



European Investment Bank

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EIB LOAN FOR WATER SUPPLY AND IRRIGATION SCHEMES IN THE ALENTEJO, PORTUGAL

A loan equivalent to 12 million units of account ⁽¹⁾ has been made by the European Investment Bank, the EEC's long-term finance institution, to contribute towards the cost of water supply and irrigation schemes in the Alentejo, Southern Portugal.

This brings to 102 million u. a. the total amount so far provided by the Bank within the framework of the "exceptional emergency aid" of 150 million u. a. offered to Portugal by the Community in the form of long-term credit from the EIB.

The loan is for 17 years at an interest rate of 6.5 %, after deduction of a 3 % interest rebate (paid directly from the Community budget) as provided for under the terms of the aid agreement.

The project which the Bank is helping to finance concerns irrigation of about 4 700 ha; it includes the construction of a 130 million m³ storage capacity dam on the Odivelas river and the construction of a 17 million m³ dam in the Vale do Vasco, the provision of sprinkler equipment and also installations for the purification and supply of drinking water.

An increase in forage crops, meat and dairy products made possible by the irrigation will help to reduce the need for imports and will at the same time raise incomes and living standards of the farming community which numbers 40 000 people in the districts concerned.

(1) Under the exchange rates applied by the EIB in the present quarter (January 1 1977 - March 31 1977) 1 unit of account = Escudos 35.43 = US \$ 1.13.

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The loan will also help to meet the cost of studies concerning the rehabilitation of an existing irrigation system in the Mira plain, southern Alentejo ; this cannot be fully utilised at present because of soil problems, wind conditions and certain other complications.

The total cost of these works and studies is estimated at around 32 million u. a. They form part of a vaster, long-term programme designed to extend irrigation to 170 000 ha. of the Alentejo.