



JUNTA DE USUARIOS DE AGUAS SUBTERRANEAS DEL VALLE DE ICA

Res. Adm. N° 054-2009-ANA-ALA-Ica.

Presidencia

OFICIO N° P-019-2009-JUASVI

Ica, July 16th, 2009

Compliance Advisor/Ombudsman (CAO)

Pennsylvania Ave. NW

Washington D.C. 20433 USA

Ref: IFC Project number 26821

Sir/Madam:

We, the JUNTA DE USUARIOS DE AGUA SUBTERRANEA (hereinafter “**CRASVI**”) address you on possible economic damages that could be caused by Sociedad Agrícola Drokasa, S.A. (hereinafter “**AGROKASA**”) to the Ica Valley’s aquifer, by accelerating the decrease of the water table level that could put the lower Ica Basin in risk of economic and social displacement

Occasion: Under IFC policy we wish to make our case on the Reference project as posted in your web page, <http://www.ifc.org/ifcext/spiwebsite1.nsf/2bc34f011b50ff6e85256a550073ff1c/eb485b26303cd1d2852575af0050dd7d?opendocument> and the disclosures made in it as well as at the JUASVI bulletin board at our office.

THE FACTS: It is of public knowledge that the level of the aquifer in Ica is falling. He think that:

1. Transferring low performing wells from an overexploited zone and opening new wells in another zone that is not yet over-exploited, is moving over time the problem from a zone to another. When old well permits were sold to new large agri-businesses, “re-drilled the wells” into a small area –considered, at the time, rich in water resources, the “problem” was also “transferred” over a period eight years. Further it was worsened by “concentrating” de extraction of water in a small area. The destination zone (Aquijs, Pueblo Nuevo, Tate, Pachacuted and Santiago districts) is now an over exploited zone, now identified by the ALA-Ica (Autoridad Local del Agua) as a **RED ZONE**, for its critical condition, and most rapid water table level decrease.

Ica has two Agricultural Frontiers, two desert expansion areas, where very large Farms have been established : (“Pampa” is synonym of “small dessert”)

:

a)The “Pampa de los Castillos” on the East side, where AGROKASA is located, as well as Agrícola Chapi, El Pedregal, La Maestranza, etc.

b) The Pampa de Villacurí, on the North West of the valley.

Agricultural activity growth has also been significant in the valley. AGROKASA has developed the Santa Rita farm, Agrícola BETA, which is the largest project in the Valley, and Agrícola Las Ventas, are all in Santiago.



There is a recent newcomer in the Valley. The largest Agribusiness Corporation in Perú, till now only operating in the North of Perú at Chavi-Mochic irrigation, has acquired a large property in the district of Guadalupe. This is a source of concern to us, since it will put additional pressure on the aquifer at the Macacona neighborhood .

The Agrarian Reform in the early seventies reduced the cultivated areas, and water usage. Ten years later, the "Farmer's Cooperatives" (CAP's, CAU's, etc.) had failed and broke up. The wells stopped pumping water, and their "permits" sold. Buyers "moved" the wells to the district known for water abundance, and their water output taken via "aqueduct" to distant properties.

Such transport of water if abused, results in a worsening of the aquifer in the location where the wells are.

We are very concerned of the probability that, if the PRACTICE of "moving of wells" and/or "water" takes place, the zone where wells are located will become an "over exploited" area.

From the 2007 Inventory of Wells, done by the then Administrador Técnico del Distrito de Riego (ATDR) de Ica, posted at www.inrena.gob.pe , shows AGROKASA has than 23 wells in the RED ZONE. Which leads us to believe that more company wells are in critical condition than the four that are now intended to be moved, thus aggravating the situation.

Further, such move would establish a PRECEDENT, that in Perú and under a Government of Perú (GOP) Water Table administration has been impossible to handle. It requires strengthening and modernization

2. Aquifer administration in Perú, by the ATDR's has not been strict nor founded on solid technical data and studies. Several Drilling Bans have been established by the Government, since the seventies, with very little effect. The case of La Yarada, in Tacna is similar to the Ica water crisis. In the last three years, two Ministerial Resolutions have reiterated the Drilling Freeze in Ica, and this year the new ANA (Autoridad Nacional del Agua) has issued a Resolution tightening such Ban.

To date, it has become a "common practice" to drill wells without any " permit". The ATDR's did not have the "means" nor the "will" to go to the field and audit / sanction such activity.

