



Ombudsman Assessment Report

Complaints Regarding the Sociedad Agricola Drokasa S.A., Project #26821 ("Agrokasa")

Ica Valley, Peru

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**Office of the Compliance Advisor/Ombudsman
International Finance Corporation and
Multilateral Investment Guarantee Agency**

CONTENTS

1. Introduction	1
2. Summary and Purpose of the Assessment.....	1
3. CAO Approach / Methodology.....	2
4. Summary of the IFC Project	3
5. Summary of Concerns Raised in the Complaints	3
6. Perspective of Agrokasa	4
7. Perspective of IFC.....	6
8. Key Interests and Considerations for Addressing the Concerns.....	7
8.1 Areas of Agreement.....	7
8.2 Areas of Potential Agreement	7
8.3 Areas of Disagreement	8
9. Summary of Assessment Findings and Recommendations for Next Steps.....	9
9.1 Recommendations for Stakeholders	10
9.2 Recommendations for IFC	11
10. Conclusion	11

1. Introduction

The Compliance Advisor Ombudsman (CAO) is the independent recourse mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The CAO reports directly to the President of the World Bank Group. Its mandate is to address in a fair, objective, and constructive manner complaints brought by communities or individuals affected by IFC or MIGA projects, and to enhance the social and environmental outcomes of these projects.

Upon determining that a complaint meets the specified criteria for a CAO intervention, the CAO Ombudsman conducts an assessment of the situation to clarify the issues, facilitate communication between the parties about their perspectives and interests, and assist them in identifying opportunities for resolution. The assessment does not gather information to determine fault or make judgments on the merits of a complaint.

To be eligible for CAO assessment, complaints must demonstrate that:

- The complaint pertains to a project that IFC/MIGA is participating in, or is actively considering.
- The issues raised in the complaint pertain to the CAO's mandate to address environmental and social impacts of IFC/MIGA investments.
- The complainant may be affected if the social and/or environmental impacts raised in the complaint occurred.

2. Summary and Purpose of the Assessment

This assessment is in response to six complaints filed to the CAO between June 2 and July 24, 2009, regarding the *Sociedad Agricola Drokasa S.A.* project ("Agrokasa"), a commercial agriculture venture in Ica, Peru, that IFC has supported with two loans since 1999. The company is Peru's largest grower and exporter of fresh asparagus, table grapes, and avocados. It operates three farms, two of which – Santa Rita and La Catalina – are located in the arid coastal valley of Ica, about 300 km south of Lima.

The complaints raise concerns about the project's impacts on the Ica aquifer and the municipalities and smaller growers who depend on it for their livelihoods.

Two of the complaints were submitted by water users' associations in the Ica valley – one by the *Junta de Usuarios de Rio Seco*, and one by the *Junta de Usuarios de Aguas Subterranas del Valle de Ica* (JUASVI). The other complainants requested confidentiality.

The CAO determined that the complaints met its eligibility criteria, and initiated an Ombudsman assessment in June 2009. In July 2009, a CAO Ombudsman assessment team met with the IFC project team to discuss the situation, and then travelled to Peru to meet with key stakeholders.

The purpose of the assessment and this report is to (1) summarize the project, the issues raised in the complaints, and key interests disclosed during the assessment interviews; (2) inform the stakeholders about the views of the others; (3) identify areas of common interest; and (4) offer recommendations on whether or how to proceed.

3. CAO Approach/Methodology

Following eligibility determination, the CAO Ombudsman assessment team met with IFC project team members to summarize the issues raised in the complaints and discuss the project and their understanding of the issues.

The Ombudsman team then spoke by telephone with signatories to the complaints and Agrokasa representatives to discuss the issues, review CAO's operational procedures and complaint-handling process, and to schedule meetings in advance of the July 2009 site visit.

From July 21 through 24, 2009, the CAO team met in Peru with senior management of Agrokasa, signatories to the complaint, local and national water authorities, the mayor of the municipality of Santiago, and other stakeholders.

