Financing Irrigation in Aragon, Spain

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IMPORTANCE OF INVESTMENTS IN IRRIGATION INFRASTRUCTURE IN ARAGON

- 2.4 million hectares of farmland.
- 415,000 hectares are irrigated.
- 190,000 hectares are gravity irrigation.
- No major irrigation transformations are foreseen.
- The largest investments will be made in transformation from gravity irrigation to pressure irrigation and investments in renewable energy generation and automation of system.
IRRIGATION COMMUNITIES

• Entities that group owners and are responsible for the management of water resources.

• 350 irrigation communities >100 hs.

• Grassroots communities are grouped into general communities, the largest group between 60.000 and 130.000 hectares.

• General communities are responsible for carrying out investments in common infrastructures.
Historically, irrigation infrastructures have been the recipient of between 10-15% of public expenditure co-financed by the EAFRD.

- 2014-2020: 90 millions.
- 2023-2027: 65 millions.

It is supported with a granted of between 40-50% of the investment.
WHY ARE WE THINKING OF A FINANCIAL INSTRUMENT?

• The budget available for irrigation infrastructures is reducing with each programming period.

• The budget offered is much lower than the demand and many projects are left without support.

• Economic studies carried out by the irrigation communities showed that they could do without the grant if they were granted loans for 30-35 years.

• This product does not exist on the market now.
WHAT FINANCIAL INSTRUMENT DO WE PROPOSE

• We propose a financial guarantee instrument to which we would initially devote EUR 15 million.

• The instrument would guarantee loans with a return period of between 30 and 35 years.

• We would manage it together with the ministry and other regions.
WHAT STATE OF IMPLEMENTATION WE ARE IN

• We have provided for the financial instrument in the community agricultural Policy Strategic Plan.

• We have met with several financial institutions, they have shown us their interest but they have also indicated the difficulties.

• The difficulties are related to the requirements of the bank of spain and the high cost that the loan can have.

• We are working with the ministry to implement the instrument.
Thank you!
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