We have filed suit with the Ica Attorney General's Office to stop, investigate and sanction the drilling of two wells in one property with "irregular" licenses. Followed by immediate action by the new ALA-Ica who cancelled the drilling.

Increasing the depth of dried wells with & without permit is a frequent practice. The result is that the water table level keeps going down, and farmers without the economic resources to fund further drilling of their well are economically displaced and ruined. Farm land without water is worth nothing.

JUASVI jointly with the ALA-Ica is conducting a strict Inventory of wells in the valley, using modern practices and instruments. We are finding several "inconsistencies" in the well numbering pattern. The "most interesting" issue, is the Chapter on "Pozos **sin código**" (**Uncoded Wells**). The explanation we get from the ALA-Ica is that those wells are in the process of being re-drilled in a different location, due to the "loss" of the original well by collapse or other reasons". Policy is that when the replacement well is completed and inspected by ALA, a NEW number is assigned to it.

The GOP does recognize the ineffectiveness of its Water management. The problem has aggravated when at the start of the current GOP Administration, Government employees salaries were cut by 10% across the board.

As a result, the GOP requested from the World Bank a US\$ 40 million loan to "reinforce the Administration of five Water Basins", one of them being Ica. In 2008, a World Bank Mission of WATER EXPERTS, came to Perú on a "fact finding mission" as part of the Project evaluation. They were fully briefed by the ANA in its headquarters in Lima, and visited water users in Ica. We refer CAO to heir report on this matter.



In order for the ALA-Ica to access its share of the loan proceeds, a Memorandum of Understanding, signed by the President of the Ica Region, is lying in the Huancavelica President's office, awaiting his signature. Huancavelica and Ica constitute an "Inter Region Basin" under the new Hidric Resources law, passed last March.

For Water management strategic decisions to be made, the only serious Hidro-Geological study of Ica, was made 39 years ago by the Israeli firm "Tajal." A subsequent Comprehensive strategic plan was done by a Spanish firm in the eighties.

This leads us to believe that **such scenario of "LAISSES FAIRE" indicates that:**

- i. **there is no solid knowledge of the Aquifer to rely on for water management decisions today, in a highly critical condition.**
- ii. **The administration of well licenses is and has been in disarray resulting in very poor credibility on its Inventory and especially in the discipline applied in issue and control of well drilling and maintenance. Wells proliferate and/or are drilled deeper with little control in spite of Government Bans, adding "insult to injury".**
- iii. **Therefore the GOP freeze on well drilling activity should be strictly enforced until:**
 1. **a Hidro-Geological study is completed and**
 2. **controls / sanctions are enforced.**

Further, Perú signed the International Labor Organization (ILO, OIT) Agreement 169, which was used as the "Banner" for the recent grave Civil Unrest across the nation by the Communities of Natives. As a result, such Communities at the "Divortium Aquarum" in Huancavelica's high lands, where the Ica Valley Basin begins, are very disturbed of any actions to tap the water resources that cross their land. They claim ownership of such water.

There is no solution in sight in several years to come, in spite of monthly "coordination" meetings held by officials and water users from both Regions.

3. The Ica aquifer is in a serious deficit situation and negative trend. The AGROKASA project does not make it any better. The only way, we believe, to make the project acceptable is to increase the recharge of the aquifer. Every year, 80 Million cubic meters of excess rain water flow in the Ica river into the Ocean. JUASVI is embarked at present in executing small projects to substantially increase the injection of surplus river water into the aquifer. Capacity of the network of irrigation canals in the valley is being increased, Flooding of un-used land is being introduced.

Use of river water in drip irrigation systems has started and is being promoted, reducing the extraction of water from the aquifer. AGROKASA's La Catalina property is an ideal candidate for this.

Emergency water management systems and policies are being introduced to rapidly direct the excess water to the water distribution network of channels, etc. Further, an "open gate" practice of allowing all surface water users to water their fields FREE OF CHARGE, when river water flows into the ocean is being developed by JUASVI.

4. **LARGE PROJECTS:**

a) **VALLEY: The Region's Bureau for Water Development "PETACC", has:**

- i. The water intake to the Achirana canal, 65 years old (with capacity similar to the river's, needs to be rebuilt. It does not have the circuit for sand settling and elimination. Detailed Engineering is being developed.
- ii. TAMBO RIVER DAM: Up in the Andes, this is best Cost / Benefit project that can contribute an extra month of water to the Valley at a cost of US\$ 54 million, to be built in two years

b). **VILLCURI Pampa:**

1. Derivation of the Pisco River surplus water now flowing the sea into the Villacuri basin called RIO SECO. A US\$ 60 million project. Detailed Engineering being completed by ANA.