Agrokasa staff in Ica hosted the CAO team on a tour of its operations there, and several signatories to the complainants hosted a field visit to several wells and other agricultural operations to observe their production processes and existing irrigation systems. The signatories also organized a visit for the CAO team and the local water authority to an olive plantation that has installed a computerized drip irrigation system designed to use less water than traditional systems. The visit was intended to introduce the local water authority and the CAO to what the complainants believe is an innovative potential alternative to the more intensive irrigation system that is widely practiced throughout the valley.

The Assessment meetings/interviews included the following:

20 July, 2009

- Agrokasa President and CEO, and Agrokasa General Manager
- Director of ANA (National Water Authority)

21 July, 2009

- Mayor of Santiago and Municipal Manager of Santiago
- Chief of ALA (Local Water Authority)
- President of Farmers Association

22 July, 2009

- Agrokasa's Manager in Ica
- Tour of Agrokasa operations
- Nine signatories to the complaints

23 July, 2009

- Tour of two properties owned by signatories to the complaints
- Tour of olive plantation to observe computerized drip irrigation system, and discussion with proprietor

24 July, 2009

- IFC staff in Lima
- Agrokasa President and CEO.

The assessment also has involved extensive communication via telephone and e-mail with the parties subsequent to the field visit in an effort to assist them and the IFC in determining appropriate next steps for resolving the issues.

4. Summary of the IFC Project

IFC has provided two loans to Agrokasa since 1999, and had approved a third loan shortly before the complaints were filed to CAO. Of the two prior investments, one is closed and one remains active. IFC also completed a project with the parent company, *Corporación Drokasa*.

According to the IFC's Summary of Proposed Investment (SPI), the third investment in the Agrokasa project – if approved – would have involved a loan of up to \$US 10 million for the company to “(i) improve its operations, thereby allowing the company to grow and expand further into existing and new markets, (ii) ensure appropriate financing facilities for its varied production cycle; and (iii) create more employment opportunities in some of the poorest areas of Peru. In addition, IFC will strength[en] the relationship with one of the leaders of the industry and further promote the development of the Peruvian agribusiness industry.”

Also according to the SPI, the investment would “include implementation of new areas in the northern farm [La Catalina] and hydraulic improvements in the south. The hydraulic improvements element of the investment program includes measures to reduce stress on the Ica aquifer in southern Peru. Specifically, water from the Santa Rita site: (i) either from current wells, and/or (ii) four (4) new Ranney-type wells, (if approved by the government), and/or (iii) Ica River surface water (if approved by the government) will be conveyed in a PVC pipeline to La Catalina farm. If the authorities allow (ii) above, four existing ground water wells servicing La Catalina, which is one of the most distressed portion[s] of the Ica aquifer, will be closed. Ground water from these wells will be replaced by the four new Ranney-type wells in Santa Rita, an area of the aquifer that is less stressed. These Ranney-type wells will be situated in the vicinity of the Ica River to take advantage of surface water recharge of the aquifer.”

The third proposed investment was first reported to the Board of Directors as a new item in February 2009, and on June 11, 2009 it was approved by streamlined procedure. (That is, in the absence of a request by a Director for the project to be discussed by the Board, IFC management may proceed with the proposed investment.) The closing date for the loan documentation was scheduled for June 25, 2009. However, on June 19, 2009, following CAO's receipt of the complaints, IFC senior management put the transaction on hold and instructed the project team to pull it from Board circulation, pending the outcome of the CAO assessment.

During the CAO assessment trip in July 2009, the company reported that it planned to withdraw its request for the third IFC loan. In September 2009, Agrokasa formally notified IFC of its intent to terminate the request.

5. Summary of Concerns Raised in the Complaints

The six complaints center broadly on the following concerns:

- Environmental issues – including depletion of the aquifer, deteriorating water quality throughout the valley, and lack of scientific understanding of the current condition of the Ica aquifer.

