lima in June 2009 during a supervision mission to undertake another TMS (the “2011 TMS”). This TMS will provide additional technical input to *Protransporte* for its decision making regarding the traffic management plan to be implemented once the *Metropolitano* becomes fully operational.

24. The TOR for this TMS was consulted upon with representatives of the community in a *Mesa de Diálogo* (see below). The study explicitly recognizes Barranco’s historic value. It is analyzing the Project’s effects on that patrimony and alternatives for improvements in the overall design of the Project to mitigate adverse impacts – for example, by reducing congestion and enhancing pedestrian circulation. Consistent with the PDO, the alternatives are being examined within the broader context of the public transportation needs of the entire District of Barranco, including those of the residents of the poorer east side who most depend on access to efficient public transportation, rather

than on personal vehicles. One of the alternatives being analyzed was proposed by the community during consultations.

25. The consulting firm hired by the Bank through an international competitive bidding process to conduct the study has submitted a draft report for Barranco. Management posted the draft study online, transmitted it via e-mail to members of the community, and also sent letters inviting them to a consultation meeting on December 5, 2010. About 85 people participated, commented, and raised questions, including via e-mail afterwards. The consulting firm has responded to the comments and provided the additional information that the participants requested to clarify specific aspects of the feasibility and costs of the traffic management options being analyzed. Management posted the material on the website of the Bank's office in Lima in early January 2011.

26. Management is currently analyzing the draft report. Its analysis will take into consideration the feedback received during the consultation, as well as the analysis and perspectives of the municipalities of Lima and Barranco, *Protransporte*, and GTU. Management expects that the consulting firm will also reflect these inputs in its final report and anticipates that the TMS will be completed by October 2011.

27. Management understands that *Protransporte* has expressed its commitment to adopting an improved traffic management plan for Barranco. *Protransporte* has indicated that, before making decisions on such a plan, it wishes to have in hand the consulting firm's final report on the 2011 TMS and the outcome of the consultations thereon. It will also factor into its decision making the recommendations of the 2005 TMS, which the Panel stated was "optimal," as well as the report of a consultant specializing in micro-design of urban intersections that *Protransporte* is hiring to review and recommend solutions to problems along the entire Project alignment, with an emphasis on Barranco and historic downtown Lima. The findings of an international traffic safety expert that Management hired to recommend short- and medium-term actions to address issues pertaining to pedestrian flows and access to stations along and beyond the busway will contribute additional technical inputs to *Protransporte*'s decision making. *Protransporte* is already implementing some of the recommended actions (e.g., improving crosswalks and timing traffic lights). In addition, the new municipal administration of Lima has assigned resources to continue works and activities to improve pedestrians' safety and access to stations.

28. Management will continue to emphasize to *Protransporte* and the municipal administrations the importance of consulting with the community on the alternative traffic routes and micro-design options, including those pertaining to traffic and pedestrian safety, before reaching final decisions in their regard and implementing solutions. Management has offered technical support and the services of the facilitator to support *Protransporte* as it conducts the necessary consultations.

### **Impact on Barranco's Cultural Properties**

29. Management confirmed and relied upon the approval of INC for the design of the Project and the stations in Barranco as required by national law and in accordance with

INC's lead responsibility for protection and preservation of Peru's cultural patrimony. Management believes that this fulfilled the requirements of OPN 11.03, the then applicable policy. Management acknowledges, however, that it should have done its own assessment. It also acknowledges that the EA and subsequent studies, including the 2005 TMS, did not adequately analyze the historical buildings and monumental landscapes of Barranco and the potential impacts of increased traffic volume and congestion on them.

30. The 2011 TMS, which is intended as one source of technical input to *Protransporte's* decision on a new traffic management plan for the *Metropolitano's* operational phase, is addressing this shortcoming. Preliminary indications are that it will recommend measures to minimize traffic through Barranco, ease circulation of vehicles that originate within or have Barranco as their destination, and enhance the walkability of the historic zone. Such measures are expected to reduce overall traffic volume and congestion and increase traffic and pedestrian safety, with the overall effect of contributing to the preservation of the historic and cultural value of Barranco, thus effectively addressing traffic management concerns as the *Metropolitano* becomes fully operational.

31. Adequate traffic management coupled with the efficient and high-quality service of the *Metropolitano*, which uses fewer and cleaner buses, should positively affect Barranco. For example, before the *Metropolitano*, 344 small buses per hour travelled on Av. Bolognesi northbound and 261 southbound; 145 on Av. San Martin (southbound); and 153 on Av. Grau (northbound). With the *Metropolitano*, only 30 high capacity buses travel per hour in each direction on Av. Bolognesi. On Av. San Martin and Av. Grau, once the *Metropolitano* becomes fully operational, the number of buses is expected to be lower than before the Project, as only routes that reach destinations not served by the *Metropolitano* will be allowed to remain. These changes will provide clear benefits.<sup>3/4/5</sup>

32. Finally, during a supervision mission in early February 2011, which included a staff member with expertise in cultural heritage in urban settings, the Municipality of Barranco expressed interest in the Bank's support for a review of the District's Participatory Development Plan 2011-2021, aimed in part at preserving and enhancing the District's character as a high-quality cultural destination. Management intends to follow up on this request with advice on a TOR for the planning exercise. This advice will provide Barranco with state-of-the-art information on urban planning approaches and practices and financial instruments and incentives that could encourage heritage-sensitive and dynamic development of the District.

