Rural Development Programme (RDP) of Austria

Österreichisches Programm für die Entwicklung des Ländlichen Raums 2007-2013
(Austrian Rural Development Programme 2007-2013)

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General socio-economic situation in rural areas in Austria

The Federal Republic of Austria encompasses 9 Länder. It covers a surface area of 83,858 km², 60% of which are alpine mountain area. Less-favoured areas cover almost 80% of the total land and about 70% of utilised agricultural area (UAA). Austria has 8 million inhabitants, and the RDP states that 78% of these live in rural areas, which cover 76% of all employment. RDP baseline data reveals that the GDP's total value added in rural areas was €21,500 per person per year (€29,400 and €34,500 in integrated and urban areas in 2006). According to the figures from 2005 available (amended RDP, p.19), approximately 189,590 agricultural holdings managed ca. 7.5 million ha of cultivated land (agriculture and forestry), equalling 90% of the total Austrian surface. RDP figures indicate that 3.9% of the Austrian population work within agriculture and forestry and produce 1.9% of the total Austrian GDP. Therefore, the Austrian agricultural structure is small-scale and comparatively weak in relation to the sector’s international competiveness. However, this may be an advantage for other parts of the strategic objectives, such as landscape conservation and the maintenance and development of landscape diversity. In a regional economic perspective, the diversity of rural enterprises is a precondition for rural communities, and as such makes a significant contribution to regional revival.

Rural Austria is considered attractive for private settling, and is extremely popular – also among foreign visitors – for recreational purposes. This corresponds with a high-level (agro-)tourism.

1 Latest updated RDP, following the adoption of the Health Check and European Economic Recovery Package and additional funds from Modulation (i.e. adjustments between Pillar 1 (Agriculture) & 2 (Rural Development) of the Common Agricultural Policy (CAP).
named among the strengths. Further strengths are a strong (organic) food industry, however, economic activities need to be encouraged to realise this potential. The food industry to date accounts for a small percentage of Austria’s export products, because the processing of agricultural products still remains low. Although a high-nature-value and clean environment is named among the strengths, preserving biodiversity and the natural (and cultural) landscape’s values remains a challenge as there is a threat regarding the conflict between high nature value and economic exploitation of mountain regions (risks of erosion, loss of traditional landscapes). A rich cultural heritage is another strength named. Farming and forestry are stated to be the main drivers of sustainable development, and a high share of forest areas goes along with a potential for renewable energies; however, there are structural issues in the agricultural sectors – such as small-scale farms – and the associated demographic threat of depopulation of remote rural areas. Improving the overall conditions for development in rural areas is a key challenge.

**RDP strategic objectives**

The RDP’s strategy aims at multi-functional, sustainable and competitive agriculture and forestry in a vital rural area. This will improve the economic situation and quality of life in rural regions. The overall strategic objectives (as well as for the completed programme 2000–06) remain the European agricultural model as detailed in the Austrian National Strategic Plan (NSP). In accordance with the objectives of the EAFRD Regulation and with the NSP strategic orientation, the top three thematic objectives are formulated as follows:

- improving the competitiveness of agriculture and forestry: measures contribute primarily to reducing costs and restructuring and modernising the agricultural sector;
- sustainable use of natural resources and preservation of the cultural landscape: agriculture and forestry play a prominent role in dealing with natural resources;
- preservation and development of attractive and vital rural areas.

EU’s Leader approach works within certain measures of all three axes.

In recognition of the greater emphasis now being given to the ‘new challenges’ facing agriculture and rural areas, the RDP was revised in 2009 to take account of additional financing provided by the CAP Health Check, Modulation and the European Economic Recovery Package (EERP). This reinforced RDP efforts in activity such as restructuring the dairy sector (which received 42% of the additional funding), climate change (22%), biodiversity issues (22%), and the broadband initiative (ca 15%).

**Expected impact / outcomes of the policies**

Expected results and impacts of the updated Austrian RDP (2009) include an improvement of the dairy sector’s competitiveness through investments funded under measure 121 (target: 500 enterprises) and marketing/processing-related support via measure 123 (target: 10 enterprises). Enhancing the animal welfare situation and positive environmental effects of the dairy sector is aimed at through measure 215 (target: 18,000 farms receiving support). Furthermore, methane (CH4) and nitrous oxide (N2O) reduction as well as carbon sequestration are aimed at, also related to an adaptation to the effects of climate change; biotope and habitat creation and management are another issue addressed by measure 214 (targeted total area under agri-environmental support: 235,000 ha). Supporting 70 actions with a total investment volume of €75,000 related to setting up and upgrading broadband infrastructure is another objective of the revised RDP.