- Social and Economic issues – including increased conflict among and between water users over rights and access to a diminishing water resource; potential collapse of agribusiness activity in the Ica/Villacuri valleys; and risk of displacement and joblessness for residents and seasonal field workers throughout the valley.
- Legal / regulatory and compliance issues – including failure of the project to produce a Social and Environmental Management System, as required by IFC; disclosure of project documentation to local stakeholders, growers and municipalities; and irregularities in the Government of Peru’s processes for licensing, permitting and verification of wells.

The complainants maintain that Agrokasa’s operation is contributing to over-exploitation of the Ica aquifer through a high concentration of wells, and drilling and re-drilling of new and existing wells without appropriate permits and required licenses.

A key concern of the complainants is the water conveyance project being constructed by the company that involves extraction of water from wells at Agrokasa’s Santa Rita facility, where well water is apparently more plentiful, to the larger farm at La Catalina, where the wells are no longer viable.

The complaints say that public consultation with impacted villages and farmers about the conveyance project was inadequate, and that the Government of Peru has been inconsistent on regulating or determining the legality of the project. They also believe the water authority has failed to regulate ground and surface water use and has not been enforcing its own ban on drilling of new wells.

There is general agreement among the signatories to the complaints that Agrokasa is not solely responsible for depletion of the aquifer. However they fear that extraction by Agrokasa and several other large agro-exporters in the valleys is accelerating the drying of wells and threatening or eliminating livelihoods of many smaller-scale farmers across the region.

Several of the complainants say that throughout the valley, small growers have traded or sold their wells to Agrokasa or other large exporters, but continue farming by relying on seasonal, scarce and disputed surface water. In addition, they say many local wells that have not been sold or replaced are drying at an alarming rate, due in large part to agricultural exporters’ ability to extend nearby wells to deeper levels.

6. Perspective of Agrokasa

Agrokasa attributes the complaints filed with the CAO to increased competition for resources throughout the valley.

The company agrees with the view of the complainants and others that current and future water availability is a concern throughout the valley and that the aquifer is threatened. It cites an increase of over 20% in newly cultivated areas in the last decade, and inefficient use of the resource, which includes unregulated and unsustainable pumping, increasing demand for water, and frequent draught cycles in the higher part of the basin.

In response to specific concerns raised in the complaints, the company offered the following information and perspectives during the assessment interviews:

- Agrokasa ended its program of additional crop installation in 1999, cultivating 26 additional hectares (2.3% of its total) in 2003, and says it has no plans for future expansion of cultivated lands in Ica. The company notes that during that same period, the rest of the Ica Valley underwent consistent expansion of cultivated lands of over 20% between 1999 and 2008.
- Nearly two years ago, Agrokasa requested permits from the local water authority to close four wells in Pueblo Nuevo and replace them with new wells in the Santa Rita farm, closer to the river where faster replenishment occurs. No action has been taken by the company to pursue this activity, as the water authority has not responded or granted a permit.
- The company does not plan to increase its water demand on the aquifer. On the contrary, it maintains a commitment to decrease consumption from the aquifer year by year. Future plans include improvements in the current irrigation systems for a lower consumption of water per hectare and reduction in the total volume utilized, substitution of an existent crop of asparagus in Santa Rita in favour of grapes or other crops of lower water consumption, and the use of superficial water from the Ica River during the few months it brings runoff water (not committed with other irrigation licenses) and which coincide with the warm months of greater demand. This should ensure sufficient water availability at Santa Rita for conveyance to La Catalina.
- Three permits obtained by Agrokasa, via *Resolución Administrativa # 147-2008-GORE-DRAG-I/ATDRI* dated December 12, 2008, were for the installation of two 4.5 km-long pipelines that start at 16 inches and end at 14 inches to transport water from Santa Rita farm to La Catalina farm. The source of the conveyed water will be:
 - Future savings from reduced use (less water-intensive crops) at Santa Rita farm;
 - Excess flows authorized from the company's existing wells without exceeding the currently enforced quota established by the authority many years ago.
 - Surface water from river runoff, once the water authority grants permits for its use, which are expected to be obtained in 2010.
- Agrokasa's proposal to prioritize the use of existing wells in Santa Rita is based on the wells' proximity to the river and thus their capacity to recharge at a faster rate than other wells. The company says this practice does not entail an increase in the water flows authorized, nor a greater extraction of ground water. Based on an external technical consultation¹, the company considers that moving the water extraction from a slow recharge area to a faster recharge area, adjacent to the river, will contribute to better and more sustainable management of the aquifer. The current project dimension does not calculate the water flows that could be conveyed a product of an eventual well replacement. To date, the company says the project is in suspense, and only Santa Rita's authorized surplus is planned to be moved. Agrokasa believes this project constitutes good practice in aquifer management, and has been proven in other countries.
- Agrokasa agrees with complainants and government officials that a comprehensive hydro-geologic study for the area is important, and supports its immediate implementation. The character and complexity of the aquifer is only partially understood, and it has been over 30 years since the last comprehensive study was undertaken.