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<sup>3</sup> Management is supervising this reduction in redundant bus routes.

<sup>4</sup> The *Metropolitano* has started operations gradually, seeking to cause minimal disruption. Segments were added gradually and feeder services are now also being gradually added. Once a feeder route is added the *Metropolitano* can replace the service by the old buses and those routes.

<sup>5</sup> The *Metropolitano* also expects to reduce the total number of old buses in Lima. The concessionaires of the *Metropolitano* commit to destroying buses for a total value of US\$ 5 million, which is expected to be at least 1000 small buses. The new administration, moreover, has stated plans to reduce the oversupply of buses in Lima.

## Consultations

33. Management recognizes that more attention should have been given, during preparation and early implementation, to the consultation process and dissemination of Project information to all interested parties. In 2008 and early 2009, when construction was completed, Management actively engaged *Protransporte* and other municipal authorities to address the community's concerns.

34. On June 11, 2009, the Task Team met with residents of Barranco and *Protransporte* representatives to discuss the problems in the District and agreement was reached to establish the roundtable, *Mesa de Diálogo*. Some months later, as the parties had not yet met, Management hired a professional facilitator who began work in October 2009. The *Mesa de Diálogo* provided the forum for consulting with the community on the TOR for the Bank-financed TMS. Participants agreed that the study could offer short-term solutions to their concerns. Unfortunately, reflecting the widely diverging and strongly held perspectives and interests of the participants, the dialogue broke down and the *Mesa* became inactive by the end of January 2010 in the run-up to the municipal elections.

35. In December 2010, with the municipal elections over and the community's renewed interest in consultations, Management restarted the process with a new facilitator. The consultation on December 5, described above, focused on a discussion of the consulting firm's draft TMS for Barranco. The Mayor-elect of Barranco attended and the Mayor-elect of Lima sent representatives.

36. *Protransporte* will lead the consultations going forward. Management will continue its engagement with *Protransporte* and the Municipalities of Lima and Barranco to underscore the importance of consulting broadly on the proposed solutions to the traffic problems in Barranco. Management has indicated that it is prepared to support the consultations, including through making the facilitator available, should the parties find the Bank's assistance useful.

37. Management's supervision and engagement, as described in this Section, will be ongoing through October 2011.

## V. MANAGEMENT'S ACTION PLAN IN RESPONSE TO THE FINDINGS

38. Management appreciates the Panel's recognition of the importance of the *Metropolitano* for Lima, the complexity of the Project and the local setting, the value of the Bank's engagement in this type of project, and the steps Management has already taken to address the Requesters' concerns. While Management acknowledges that more should have been done to ensure compliance with Bank policy, it does not believe that any of its actions or omissions were the sole cause of the harm alleged by the Requesters. Management concurs, therefore, with the Panel's conclusion that the harms it found could not be attributed solely to the Project. Management's Action Plan to address the Panel's findings is laid out in paragraph 43. The Plan was consulted upon with the Requesters, as described below.

## Meeting with Requesters

39. Management met with the Requesters in Lima on February 7-8, 2011, to discuss the content of the Action Plan. Management wishes to express its appreciation for the lead Requester's valuable assistance in communicating with other Requesters and in helping organize the meetings.

40. To allow for an open dialogue without concern for time limitations, two meetings were held with the Requesters on February 7 and another on February 8. Six Requesters attended each of the two meetings on February 7 and thirteen attended the meeting on February 8. The Task Team explained that the reason for the meetings was to obtain the Requesters' feedback to Management's Action Plan, which sought to respond to the findings in the Inspection Panel's report.

41. Overall, the Requesters expressed concern about what they saw as the limited scope of the proposed Action Plan and inadequate process. They stated that the Action Plan focused on the short term and lacked a comprehensive approach to urban mobility and roads (*vialidad*, as expressed by the Requesters). Contrary to their earlier statement that they did not oppose the Project itself, the Requesters now indicated their desire that the dedicated bus lane and stations – i.e., the core of the *Metropolitano* concept – be removed from Barranco altogether.

42. Management also met three times with representatives of the MML, the municipal authorities of Barranco, and *Protransporte* to discuss the Action Plan. They each fully endorsed the Plan. They expressed their commitment to consultations on it and to considering eventual implementation of all the actions in the Plan that fell within their fiduciary and legal authority with a view to improving traffic management in Barranco. Management will continue to support these entities in sustaining a dialogue with the Requesters and other interested citizens on transport matters in Barranco and in other communities along the *Metropolitano* corridor until October 2011.

43. The following table presents Management's Action Plan for following up on the Panel's findings.

ACTIONS	TIMELINE
<b>Traffic Management</b>	
Management will supervise finalization of the 2011 TMS, taking into account the results of the consultation with the Municipality and community in Barranco and comments from <i>Protransporte</i> .	The study is expected to be completed by October 2011 and will serve as technical input to <i>Protransporte</i> 's decisions with respect to improving traffic management in Barranco.
<i>Protransporte</i> will retain a consultant specializing in micro-design of urban intersections. This consultant will review the entire Project alignment, with an emphasis on Barranco and historic downtown Lima, and recommend solutions to any identified problems. The report will be consulted upon with the	Management has already consulted with <i>Protransporte</i> and is satisfied with its plans. <i>Protransporte</i> is hiring the consultant. Management will encourage and offer support for the consultations, which are expected to be conducted within the next eight months.