5. **AGROKASA**, and other large water users, could lead a Private Sector investment in the projects described. The JUASVI was founded under specific Public body of laws for this purpose, and said companies belong to it. They should also disclose their progress in this to motivate others to follow such practices.
6. **CONCLUSION:** In our opinion:
 - a) We do not oppose IFC granting the funding requested by AGROKASA.
 - b) But special tight “verifiable” and “reportable” covenants should be established to prevent such funds from being used in the expansion of the cultivated area of the Project.
 - c) AGROKASA should commit to IFC, to postpone the proposed transfer of wells to new locations, as well as the transportation of water from existing wells from their Rinta Rita property to La Catalina, until a “reliable” study is completed indicating, to IFC’s satisfaction, an acceptable impact on the environment, especially the aquifer.

Sincerely,

JUASVI

Guillermo Payet

President

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telephone: + (511) 99810 5853

cc: JUASVI Board of Directors.



Appendix 1 ALA-Ica INVENTORY OF WELLS 2007:

POZOS UTILIZADOS INVENTARIADOS POR LA ATDR DE ICA

INVENTARIO 2007	
ICA	825
VILLACURÍ	382
TOTAL	1207



POZOS UTILIZADOS POR TIPO CON CODIFICACION
VALLE ICA

DISTRITO	TIPO			TOTAL UTILIZADOS
	TUBULARES	MIXTOS	TAJO ABIERTOS	
SANTIAGO	189	28	8	225
ICA	69	15	0	84
TINGUIÑA	54	2	0	56
AQUIJES	49	18	2	69
OCUCAJE	6	17	39	62
SALAS-GUADALUPE	40	10	1	51
SAN JOSE DE LOS MOLINOS	25	4	0	29
SAN JUAN BAUTISTA	33	10	0	43
PUEBLO NUEVO	62	2	1	65
PACHACUTEC	17	1	0	18
PARCONA	18	1	0	19
TATE	6	1	0	7
SUBTANJALLA	6	1	0	7
ROSARIO DE YAUCA	3	2	4	9
TOTAL ICA	577	112	55	744





POZOS UTILIZADOS POR TIPO SIN CODIFICACION
VALLE ICA

DISTRITO	TIPO			TOTAL UTILIZADOS
	TUBULARES	MIXTOS	TAJO ABIERTOS	
SANTIAGO	30	1	1	32
ICA	7	1		8
TINGUIÑA	1			1
AQUIJES	2	2		4
OCUCAJE		1	10	11
SALAS-GUADALUPE	5	1		6
SAN JOSE DE LOS MOLINOS				
SAN JUAN BAUTISTA	4	1		5
PUEBLO NUEVO	2	1		3
PACHACUTEC	4			4
PARCONA	1			1
TATE			1	1
SUBTANJALLA	1	4		5
ROSARIO DE YAUCA				
TOTAL ICA	57	12	12	81