¹ Report of Ing. Guillermo C. Aguilar Giraldo from the firm Neo Ag

- Agrokasa has undertaken a number of community and social development projects. It has collaborated with a local community and mayor to replace an old well, and build a deeper one to ensure domestic drinking water. Other communities experiencing water shortages have turned to Agrokasa for help, and the company has provided assistance.

7. Perspective of IFC

Following CAO's receipt of the six complaints, IFC management informed the CAO it would work with its client to support the CAO process. The third loan – IFC project no. 26821 – had been approved by streamlined procedure, with the closing date for loan documentation scheduled for June 25, 2009. However, following CAO's receipt of the complaints, IFC pulled the project from Board circulation to await the outcome of the CAO assessment.

Shortly after IFC postponed the transaction, Agrokasa notified the IFC that it would formally withdraw its application for the third loan.

The project was intended to provide support for the company's 2008 - 2010 investment programs and restructuring of its balance sheet from short- to long-term obligations. During due diligence activity in the lead-up to approval, IFC professional staff performed physical evaluations of Agrokasa's operations and reviewed relevant company and government documentation.

In assessment interviews with the IFC project team, and according to IFC's publicly available documentation, ground water availability and sustainability of Ica farming activities is a well known issue and a concern for all users of local ground water – including Agrokasa. The IFC acknowledges that aquifer recharge is insufficient to balance actual water demands in this arid region of the Peruvian coast, and according to the project team, this issue was discussed extensively both internally and with the client during the due diligence activities.

The IFC stated that at the time of project approval Agrokasa was still in the process of preparing a detailed Environmental Assessment (EA) to address concerns regarding ground water availability. According to IFC, the EA – once finalized – was expected to address potential economic displacement, local/regional impact of water extraction, regulatory agency approvals for new structures and wells, allowable water extraction rates, and permit conditions and requirements for monitoring and reporting data to characterize current ground water use.

Also at the time of project approval, IFC reported that Agrokasa had plans in place to develop and implement a public disclosure and outreach program, which they intended to use together with the EA to ensure adequate public information and understanding of the current situation and Agrokasa's efforts to address public perceptions and concerns. In addition, IFC said Agrokasa had future plans to conduct robust engagement with communities, regulatory agencies and other stakeholders.

IFC told CAO it was confident that once completed, the EA and public disclosure plans would demonstrate the project meets IFC's environmental and performance requirements.

8. Key Interests and Considerations for Addressing the Concerns

8.1 Areas of Agreement

The stakeholders have a shared interest in the long-term sustainability of the Ica/Villacuri aquifer and preservation of small-scale and competitive agricultural businesses.