ACTIONS	TIMELINE
community.	
Management will supervise <i>Protransporte</i> 's implementation of the traffic safety action plan. <i>Protransporte</i> will report publicly on the progress achieved.	Management will continue to supervise <i>Protransporte</i> 's implementation until finalization of the Implementation Completion Report (ICR).
<b>Environmental Management</b>	
Management will provide technical support to help carry out the <i>ex post</i> environmental audit of the Project.	Management has already provided draft TOR to <i>Protransporte</i> . The latter has indicated that it will finalize the TOR, clear it with the Ministry of Housing, Construction, and Sanitation, and begin the bidding process once the works have been completed. Management has indicated that it is prepared to offer additional technical support, should <i>Protransporte</i> find it useful.
<b>Consultation and Communications Strategy</b>	
Management will support <i>Protransporte</i> as it organizes, carries out, and records the results of consultations prior to adoption and implementation of any solutions to traffic management issues.	Management will continue its support through October 2011.
Management will continue to emphasize to <i>Protransporte</i> and the authorities in Barranco the importance of an effectively functioning grievance and redress mechanism.	Management will continue its engagement with <i>Protransporte</i> and the authorities in Barranco through October 2011.
Management will provide enhanced learning opportunities for staff to help improve their awareness of, and skills related to, stakeholder consultations.	Ongoing.
<b>Supervision</b>	
Management will continue intensive supervision.	Management will continue its intensive supervision of the Project and implementation of the actions in this Plan until October 2011. Results of this supervision will be appropriately recorded in ISRs and other supervision documents.
<b>Physical Cultural Resources</b>	
In addition to supervising completion of, and consultations on, the 2011 TMS, Management will advise the Municipality of Barranco on how to incorporate in the District's Participatory Development Plan 2011-2021 an analysis of Barranco's historic buildings and monumental areas and measures to preserve that patrimony in the service of a long-term dynamic economic and social development of the District.	Management will continue its engagement with the Municipality through October 2011.



## **VI. CONCLUSION**

44. Management appreciates the Panel's clear exposition of its findings and its recognition both of the Project's importance and complexity and the value of the Bank's involvement in it. Management acknowledges the Panel's findings of non-compliance and welcomes its findings that Management's actions since early 2009 to address those shortfalls have brought supervision, dissemination of information, and consultations with the Requesters and other affected persons in line with policy. Management will continue to supervise closely and facilitate Project implementation through October 2011, when the ICR evaluating the Project will be completed, in order to support achievement of its desired development outcomes, in compliance with Bank policy. Management is satisfied that the Action Plan outlined above provides a satisfactory basis for doing so.

ANNEX 1: FINDINGS, COMMENTS, AND ACTIONS

No.	Finding	IP Para	Comment/Action
<b>Traffic Issues</b>			
1.	<p><b>Traffic Management Study and Plan</b></p> <p>The 2005 Traffic Study offered the opportunity to evaluate the permanent impacts of the Project on traffic patterns in Barranco and to devise adequate measures to mitigate them. The Panel finds, however, that the 2005 Traffic Study contains a number of weaknesses in its analysis, and as a result it falls short of meeting the requirements of OP 4.01, especially with respect to the depth of the evaluation of impacts the Project may cause on the traffic conditions in Barranco.</p> <p>The Panel found no record indicating when the 2005 Plan was changed to adopt the existing solution, nor did it find any analysis of this new alternative and its impacts. This is not in compliance with OP 4.01 on Environmental Assessment.</p>	145-170	<p><b>Comment:</b> Management acknowledges that the Environmental Assessment (EA) studies and the 2005 Traffic Management Study (TMS) could have analyzed more deeply Project impacts in Barranco and explicitly recognized the historic value of the District and the desirability of a traffic management plan that would protect it.</p> <p>Management also notes, as did the Panel, that the traffic management plan recommended by the 2005 TMS, which the Panel found to be optimal, has not been put in place. The reason for this is that the plan was always intended for implementation when the <i>Metropolitano</i> became fully operational, not during its construction phase. Because of this, <i>Protransporte</i> separately proposed plans to GTU for traffic detours during the construction phase and GTU approved those plans. Management acknowledges that it should have verified GTU's analysis of alternatives and reflected the outcomes of its analysis and the results of any discussion of differences in appropriate supervision documents.</p> <p>Management understands that <i>Protransporte</i> is committed to adopting an improved traffic management plan for Barranco. The latter has indicated that, before making decisions on such a plan, it wishes to have in hand the consulting firm's final report on the 2011 TMS and the outcome of the consultations thereon. It will also factor into its decision making the recommendations of the 2005 TMS, which the Panel stated was "optimal," as well as other studies (see Item 3). Management will continue to emphasize to <i>Protransporte</i> and the municipal administrations the importance of consulting with the community on the alternatives prior to implementation.</p> <p><b>Action:</b> See action for Item 2.</p>
2.	<p><b>Inadequate Response to Traffic Management Concerns (Supervision of Traffic Management)</b></p> <p>The Panel finds that supervision of Project activities in the District of Barranco was not consistently up to speed with events and circumstances on the ground between 2007</p>	187-196	<p><b>Comment:</b> Management appreciates the Panel's recognition of the Task Team's strengthened supervision since early 2009, and its finding of compliance with OP 13.05 since then.</p> <p>Management acknowledges that supervision during construction should have sought more proactively to identify and mitigate concerns and</p>