MINISTERIO DE AGRICULTURA
INSTITUTO NACIONAL DE RECURSOS NATURALES - INRENA

CARACTERÍSTICAS TÉCNICAS, MEDICIONES Y VOLÚMENES DE EXPLOTACIÓN DE POZOS

INRENA
Aguas Subterráneas
DEPARTAMENTO : ICA

CÓDIGO : 11 - 01 - 11

PROVINCIA : ICA

DISTRITO : SANTIAGO

S/C	NOMBRE DEL POZO	PERFORACIÓN			EQUIPO DE BOMBEO			NIVELES DE AGUA Y CAUDAL		C.E. m.m.h.s cm + 25 °C	ESTADO DEL POZO	EXPLOTACIÓN			COORDENADAS				
		Año	Tipo	Prof. Int. (m)	Prof. Act. (m)	DIAMETRO (m)	MOTOR	BOMBA	FECHA			N. ESTÁTICO PROF (m)	N. DINÁMICO PROF (m)	USO	RÉGIMEN	VOLUMEN (m³/ab)	NORTE	ESTE	
S/C-1	BETA S.A	19	T	75.00	0.41	DELGROSA	E 100	HIDROSTAL	TV	06/01/2008	55.00	32	A	10	18	10	207,360.00	8425248	428948
S/C-4	Jervacia Valencia Jimenez		TA		1.00					28/11/2007	6.25		P				3,560.00	8434484	421365
S/C-6	Emp. Ica Pacific S.A		T		0.38	US MOTORS	E 75	HIDROSTAL	TV	29/11/2007		27	A	18	30	12	629,856.00	8429822	421035
S/C-9	Luis Nicolini de la F.		T		0.38	US MOTORS	E		S	03/12/2007		4	D	5	30	12	25,920.00	8428802	421986
S/C-10	Emp. Negocios e Inmobiliaria RVSAC		T		0.38	US MOTORS	E 125	BJ	TV	03/12/2007		90	A	20	30	12	2,332,800.00	8427382	421723
S/C-11	Urbanizadora Los Pecanos		T		80.00	PERKIMS	D 100	BJ	TV	05/01/2008	52.00	45	A	10	20	8	259,200.00	8425989	429199
S/C-13	ICA PACIFIC S.A		T		0.38		E		S	13/12/2007		9	A	18	24	10	139,968.00	8430639	427073
S/C-15	CAU Santa Dominguita		T		0.38	US MOTORS	E 125	HIDROSTAL	TV	15/12/2007		60	A	10	30	9	583,200.00	8424159	429010
S/C-16	ARKO		T			DELGROSA	E 50	DEMING	TV	15/12/2007		50	A	20	30	12	1,296,000.00	8427927	428850
S/C-17	BETA S.A		M		80.00	PERKIMS	D 80	BJ	TV	05/01/2008	57.00	35	A	12	30	12	544,320.00	8426374	430360
S/C-18	IQF del Peru		T	110.00	0.38	JS ELECTRIC MOTOR	E 100	HIDROSTAL	TV	14/12/2007	41.37	50	A	24	30	12	1,555,200.00	8432228	424728
S/C-19	IQF del Peru		T	80.00	0.38	JS ELECTRIC MOTOR	E 100	HIDROSTAL	TV	14/12/2007	41.29	50	A	24	30	12	1,555,200.00	8431506	424704
S/C-20	IQF del Peru		T	90.00	0.38			HIDROSTAL	TV	14/12/2007	40.46	15	A	24	30	12	466,560.00	8431596	424036
S/C-25	Hector Altamirano Garcia		T		0.46		E	LAYNE	TV	20/12/2007		80	A	12	26	9	808,704.00	8424264	424537
S/C-26	Ciloniz Chapin de Bustamante		T		52.00	DELGROSA	E 70	POMONA	TV	21/12/2007		30	A	18	24	12	559,872.00	8424469	423863
S/C-27	COOP Luis J. de Cabrera		T		0.48	DELGROSA	E 75	HIDROSTAL	TV	22/12/2007		55	A	12	20	10	475,200.00	8421750	426558
S/C-28	Pablo Buendia Ploog		T		0.38	DELGROSA	E 100	BJ	TV	26/12/2007		35	A	18	30	12	816,480.00	8421313	425621
S/C-29	IQF del Peru		T	65.00	0.46	JS ELECTRIC MOTOR	E 40	HIDROSTAL	TV	14/12/2007	37.80	20	A	24	30	12	622,080.00	8430970	424272
S/C-30	IQF del Peru		T	90.00	0.38	JS ELECTRIC MOTOR	E 60	HIDROSTAL	TV	14/12/2007	38.25	26	A	24	30	12	808,704.00	8431312	424025
S/C-31	IQF del Peru		T	77.00	38.00	JS ELECTRIC MOTOR	E 100	HIDROSTAL	TV	14/12/2007	40.68	55	A	24	30	12	1,710,720.00	8431408	424397
S/C-32	IQF del Peru		T	72.50	72.50	US ELECTRIC MOTOR	E 40		TV	14/12/2007	39.43	15	A	24	30	12	466,560.00	8431276	425051
S/C-33	IQF del Peru		T	72.00	72.00	I.E.M	E 50	HIDROSTAL	TV	14/12/2007	33.29	25	A	24	30	12	777,600.00	8430220	423851
S/C-34	IQF del Peru		T	81.20	81.20	JS ELECTRIC MOTOR	E 100	HIDROSTAL	TV	14/12/2007	37.40	60	A	24	30	12	1,866,240.00	8431848	424063



END