

FROM: Victoria Márquez-Mees, MICI Executive Secretary

REFERENCE: Request PN-MICI002-2011 “Panama Canal Expansion Program”
(Loan 2027/OC-PN)

DATE: August 4, 2015

SUBJECT: **Final Board Decision regarding the Compliance Review Report for the Panama Canal Expansion Program - PN-MICI002-2011**

As per the authority conferred by paragraph 71 of the *Policy establishing the Independent Consultation and Investigation Mechanism* approved on February 2010 by the Board of Executive Directors, I hereby notify the Requester, Borrower/Client and the general public via the virtual Registry (www.iadb.org/mici) the following:

On July 29, 2015 the Board of Executive Directors of the Inter-American Development Bank, in a session of the Committee of the Whole considered the [Compliance Review Report regarding the “Panama Canal Expansion Program \(Loan 2027/OC-PN\)”](#) presented by the Panel constituted by Ms. Mary Rose Brusewitz, Mrs. Korinna Horta and Mr. Mario Epstein; as well as the [Response from Bank Management](#). As a result of said consideration, the Board reached the following final decision:

“With respect to the discussion of report MI-26-15 “Independent Consultation and Investigation Mechanism-Compliance Review Report of loan 2027/OC-PN “Panama Canal Expansion Program”, the Board takes note of the report and concludes the following:

- 1. Regarding the Panel findings related to compliance with the Disaster Risk Management Policy (OP-704) on seismic risk, the Board concludes that given that Management, during the preparation stage, did not comply with the Policy requirement of reporting on the risk level, the Board of Executive Directors instructs Management to produce a report consolidating the following information:*

- *The Response from Management to the Mechanism’s Compliance Review Report;*
- *The result of the seismic risk classification given to the project; and*
- *The steps that the Bank has taken to ensure that seismic risks have been appropriately managed.*

In addition, the Board instructs for the public disclosure of this information via the Bank website following the Access to Information Policy (OP-102).

- 2. Regarding the Environment and Safeguards Compliance Policy (OP-703) related to water availability, the Board does not accept the Panel findings or recommendations as it considers the Bank has effectively complied with this policy.*
- 3. Finally regarding the Western Watershed, the Board understands from the Panel report that this area is beyond the scope of the project and therefore concludes that any findings made by the Panel are not a matter for the Bank to neither discuss nor make recommendations about.”*

Victoria Márquez-Mees
Executive Secretary

List of Annexes

The following documents accompany this notification:

- i. [Compliance Review Report for the Panama Canal Expansion \(Loan 2027/OC-PN\)](#) which includes the Response from Management in its Annex 1
- ii. [Management Presentation to the Board of Executive Directors.](#)
- iii. [IDB Report regarding Seismic Risk Categorization and Assessment for the Panama Canal Expansion Project](#)