No.	Finding	IP Para	Comment/Action
	<p>(when construction works started and traffic re-routing became necessary) and 2009 when Barranco residents started to raise their complaints.</p> <p>However, the Panel also finds that once problems were identified in 2009 as result of residents' complaints and related monitoring of the situation in the context of supervision missions, supervision activities strengthened and a number of actions were taken, including contracting a traffic specialist and proposing a new traffic management study. The Panel finds that this is in compliance with OP 13.05 on Project Supervision, which requires Bank Staff to identify problems promptly as they arise and to recommend ways to solve them, as well as to recommend changes in the project concept as appropriate as the project evolves.</p> <p>The Panel also notes that Bank Management facilitated the creation of a round table ("Mesa de Diálogo"), where the traffic problem was to be discussed between Protransporte and the residents of Barranco, in order to find short- and long-term solutions to this issue. The Panel finds that this meets the supervision requirements of OP 13.05.</p> <p>The Panel commends Management for the efforts it made to address the concerns of the Requesters regarding the traffic conditions in Barranco by proposing, among other things, a new traffic management study. According to its Terms of Reference (TOR), the study would analyze and compare different alternatives, including an alternative proposed by residents of Barranco. The Panel finds that Management's supervision of the Project, with respect to the efforts made to address the traffic problem, is currently in compliance with the requirement of the Bank Policy on Project Supervision.</p> <p>The Panel is also encouraged by recent indications from Management that the Project now is committed to reviewing not only short-term but also medium/longer term options to address these issues and shortcomings, including the options noted above. The Panel notes the importance of this review - and of the engagement by affected people - to the</p>		<p>problems associated with the construction detours between 2007 and 2009.</p> <p><b>Action:</b> Management expects that the 2011 TMS, which considers among its alternatives one proposed by the community, will be finalized by October 2011, when the Implementation Completion Report (ICR) evaluating the Project will have been completed. The consulting firm has already submitted a draft report for Barranco. Management understands that <i>Protransporte</i> has stated its commitment to adopting an improved traffic management plan for Barranco. Management will continue its intensive supervision and its engagement with <i>Protransporte</i> and the municipal authorities of Barranco to promote effective consultations on solutions to traffic management concerns. Results of supervision will be appropriately recorded in Implementation Status and Results Reports (ISRs) and other supervision documents.</p>

No.	Finding	IP Para	Comment/Action
	community in Barranco. In this regard, the Panel notes that Management indicated that the Mesa de Diálogo, which was interrupted in February 2010, is to be reconvened in 2011 with a new facilitator.		
3.	<p><b>Negative Socio-economic Impacts: Street Micro-Design and Pedestrian Issues</b></p> <p>The fact that [the] awkward design was not reviewed with the community and does not appear in the principal reports of Project documentation is not consistent with OP 4.01 on Environmental Assessment.</p> <p>Sidewalk conditions are of considerable concern for the community. [I]t seems that solutions were adopted on site rather than after a careful review of possible alternatives. In conversation with residents it became clear that the community never saw drawings at this level, which would have been very important to their understanding of the conditions of pedestrian movements after construction. This constitutes an important lapse in communication with the community, and is not in compliance with OP/BP 13.05 and OP 4.01.</p>	171-186	<p><b>Comment:</b> Management concurs that final Project designs, particularly on Av. Bolognesi, were not adequately consulted with the community. Management agrees with the Panel that the EA should have addressed issues such as connections of vehicular traffic between Barranco and Surco, pedestrian flows, and sidewalk conditions.</p> <p><i>Protransporte</i> is retaining a consultant specializing in micro-design of urban intersections to review the entire Project alignment, with an emphasis on Barranco and historic downtown Lima, and recommend solutions to identified problems. Management has consulted with <i>Protransporte</i> in this regard and finds the scope and arrangements for the study to be satisfactory. See also Item 6.</p> <p><b>Action:</b> Management will monitor execution of the study and encourage and offer support for consultations. Results of supervision will be appropriately recorded in ISRs and other supervision documents.</p>
4.	<b>Project Appraisal</b>		See Item 10.
<b>Environmental Assessment</b>			
5.	<p><b>Categorization of the Environmental Assessment</b></p> <p>The Panel agrees with Management that the Project's potentially adverse environmental impacts on human populations or environmentally important areas were not such as to warrant "Category A" investigation. The Panel agrees with this judgment and finds that Project was correctly categorized as B, in compliance with OP/BP 4.01. The Panel notes however some shortcomings in environmental studies, especially with respect to the analysis of alternatives and the depth of analysis of the Project's impacts on Physical Cultural Resources and its impacts on the traffic re-routing in Barranco.</p>	67-74	<p><b>Comment:</b> Management appreciates the Panel's finding of compliance with OP/BP 4.01 regarding the Project's environmental screening categorization as "B".</p> <p>Issues pertaining to physical cultural resources are addressed in Item 11.</p>
6.	<b>Negative Project Impacts on Barranco as a historical and "monumental" area of Lima.</b>	75-87	<b>Comment:</b> Management welcomes the Panel's findings of compliance with OP 4.01 on