Both Agrokasa and the complainants agree the following steps should be taken to address the area's critical water situation:

- Strict enforcement of a moratorium on new licensing and permitting of wells and expansion of cultivated lands in the Ica and Villacuri valleys;
- Basin-wide enforcement of the Peruvian government's ban on drilling of new wells;
- Completion of a comprehensive hydrologic study to ascertain current and future water availability, water quality, and current use and discharge rates;
- A multi-stakeholder forum or similar participatory process to discuss water-sharing agreements, efficiency measures, and collaborative approaches to managing the region's water resources

The parties are in general agreement that the local water authority in Ica could be an appropriate convener of a collaborative process aimed at pursuing those common interests, and that the CAO Ombudsman could play a role in helping to design and launch such a process.

The parties also agree that cooperation between IFC and the World Bank / International Bank for Reconstruction and Development (IBRD) could help expedite implementation of a Water Resources Management Modernization Project that was funded in July 2009 and includes Ica among its target regions. Some stakeholders suggested that the hydrological study of the Ica aquifer could be among the first steps undertaken with the IBRD funding, along with implementation of a 'stakeholder participation' process which is central to that project.

8.2 Areas of Potential Agreement

Although Agrokasa says it does not believe there is anything to negotiate regarding its operations or licensing / legal issues, it has expressed willingness to establish permanent disclosure systems on its operations and to explain to the complainants the scope of its projects and their impact on the aquifer.

The company says the local authority for years has been receiving monthly reports documenting performance, consumption and management of Agrokasa wells, according to law. In light of the current complaint, it says it is willing to disclose all data demonstrating that its wells have flow meters installed. In addition, the company said it will implement a communications plan to inform the public about its projects and operations, and requests all other stakeholders to behave in the same manner.

Regarding CAO and IFC involvement generally, Agrokasa has formally withdrawn its request for a third loan from IFC. However, the company has stated that CAO's experience and advice may be valuable to mitigate what it considers an erroneous perception of Agrokasa as a social offender in the valley.

The company says its willingness to engage in a collaborative process with the complainants stems not only from its desire to defend its reputation in light of the current complaints, but because sustainable agricultural practices and long-term solutions to water shortages are high priorities for the company.

8.3 Areas of Disagreement

There is basic disagreement over the benefit of transferring water from Santa Rita farm to La Catalina farm, an Agrokasa project that was under construction at the time of the assessment team's visit. The complainants do not view it as a sustainable solution to the area's water issues because of its potential to hasten depletion of the water table. Agrokasa and IFC believe that on the contrary, the conveyance project will minimize further depletion of a stressed portion of the aquifer, as it moves water from a relatively sustainable portion, thus avoiding any incremental water use in the stressed area.

In the months following the CAO Ombudsman assessment trip, the company completed installation of the conveyance pipelines. According to Agrokasa and IFC, the company had all of the required approvals from the relevant authorities, as well as approvals from individuals and communities within the pipeline right-of-way. Agrokasa views the project as legal, sustainable, and crucial for its operations.

During construction, strong opposition to the project in one township prompted the company to request protection for its crews and equipment, and riot police were dispatched to the site to avert the company's fears of violent protest. The signatories to the CAO complaints reported that they were not involved in the demonstration, or in a reported confrontation between the company and protesters. However, they have continued to express opposition to the project and their appeals to IFC and CAO sought, in part, to halt or delay it until a more thorough study of the aquifer could be undertaken.

In considering the CAO Ombudsman's role in helping to resolve this issue, Agrokasa says it does not believe there is anything to negotiate regarding its operations or other licensing and permitting issues. It has committed, however, to systematic reporting of its operations, and to explain to the complainants the scope of its projects and impacts on the aquifer.

