

Libya Starts Irrigation Project in Brazil's Semi-Arid Region

Contributed by Alexandre Rocha
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The first phase of the viability study for an irrigation project that the government of Libya is interested in investing in the northeastern Brazilian state of Bahia should be ready in 90 days.

The Libyan Arab Foreign Investment Company (Lafico) recently signed an agreement with construction company Norberto Odebrecht for the execution of the study.

"In this first phase we are going to organize the preliminary molding of the project, defining the true size and what will be the participation of the private sector and the government," stated Júlio Perdigão, the superintendent of Codeverde, a company controlled by Odebrecht which is responsible for the project.

The project in question is in the Baixio de Irecê, in the São Francisco River Valley, located in the northeastern region of the state. The enterprise covers an area of 60,000 hectares and has already been chosen by the federal government.

According to Perdigão, the whole project involves a network of 100 kilometers of irrigation channels. According to him, up to now 13 kilometers have been installed. The idea is to build the rest in public-private partnerships (PPP's).

Lafico has also shown interest in the Salitre project, also in the interior of the state of Bahia, which has an area of over 30,000 hectares. The investment forecasted in the projects is US\$ 450 million, according to the Libyans.

Apart from the irrigation channels, the participation of the public sector is considered essential in other infrastructure projects for public use, like highways and electricity power grids.

According to Perdigão, so as to make the project possible it is necessary to invest in between 180 and 200 kilometers of electric energy networks and around the same length of secondary highways.

"This study is being accompanied by the federal government through the São Francisco Valley Development Company (Codevasf). The result is going to determine whether it is viable and whether it may be developed in PPP's," added the Odebrecht director in Bahia, Alexandre Barradas.

According to Perdigão, other companies called to participate in the study were Santander Bank, which is going to take care of the financial aspects, law office Machado, Meyer Sendacz e Opice, to develop the legal aspects, FNP Consultoria, which operates in the agribusiness sector, and Magna Engenharia, which does consultancy in the engineering area.

"The profitability, sustainability and regional development potential of the project will be evaluated," he said.

Potential

Despite the climate in the region being semiarid, Perdigão stated that the soil is very good. Today, according to him, the region already produces beans, castor plants, sorghum, maize and cotton.

In case the irrigation project is implemented, other productive chains may be developed "with good productivity", as is the case with sugarcane for the production of alcohol and sugar, banana for export, tropical fruit, like passion fruit, acerola, cashew and pineapple, for the production of juices, and grapes for table consumption and wine production. According to him, the project should generate around 180,000 jobs.

"The potential is fantastic. Brazil has the only tropical semi-arid region in the world," he said.

As an example he mentioned the hub in Juazeiro/Petrolina, also in the São Francisco River Valley, which already has irrigated agriculture. "They have been exporting the equivalent to US\$ 280 million a year," he declared.

Lafico started showing interest in projects in Brazil at the beginning of last year, when company directors visited Brazil after the trip Brazilian president Luiz Inácio Lula da Silva took to the Arab country in December 2003.

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