No.	Finding	IP Para	Comment/Action
	<p>The Panel finds that Environmental Impact Assessment reports related to the south corridor seem to have been carried out with acceptable diligence regarding certain items in those assessments, e.g., impact evaluations on issues such as air quality and noise, and that mitigation measures identified to deal with impacts are adequate. In this respect reports comply with OP 4.01 on Environmental Assessment.</p> <p>The Panel finds however that while studies had an acceptable quality on the issues that directly affected construction and operation of the BRT, there was little concern and analysis of impacts beyond the busway on such issues as pedestrian flows, vehicular traffic re-routing, and economic livelihoods. The studies are also inadequate as to the analysis of the Project's impact on the historical heritage and cultural value of Barranco and its vulnerability to significant traffic flows in the proximity of historical buildings.</p> <p>The Panel finds that the analysis of potential adverse impacts of the Project and identification of mitigation measures fall short of meeting the requirements of OP 4.01 as far as the analysis concerns the District of Barranco.</p>		<p>Environmental Assessment regarding its evaluation of impacts such as air quality and noise and their corresponding mitigation measures.</p> <p>Management agrees with the Panel that the EA ought to have identified impact and mitigation measures pertaining to issues beyond the busway, such as pedestrian flows, vehicular traffic re-routing, and economic livelihoods. Also, Management acknowledges that the EA did not adequately analyze "the Project's impact on the historical heritage and cultural value of Barranco and its vulnerability to significant traffic flows in the proximity of historical buildings." Issues related to physical cultural resources are addressed in Item 11.</p> <p>Since early 2009 Management has been actively raising the issues of traffic and pedestrian flows, and vehicular traffic re-routing. The 2011 TMS is analyzing these issues and alternatives for addressing them, including one proposed by the community, and will recommend effective approaches to minimize impacts on the historical buildings and monumental areas in Barranco's Zone of Special Regulation (<i>Zona de Regulación Especial</i>, ZRE) and on residents' economic livelihoods. Management is currently analyzing the draft report and is awaiting comments from <i>Protransporte</i> and the Municipality of Barranco. A new report is expected from the consulting firm soon after Management provides its comments. (See Items 1 and 2 on the 2011 TMS and process to implement a new traffic pattern in Barranco.)</p> <p>Additionally, Management:</p> <ul style="list-style-type: none"> <li>(i) funded a preliminary traffic safety assessment of pedestrian flows and access to stations along and beyond the busway, which has been presented to <i>Protransporte</i> and shared with Barranco's new municipal government; and</li> <li>(ii) hired an international traffic safety specialist to make recommendations for short- and medium-term actions to address these issues, some of which are currently being implemented by <i>Protransporte</i> (e.g., implementation of crosswalks and timed traffic lights).</li> </ul> <p>The new municipal administration of Lima has already assigned resources to continue works and activities to improve pedestrian flows and</p>

