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SUPPORTING INVESTMENTS IN AUSTRIAN AGRICULTURE AND RURAL AREAS

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**EAFRD Financial Instruments for agriculture
and rural development in 2014-2020**

Seminar
1 October 2015
Vienna, Austria

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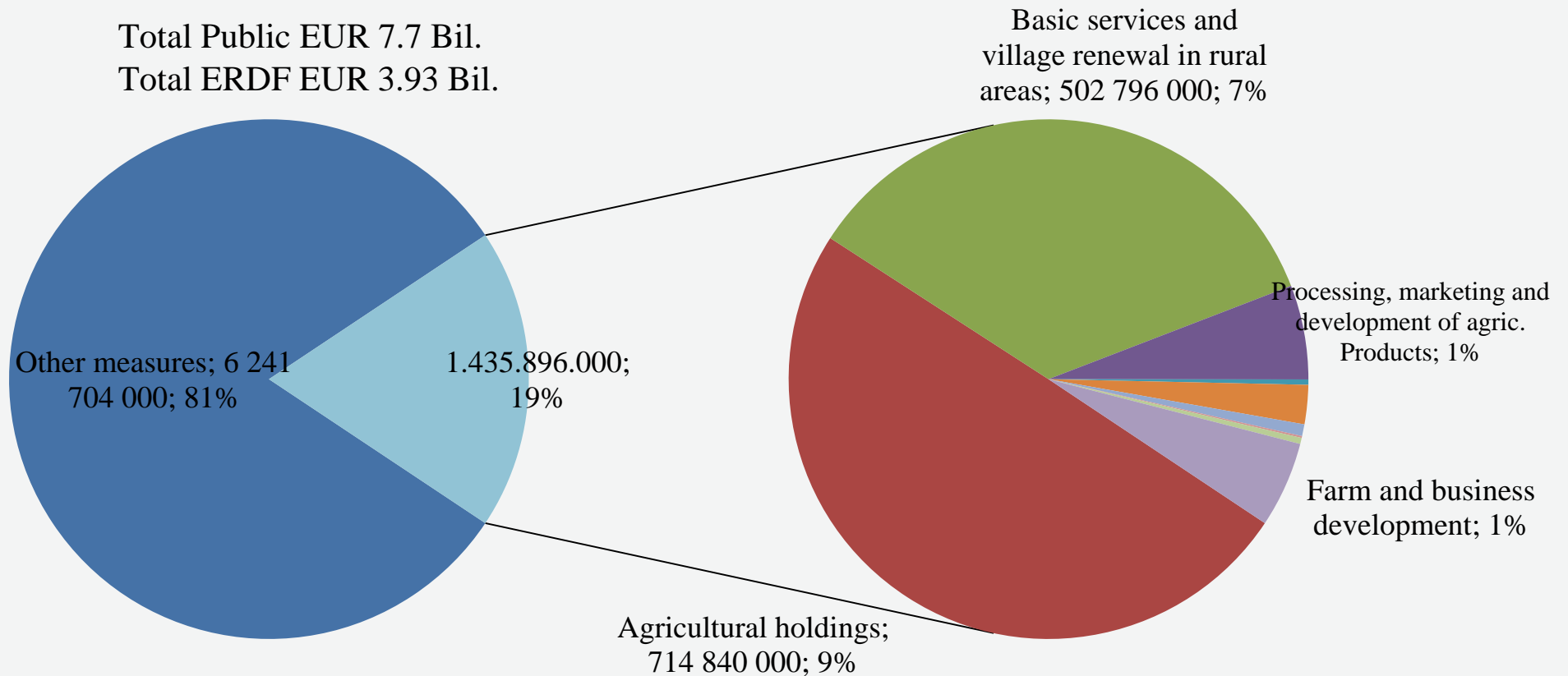
- INTEREST RATE SUBSIDIES TO AGRICULTURAL LOANS
- FINANCIAL INSTRUMENTS (NON-ERDF-COFINANCED)

RATIONALE FOR INVESTMENT SUPPORT IN THE AUSTRIAN RDP 2014 – 2020 (“NEEDS”)

- Productivity and viability of agricultural holdings:
 - high-cost production (both labour and capital), small structures, high proportion of LFAs
 - high share of part-time farmers, restrictions to growth (natural, availability of land)
- Structures for processing and marketing:
 - high-quality, high-value-added industry, still small structures, export activities
- Renewable energies
 - Biomass, Solar power
- Irrigation and surface water
 - Climate change, renewal of infrastructure, energy-efficiency

AUSTRIAN RDP 2014 – 2020 DISTRIBUTION OF FUNDS

Total Public EUR 7.7 Bil.
Total ERDF EUR 3.93 Bil.



- Other measures
- Agricultural holdings
- Basic services and village renewal in rural areas
- Processing, marketing and development of agric. Products
- Irrigation
- Forestry infrastructure
- Surface water in agric. Areas
- Erosion
- Ecological infrastructure
- Farm and business development

INVESTMENT MEASURES IN THE AUSTRIAN RDP 2014 - 2020

1. Selection procedures:
 - a. Call for applications.
 - b. „Blocked“ selection following publication of deadlines
2. Paying Agency – Agrarmarkt Austria
3. Centralised and decentralised selection of operations
4. Grants depend on measures (aid intensities)
 - Investments in agric. production 20 – 40 %
 - Processing, marketing and development 10 – 35 %
 - Irrigation 50 %
 - Forestry infrastructure 40 – 70 %
 - Non-productive investments 70 – 90 %
 - Diversification 20 – 30 %
 - ...

OTHER SUPPORT MEASURES IN AGRICULTURE AND RURAL DEVELOPMENT IN AUSTRIA

1. Interest rate subsidies for investment loans in agriculture:

- mainly top-up to investment measure (some start-up for young farmers) – 10 to 20 years lifetime
- annual envelope EUR 130 mio.
- interest rate subsidy of 36 or 50 % of interest
- fixed rate: 6-month EURIBOR + 1.5 % (equals 1.55 % in 2015)
- loans given by commercial banks, subsidy decision by bodies responsible for selection of operations in the RDP
- usually own land as collateral

2. Other Financial Instruments mainly from aws (erp-fonds)

„AUSTRIA WIRTSCHAFTSSERVICE“ AND ERP-FONDS



- Is Austria’s federal promotional bank, founded in 2002 by federal law
- Instruments include:
 - Guarantees
 - Grants
 - **erp soft loans**
 - Consulting
 - Equity
- In addition to subsidies, aws also provides market-compliant instruments in cases of market failure.
- www.awsg.at

AWS ERP-LOANS

- Originate in the „Marshal Plan” (European Recovery Program) of 1948 and the
- Counterpart Agreement (1961)
- Annual Volume of EUR 500 – 600 Mio. – some for processing and marketing of agricultural products and forestry
- Interest rates:

maturity	years	% (fixed)
grace period	2 – 3	0.50
payback period	3 - 4	0.75
	6 – 8	1.125

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