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2 A full list of the RDP measures can be found in Annex I.
The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader).

Approximately 30.2% of the overall RDP budget (including private funding) in Austria is allocated to axis 1 (€3,322,133,323); approximately 53.8% are allocated to axis 2 (€5,906,012,719), 7.7% to axis 3 (€848,940,055) and 6.8% to axis 4 (€750,253,053), with 1.4% available to fund Technical Assistance (€156,829,530).

Within axis 1, national/regional public funding represents approximately a 16% share of the axis funding; EAFRD 16.2%; and private funds 67.7%.

Within axis 2, national/regional public funding represents approximately a 49% share of the axis funding; EAFRD 49.4%; and private funds 1.5%.
Within axis 3, national/regional public funding represents approximately a 32% share of the axis funding; EAFRD 32.6% and private funds 35.3%.

Within axis 4, national/regional public funding represents approximately a 27.9% share of the axis funding; EAFRD 28.5%; and private funds 43.6%.

Within Technical Assistance, national/regional public funding represents approximately a 51.3% share of the funding, and EAFRD 48.7%.
Following 2009’s modifications the Austrian RDP received an additional €97 million, which is targeted at addressing the new challenges, i.e. restructuring of the milk sector (€40 million), climate change (€21 million), biodiversity (€21 million) and broadband (€15 million). In addition, €17.1 million from the CMO Reform Fruit & Vegetable was transferred to axis 2 actions.

**Axis Information**

**Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector**

Axis 1 in Austria covers 30.2% of the total amended RDP budget. The first priority in axis 1 is placed on the modernisation of agricultural holdings (measure 121) which accounts for 62.8% of the budget. A further 18.9% are targeted at actions to increase the value added of agricultural and forestry products (measure 123). Other support includes funds to support the development of infrastructure for agriculture and forestry enterprises (4.6%, measure 125), improving the economic value of forests (3.7%, measure 122), and support for the establishment of young farmers (3.1%, measure 112). Measures 111, 124, 132 and 133 are allocated between 0.9 and 2.5% of the axis 1 budget.

The RDP’s 2009 update led to a number of changes in the result and/or output indicators for axis 1 measures. This involves raising the result targets of several measures, including M123-2 (the expected investment volume / increase of supported enterprises’ value added was increased from €2.2 to €150 million) and M124-1 (the expected result of 80-250 enterprises introducing new procedures and/or products was increased to 2,300).

A change of result indicator occurred within M124-2 where funding of investments/machines (target: €6 million) was changed into increase of gross value added (target: €150 million). Some additional result indicators were introduced for M122 (beyond the existing indicator of 50,000 ha increase of area supported: [a] gross value added in the enterprises supported of €4 million, [b] 35,000 enterprises introducing new procedures and/or products), M123-1 ([a] gross value added in the enterprises supported of €150 million, [b] 400 enterprises introducing new procedures and/or products), and M125 (beyond the existing indicator of 30 km of forestry roads constructed and supported: gross value added in the enterprises supported of €9.75 million).

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Axis 1 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €3,322,133,322.85

Following the latest RDP update, the total budget amount for axis 1 is €3,322,133,322, including additional funding of €9,969,463 from the CAP Health Check and EERP.

The main shifts concern:
- Reduced funding (public expenditure) for measure 121 (Modernisation of agricultural holdings: €6.6 million less), measure 132 (Food quality schemes, €10.7 million less) and measure 133 (Promotion activities, €3.1 million less)
- Increased funding (public expenditure): measure 123 (Adding value to agricultural and forestry products: €16.3 million more).

The funds reduced in axis 1 are shifted to the other axes as follows (EAFRD):
- Axis 2: €926,767 more
- Axis 3: €7,919,383 more
- Axis 4: €380,422 more
- Technical Assistance: €1,986,999 more

Axis 2 objectives: Improving the environment and the countryside

In an Austrian context, axis 2 is defined as ‘Sustainable use of natural resources and preservation of the cultural landscape’. In economic terms, it is by far the largest strategic axis among the four, covering 53.8% of the total amended RDP budget.

Agri-environmental actions (measure 214) dominate the Austrian support provided under axis 2 with 62.6% of total axis 2 funding, followed by 28.1% allocated to measure 211 (Natural handicap payments to farmers in mountain areas). Measures 212, 215 and 226 each account for approximately 3-4% of the axis 2 budget, while the shares of measures 213, 221, 224 and 225 are below 1%.

For quantitative targets see p. 85 of the amended RDP.
Following the 2009 RDP update, targets for axis 2 measure 221 were increased from 250 to 750 ha of areas newly afforested.