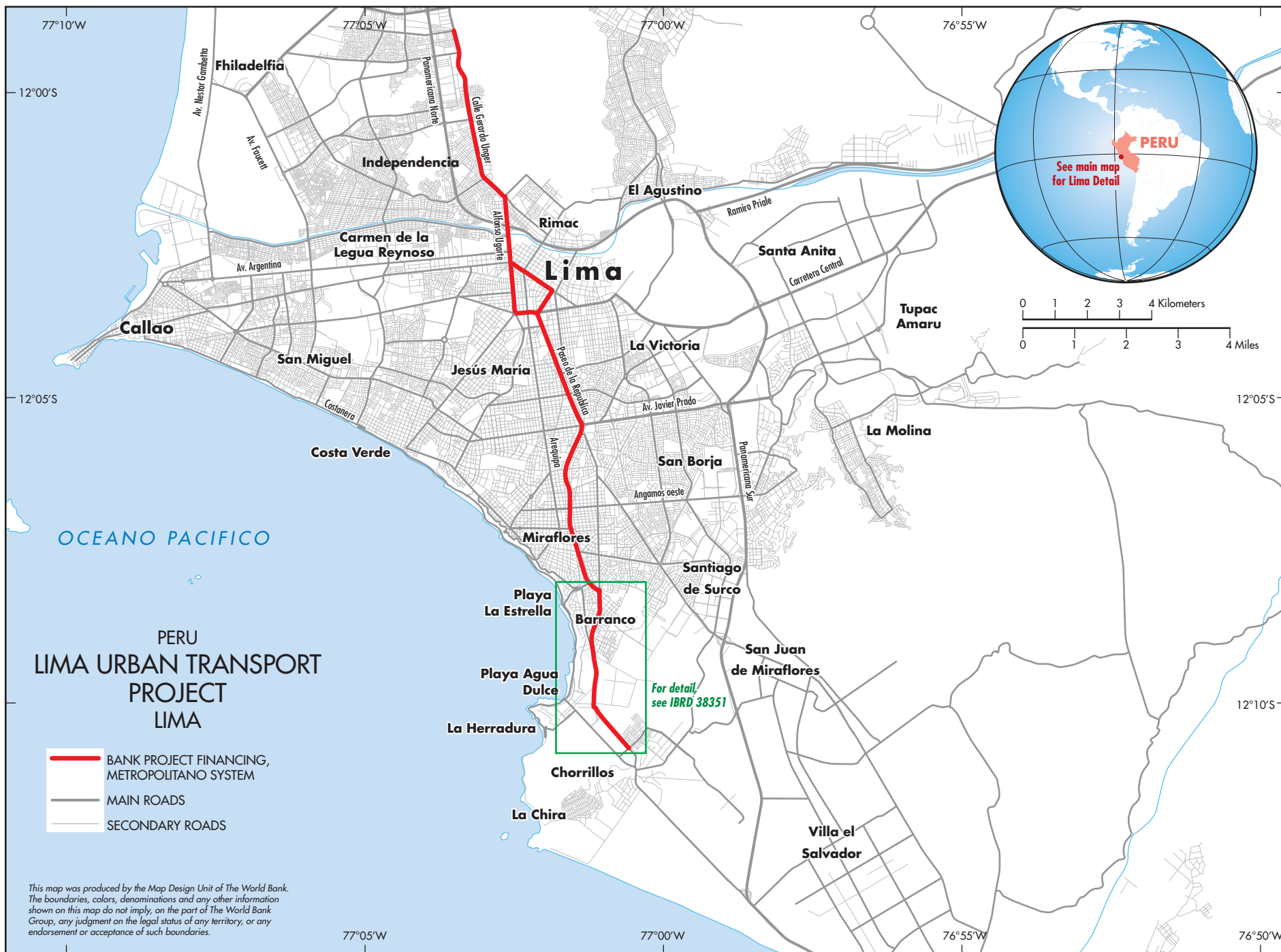
No.	Finding	IP Para	Comment/Action
			<p>accessibility to the stations, with emphasis on vulnerable persons.</p> <p><b>Action:</b> Management will continue to supervise <i>Protransporte</i>'s implementation of the traffic safety action plan. See also the action under Item 3. The results of supervision will be appropriately recorded in ISRs and other supervision documents.</p>
7.	<p><b>Analysis of Alternatives</b></p> <p>The Panel notes that a review of the environmental assessments prepared for the Project reveal that these alternatives were not studied in sufficient depth to be able to assess their technical feasibility and cost, or their merits for Barranco as compared to the selected route. It is not clear to the Panel to what extent these options were put forward for consideration in the environmental assessment. The Panel observes that attention to these alternatives as well as adequate consultations with Barranco residents during the decision-making process could have avoided the tensions and strong opposition to Project that arose later and that resulted in the Request for Inspection to the Panel.</p>	88-99	<p><b>Comment:</b> Management agrees with the Panel's finding that alternatives should have been studied in more depth, as discussed in Item 1. While nine alternatives for Project alignment were evaluated, the EA analyzed and consulted on only one, including aspects pertaining to detours during the construction phase. The EA should have documented and consulted on the other options.</p> <p><b>Action:</b> The 2011 TMS is studying alternatives in depth and is expected to be completed by October 2011 (see also Items 1, 2, 3 and 6).</p>
8.	<p><b>Consultation and Dissemination of Project Information with Barranco Residents</b></p> <p>The Panel finds that dissemination of information and consultation with the affected people in Barranco failed to meet the requirements of OP 4.01, especially in the early phase of the Project and during a good part of Project implementation. Only when residents began voicing their concerns in a more organized fashion were their concerns taken into consideration and a number of actions were taken to hear their views and address their concerns.</p> <p>The Panel notes that this failure of consultation likely has had important consequences in the present case. The lack of adequate consultations, particularly during the critical design phase of the Project, appears to have contributed to later tension and conflict about this important project for the City of Lima.</p>	100-115	<p><b>Comment:</b> Management recognizes that more attention should have been given, during Project preparation and early implementation, to the consultation process and dissemination of Project information to all interested parties.</p> <p>In 2008 and early 2009, when construction was completed, Management actively engaged <i>Protransporte</i> and other municipal authorities to enhance communications and consultations to address the community's concerns. Management hired a facilitator in 2009 who established the <i>Mesa de Diálogo</i>, a roundtable that provided a forum for consultations on the TOR for the 2011 TMS. Unfortunately, dialogue broke down in January 2010, when progress seemed unlikely due to wide and strongly held divergences of perspectives and interests among the participants. With the new municipal administrations of Lima and Barranco in place, there is a renewed commitment to participatory consultations, which <i>Protransporte</i> will lead. Management has offered its support, should <i>Protransporte</i> find it helpful.</p> <p>Communications and consultations have</p>

No.	Finding	IP Para	Comment/Action
			<p>improved, as is evidenced, for example, by the Barranco flower vendors' satisfaction with the process for relocating the flower market, and by the fact that the phase-out of old bus routes as <i>Metropolitano</i> becomes operational has been progressing smoothly, without strikes or protests by the operators. Also, solutions to conflicts regarding Project design in Independencia and La Unificada, north of downtown Lima, illustrate the improved consultations and communications.</p> <p><b>Action:</b> Management will continue to emphasize to <i>Protransporte</i> and the municipal administrations the importance of consulting with the community on the alternative traffic routes and micro-design options, including those pertaining to traffic and pedestrian safety, before reaching final decisions in their regard and implementing solutions. Management has offered technical support and the services of the facilitator to support <i>Protransporte</i> as it conducts the necessary consultations. Results of supervision will be appropriately recorded in ISRs and other supervision documents.</p> <p>Management will also provide enhanced learning opportunities for staff to help improve their awareness of, and skills related to, stakeholder consultations.</p>
9.	<p><b>Project did not Respond to the Requesters' Concerns (Inadequate Supervision)</b></p> <p>The Panel notes that the project level grievances system has the potential to be an important avenue for residents to present their grievances and have their issues addressed, but notes that to do so effectively requires a functioning office.</p> <p>The Panel finds that supervision did not ensure that Project affected people were adequately informed and consulted on the Project and its potential impacts until the end of 2008, when problems started to emerge in Barranco as the construction of the <i>Metropolitano</i> progressed. The Panel finds, however, that Project supervision, since 2008, has been more active in addressing complaints and reacting to emerging issues in compliance with the Policy on Project supervision.</p>	116-126	<p><b>Comment:</b> Management is pleased that the Panel recognizes that the Task Team has worked to improve the mechanisms by which citizens can voice their complaints since 2008 and early 2009 and that the Project has been in compliance with OP 13.05 since then.</p> <p>Management agrees that a more structured, transparent, and centrally coordinated approach to addressing complaints and grievances should have been put in place from the outset.</p> <p>Management agrees that a functioning grievance mechanism is important. <i>Protransporte</i> has established a well-functioning grievance and redress mechanism for the operational phase of the <i>Metropolitano</i>. Examples of how the mechanism is functioning effectively include, in Barranco, repair of damage to streets caused by the works and relocation of Project related elements. In the areas to the north of downtown Lima known as La Unificada and Independencia, <i>Protransporte</i> responded to residents' complaints by making changes in Project design, including</p>