Regarding Agrokasa's compliance with IFC's performance standards, the complainants' have requested a CAO Compliance review of the following project requirements:

- A Social and Environmental Management System that includes a social and environmental impact assessment, management program, organizational capacity, community engagement, monitoring and reporting [Performance Standard 1];
- An Action Plan and any other relevant project-related information to enable affected communities and relevant government agencies to understand any adverse impacts due to Agrokasa's activities on soil, water, and other natural resources in use by affected communities [Performance Standard 4]; and
- Demonstration of Agrokasa's ability to manage a renewable natural resource through an appropriate system of independent certification [Performance Standard 6].

The complainants believe that including these issues among the topics to be negotiated could result in a lengthy, complex process and hinder the progress of a locally based roundtable.

9. Summary of Assessment Findings and Recommendations for Next Steps

The complaints to CAO center on the widely recognized problem of unsustainable abstraction from the Ica aquifer. Stakeholders interviewed during the Ombudsman assessment – including Agrokasa, the complainants, government representatives, the IFC project team, and others – all acknowledged that uncontrolled use of water in major irrigation areas and population centers is a significant concern, and that better water resource management is crucial for the long-term health and economic viability of the region.

Similar conclusions were reached in a World Bank report on underground water resources in the coastal valleys and elsewhere in Peru, which notes that exploitation of the Ica aquifer doubled between 2002 and 2007 as a result of increasing agricultural activity. The report was produced in 2008 by the World Bank's Groundwater Management Advisory Team (GW Mate) in preparation for the \$10 million loan to the Government of Peru for a Water Resources Management (WRM) Modernization Project.

In the several months since the CAO assessment trip, the local water authority (ALA) reportedly convened several meetings attended by local water user associations and other stakeholders. The water authority informed CAO that it intends to continue bringing water users together in an effort to discuss and agree on the complex array of issues, and to try and reach consensus on strategies for addressing them. According to the ALA representative, these meetings comply with Peruvian water laws that require the input and participation of water users, and also with the World Bank/IBRD WRM project, which commits to a “participatory, sustainable, multi-sector and basin-scale approach” to improving the management of water resources in Peru.

The Ica-Alto Pampas basin is among five basins in Peru that are targeted for assistance through this WRM public-sector loan, and it is designated as one of three pilot areas in which specific initiatives will be undertaken and evaluated before extending them to the other basins. According to the WRM project documentation, the pilot will support implementation of participatory integrated water resources management by creating and/or strengthening local water authority offices, River Basin Councils, and regional offices of the *Servicio Nacional de Meteorología e Hidrología* (Meteorological and Hydrological National Service).

According to the World Bank's Project Appraisal Document, dated May 2009, the WRM project aims to contribute to:

- Improving the transparency, efficiency and sustainability of WRM, thereby reducing conflicts over water resources;
- Improving stakeholders' participation in WRM;
- Promoting inter-institutional coordination at the national and river basin levels, strengthening the institutional capacity for integrated and participatory WRM;
- Promoting efficient use of water resources, thereby curbing growth in water demand and reducing or delaying the need for costly infrastructure projects such as inter-basin water transfer projects;
- Curbing the degradation of water quality, thereby reducing negative impacts on people's health, agricultural exports and the environment; and
- Improving Peru's resilience to climate change and its expected impacts.

This assessment draws attention to the World Bank WRM project because a number of the issues it seeks to address are also raised in the CAO complaints. Both the WRM project and the

signatories to the CAO complaints have an expressed goal of strengthening the government's capacity to manage its water resources, and establishing a participatory mechanism for protecting the aquifer and preventing and managing conflict.

In discussions during this assessment about the potential role of the WRM project to address the issues raised in the CAO complaints, stakeholders said they were aware of the project's existence, but concerned that the time frame for implementation of the project could be many years from now.

9.1 Recommendations for Stakeholders

While there is basic agreement among stakeholders that current extraction activity from the Ica aquifer is unsustainable and that the issue should be addressed in a participatory process, there is less agreement about who should convene such a process and about the specific issues to be negotiated.