**Axis 2 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €5,906,012,718.83**

Following the CAP Health Check and update of the RDP in Austria, the total budget allocation under axis 2 is €5,906,012,718.83, including an additional funding of €72,000,000 through the CAP Health Check and the EERP, and €17,100,000 through the CMO Reform Fruit & Vegetable.

The main shifts concern:
- Transfer of €8.9 million (public expenditure) from measure 212 (Natural handicap payments other than mountain areas) to measure 211 (Natural handicap payments in mountain areas)
- Increased funding (public expenditure): measure 214 (Agri-environmental payments) received €25.6 million more, and measure 215 (Animal welfare payments) received €135.5 million more

**Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy**

Defined by the Austrian RDP as ‘Preservation and development of attractive and vital rural areas’, this priority aims at securing service and small business in rural areas as a way to improve quality of life conditions.

Axis 3 priority is given to measure 321 (Improvement of basic services for the rural economy and its population), containing 48.4% of the total axis 3 budget. It is followed by measure 323 (Conservation and upgrading of the rural heritage) with 23.6%. Measures 311, 313 and 331 range between ca. 6-9%, while measures 312, 322 and 341 reach a budget share of below 1% to 3.5%.
For quantitative targets concerning measures 311-313 and 321-323 see pp. 85f. of the amended RDP.

Following the 2009 RDP update, anticipated outputs for axis 3 measure 321 were increased from 200 to 2,270 projects supported, and total investment targets have been increased from €300 million to €550 million; the expected result of population benefiting from improvements has been decreased from 100% of inhabitants to 60,000.

**Axis 3 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €848,940,055.33**

*Measures marked receive no private funding.*

Following the CAP Health Check and update of the RDP in Austria, the total budget allocation under axis 3 is €848,940,055.33, including an additional funding of €715,036,537 through the CAP Health Check and the EERP.

The main shifts concern:

- Increased funding (public expenditure): measure 311 (Diversification), measure 313 (Tourism), measure 321 (Basic services for economy and rural population), measure 331 (Training and information): €54 million more
- Reduced funding (public expenditure): measure 312 (Micro-enterprises), measure 322 (Village renewal), measure 323 (Rural heritage), measure 341 (Skills acquisition): €10 million less.

**Axis 4 objectives: Leader**

Among the RDP’s axis 4 measures, measure 413 (Quality of life/diversification) ranks first covering 58.3% of the total axis 4 budget, followed by measure 411 (Competitiveness) with 32.3%. Measure 431 covers 5.9% of the budget, while measures 412 and 421 account for 1.2-2.3%.

Leader has already proved its worth in Austria, in particular because regional and cross-sectoral development projects have for several years been at the core of national political interest.
Furthermore, it has been of great interest that evaluations of Leader measures have shown high success rates when involving women in rural development activity.

Number of LAGs envisaged in the RDP areas as of March 2010 was 86.

There were no significant modifications to axis 4 during the RDP’s 2009 amendment.

**Axis 4 indicative budget breakdown by measure: Total allocated budget 2007-2013 (including regional/national public funds + EAFRD + private funds) of €750,253,051.77**

Following the CAP Health Check and 2009 update of the RDP in Austria, the total budget allocation under axis 4 is €750,253,051.77.

**Monitoring and evaluation strategy**

RDP results and impacts are assessed using ‘ongoing evaluation’ methods in Austria. This is done by assessing the effectiveness, efficiency and impact of measures. It is an important basis for the development and re-orientation of the policy involved. The evaluation strategy is based on the ex-ante indicators as mentioned in the RDP 4.2.1 – as a mix between Common Monitoring and Evaluation Framework (CMEF) and specified, additional indicators, e.g. Internet coverage. Evaluation compares and analyses programme responses in relation to the socio-economic or environmental needs of rural areas. The RDP document includes a graphic (p. 517 of the amended RDP) showing causal relationships and the integrated hierarchy of indicators.

**Communication and publicity**

Based on information and publicity measures for the Austrian RDP, the general public are informed of the role of the EU, as well as the role played by the programme’s national Managing Authority. Moreover, potential institutional applicants who may benefit from the programme’s funding and economic, social and environmental partners within the programme must be offered opportunities for gaining access to rules and conditions as quickly and easy as possible. All means of securing fast and easy communication are employed, these include a variety of communication tools such
as:

- events and activities (press conferences, kick-off events, etc.);
- traditional communication (time-staggered multiple direct mailing, press-releases for national, regional and local media, image detail and brochures, posters, info newspapers, etc.);
- public relations (press reports, addressed to the print media, TV and radio);
- websites;

The national Managing Authority is responsible for the communication strategy.
## Annex I – Measures

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