No.	Finding	IP Para	Comment/Action
			<p>new traffic patterns for cars and pedestrians, even after construction had been completed. The mechanism enables users to register complaints at bus rapid transit (BRT) stations, on <i>Protransporte</i>'s website, or via a hotline. In addition, the municipal administrations in Lima and Barranco channel to <i>Protransporte</i> any complains that they receive directly. <i>Protransporte</i> has a unit that registers, prioritizes, analyzes, and responds to the complaints.</p> <p><b>Action:</b> During supervision and until finalization of the ICR, Management will continue to emphasize to <i>Protransporte</i> and the authorities in Barranco the importance of an effectively functioning grievance and redress mechanism. Results of supervision will be appropriately recorded in ISRs and other supervision documents.</p>
10.	<p><b>Environmental Assessment Process not Approved by Competent Peruvian Authority</b></p> <p>The Panel concurs with Management that it is a matter for the Peruvian courts to decide whether the Municipality of Lima was the competent authority to approve the EIA based on the legislation in force. The Panel finds, as a matter of due diligence and based on OMS 2.20, this issue should have been part of the appraisal of the Project and as such reported in the PAD. This did not happen and is not in compliance with OMS 2.20. However, the Panel also notes that supervision missions discussed and raised this issue with the authorities early in the Project implementation and well before construction began. [T]he Bank also requested a legal opinion on the matter. The Panel finds that during implementation Management acted with due diligence in compliance with OP/BP 13.05.</p>	127-132	<p><b>Comment:</b> Management is pleased that the Panel found that during implementation the Task Team acted with due diligence on this matter, in compliance with OP/BP 13.05.</p> <p>Management agrees that the lack of clarity regarding the competent authority to approve EAs should have been recognized during Project preparation, but is of the view that OP 4.01 (particularly Annexes B and C), which was adopted after OMS 2.20, establishes that the EA itself – or the Environmental Management Plan, as the case may be – is the document that should discuss the applicable legal and institutional framework.</p> <p>Management has provided draft TOR to <i>Protransporte</i>. <i>Protransporte</i> has indicated that it will finalize the TOR, with further Bank support if needed, clear it the Ministry of Housing, Construction, and Sanitation, and begin the bidding process once the works have been completed, which is expected by October 2011.</p> <p><b>Action:</b> Management will continue its engagement with <i>Protransporte</i> and its technical support for this audit. Results of supervision will be appropriately recorded in ISRs and other supervision documents.</p>
<b>Physical Cultural Resources</b>			
11.	<p><b>Negative impact on Barranco's Historic Architectural District</b></p> <p>The Panel has found no adequate analysis of</p>	197-209	<p><b>Comment:</b> Management confirmed and relied upon the approval of National Institute of Culture (INC) for the design of the Project and the stations in Barranco as required by national law and in</p>