Given the local water authority's efforts and commitment to convene water users and other key stakeholders, and considering the stated goals of the public sector/World Bank WRM project, the Ombudsman assessment team does not believe a separate, simultaneous agreement-seeking process convened and sponsored by the CAO would be helpful to the community or to the complainants and Agrokasa.

However, based on the stakeholders' general agreement that the local water authority is a trusted and appropriate convener, and their general agreement to work collaboratively to resolve the issues, the assessment team recommends that CAO coordinate with the local water authority to assist in the design and launch of a water users' roundtable or similar agreement-seeking process that meets the objectives of the key stakeholders and complies with the World Bank's WRM project criteria. This assistance could include:

- Working with the local water authority to identify appropriate participants and alternates;
- Helping the participants and water authority identify and agree on the specific issues to be addressed and negotiated, and define the goals, ground rules and work plan for the forum; and
- Helping the parties identify an appropriate facilitation team (not affiliated with the CAO) that could provide long-term assistance, as needed, to the convener and forum participants throughout implementation of its agreed work plan.

The CAO assistance would be dependent upon confirmation by the Chief of ALA that he plans to continue his on-going role as convener, and his willingness to pursue the proposed facilitation services of the CAO. CAO's involvement would be limited to the design and launch of the roundtable, and CAO would exit following the stakeholders' final selection and completion of a Terms of Reference for a more permanent, locally based facilitation team. The time frame for CAO's involvement and exit would be agreed in advance by the water authority and the forum participants.

This proposal should be considered by the parties in the challenging context they have presented to the CAO, and in light of the specific issues raised in the complaints.

The assessment team requests that the parties discuss the proposal and submit written responses to the CAO either to confirm their agreement with the proposed approach, or to suggest alternate options for working with the CAO Ombudsman to resolve the complaints.

In the event the parties do not wish or agree to pursue the CAO Ombudsman proposal or an alternate collaborative strategy for resolving the complaints, and in accordance with CAO's Operational Guidelines, the Ombudsman will conclude its involvement and transfer the complaints to CAO Compliance for appraisal. In the event they do agree to proceed with the proposed Ombudsman involvement, only the non-negotiable issues will be transferred to CAO Compliance for appraisal.

The parties are requested to submit a written response to this proposal at their soonest opportunity.

9.2 Recommendations for IFC

Both the IFC and the IBRD projects acknowledge that the growing agriculture industry is impacting water quantity and quality in Ica and elsewhere in Peru. In addition, both projects commit to improving the efficiency and sustainability of water resources management in the Ica region, curbing demand for water, and encouraging stakeholder participation in decisions about the use and management of water resources.

The local water authority faces multiple challenges in Ica – balancing the water requirements of large agricultural operations with those of smaller growers and municipalities, and playing a lead role in implementing the WRM project goals of participatory, integrated, basin-scale water resources management. The start-up of the WRM pilot project in Ica combined with the IFC's 10 years of involvement with Agrokasa and the communities impacted by its operations, presents a timely opportunity for integrated World Bank Group expertise and support to local government and water users, whose livelihoods depend on a clean and sustainable resource.

The assessment team recommends the IFC Agrokasa project team coordinate directly with the World Bank / IBRD team responsible for the Water Resources Management project to identify potential collaborative approaches to achieving their shared objectives and commitments. Cooperation between the two World Bank Group departments could help increase efficiencies and minimize possible duplication of efforts in Ica.

10. Conclusion

The CAO assessment team has requested a written response from the parties to confirm whether they wish to proceed with the CAO's offer to facilitate the proposed stakeholder forum, or to conclude their engagement with the CAO Ombudsman and transfer the outstanding issues to CAO Compliance. The assessment team members are available to discuss the content of this report or any alternate agreement-seeking process the parties may wish pursue under the auspices of the CAO Ombudsman.