



NEWS RELEASE

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World Bank Board of Executive Directors Considers Inspection Panel Report on the Lima Urban Transport Project

WASHINGTON, June 17, 2011 - The World Bank Board of Executive Directors yesterday reviewed the findings of the independent Inspection Panel investigation of the Lima Urban Transport Project, and approved the Management's Action Plan contained in the Bank's Management Response to the Panel's findings.

The Project was designed to provide Lima with its first mass transit service, using a technology known as Bus Rapid Transit that provides exclusive lanes for buses and stops at stations located on the median. The Metropolitan Bus Rapid Transit line currently serves 350,000 riders per day. Users are travelling faster and saving time, while travel has been made safer. In the first year of operations of the Metropolitan, fatal accidents per year were reduced by 94 percent in the same corridor.

The Panel investigation responded to a request from residents of the District of Barranco in Lima regarding the impacts of the Metropolitan that was partially financed by a World Bank Loan. The Requesters mainly complained that the Project caused heavy traffic increase in the historical center of Barranco leading to health and safety concerns, deterioration of quality of life of the residents and deterioration of the artistic and historical area of Barranco. The Panel's investigation focused on whether the Bank's policies on Environmental Assessment, and Management of Cultural Property were complied with during the implementation of the Metropolitan Project in Lima, and whether the Bank's role to supervise adequate government implementation of project activities was followed.

The project, which was approved in December 2003 and closed in April 2011 was partially financed with an International Bank for Reconstruction and Development (IBRD) loan of US\$45 million.

*"There is an urgent need to improve transport conditions in Lima, and we commend Management for its support to this vital sector" said **Roberto Lenton, Chairperson of the Inspection Panel.** "However, there is no doubt that the traffic increase in Barranco to which the Project contributed was significant and deteriorated the quality of life of the residents of Barranco. In its investigation, the Panel identified five areas where relevant Bank policies on Supervision, Environmental Assessment and Cultural Property were not complied with, and where policy compliance could have helped minimize or mitigate the adverse impacts on the residents of Barranco."*

The Panel's investigation highlighted two important lessons with respect to policy compliance, namely the requirement to carry out informed consultations with affected parties throughout project design and implementation, and the need to have comprehensive environmental analysis to assess project impacts beyond the narrow Project busway area. The Panel noted that once problems were identified by the Bank team, Bank staff engaged intensively with the affected communities to better understand and help address the concerns they had raised. As a result, the Bank commissioned a new traffic management study for the

District of Barranco that incorporates a more comprehensive analysis of the Metropolitano's impacts and opportunities in that part of Lima.

"The traffic management study has been underway since December 2010 and has included extensive consultations to incorporate the concerns of local communities," said **Laura Frigenti, World Bank Director of Operations and Strategy for Latin America and the Caribbean.**

She highlighted the importance of the lessons learned from the Lima Transport Project and said the Latin American Region takes these issues very seriously. *"We seek to incorporate the lessons learned from this case in current and future operations, and we invite the Panel to share these lessons with Bank staff."*

The Inspection Panel is an independent body established by the Executive Directors of the World Bank to address the concerns of the people who may be affected by Bank projects and to ensure that the Bank adheres to its operational policies and procedures during design, preparation and implementation phases of projects.

For the complete Inspection Panel Investigation Report and the World Bank Management Report and Recommendations in Response to the Inspection Panel Report, please visit the Inspection Panel website: <http://www.inspectionpanel.org/>

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