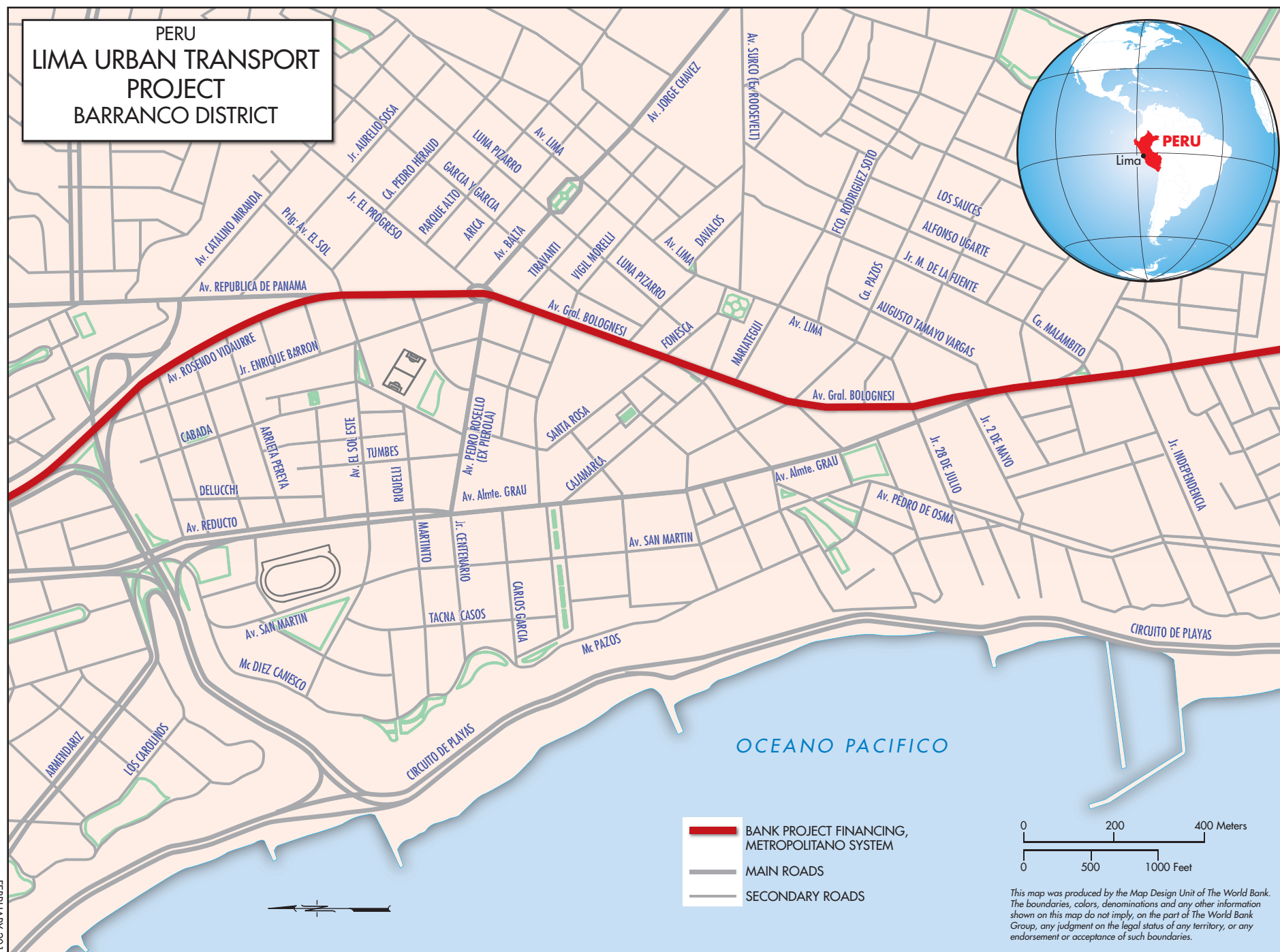


No.	Finding	IP Para	Comment/Action
	<p>the historic neighborhood or monuments, nor of the potential impacts of Project on them. [T]he SEA and EA mention that the Project will have an impact but go no further in evaluating the nature and magnitude of the impacts. The SEA proposes that a study be carried out to address impacts in the historic area. To the Panel's knowledge, such a detailed study related to Barranco has yet to be carried out. The Panel finds that this is not in compliance with OPN 11.03 on Physical Cultural Resources.</p> <p>The Panel notes that the lack of adequate studies of the impacts of the Project on cultural resources of Barranco is a serious matter, as high traffic volume crossing the District may cause permanent negative impacts to its protected historic area.</p> <p>In the opinion of the Panel, the Requesters' concern that the increased traffic through Avenida San Martin would cause a loss of quality of the historic area is well founded. The Panel finds that the increase in traffic, leading to congestion through the community, was not adequately considered in assessing the impacts of the Project on the historic area.</p> <p>The Panel also finds that the EAs prepared under the Project do not mention the potential problems associated with the impacts of permanently re-routed traffic on buildings and public places of interest.</p>		<p>accordance with INC's lead responsibility for protection and preservation of Peru's cultural patrimony. Management believes that this fulfilled the requirements of OPN 11.03, the then applicable policy.</p> <p>Management acknowledges, however, that it should have done its own assessment and that the EA and subsequent studies, including the 2005 TMS, did not adequately analyze Barranco's historic buildings and monumental areas and the potential impacts of increased traffic volume and congestion on them.</p> <p>The Bank-financed 2011 TMS, which is intended as one source of technical input to the process of deciding on a new traffic management plan for the <i>Metropolitano's</i> operational phase, will address this shortcoming. Preliminary indications are that it will recommend measures to minimize through traffic, ease circulation of vehicles that originate within or have Barranco as their destination, and enhance the walkability of the area of historic value. Such measures are expected to reduce overall traffic volume and congestion, and increase traffic and pedestrian safety, with the overall effect of helping to preserve the historic buildings and monumental areas of Barranco, thus effectively addressing traffic management concerns as the <i>Metropolitano</i> becomes fully operational.</p> <p><b>Action:</b> In addition to supervising completion of the 2011 TMS and working with <i>Protransporte</i> and the authorities in Barranco to encourage consultations on traffic management and the historical patrimony of Barranco (see Item 8), Management will respond to the interest of the municipal authorities of Barranco in the Bank's advice on how to incorporate in the TOR for the District's Participatory Development Plan 2011-2012 an analysis of Barranco's historic buildings and monumental areas and measures to preserve that patrimony in the service of dynamic economic and social development in Barranco. Management will continue its engagement with <i>Protransporte</i> and the Municipality of Barranco on these matters. Results of supervision will be appropriately recorded in ISRs and other supervision documents.</p>



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PERU  
LIMA URBAN TRANSPORT  
PROJECT  
BARRANCO DISTRICT



# Map of the Metropolitano



- Stations located in Chorrillos
- Stations located in Barranco
- Stations located in Miraflores and Surquillo
- Stations located in San Isidro
- Stations located in La Victoria y Lince
- Stations located in Cercado de Lima
- Stations located in Rímac and San Martín de Porres
- Stations located in Independencia