
The ERP Fund

Technology
Small and medium-sized enterprises
Regional
Infrastructure
Internationalisation



Fonds

Austria Wirtschaftsservice

The ERP Fund in Brief

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(Industry and Manufacturing)

Name of company: ERP-Fonds

Address: Ungargasse 37, A-1031 Vienna

Type of company: Organized as a separate legal entity, since 2002 organisationally integrated into the Austria Wirtschaftsservice GmbH
60

Staff: 60

Year established: 1962

Annual report date: 31 December

Fund's assets: EUR 2.6 billion

Funding sources: Grants given to Austria under the Marshall Plan by the United States of America

Customers:

- Industry
- Manufacturing
- Manufacturing-related service providers
- Tourism
- Agriculture and forestry
- Transportation

Type of Assistance

ERP soft loans (fixed interest rates of between 0.5% and about 3% p.a.) with a grace period of several years.

Partners in Assistance Programmes

Federal, Regional and EU Assistance Organisations and Austrian Financial Institutions

Other Facts & Figures

ERP loans: Approximately EUR 500 million p.a. (subsidising investments of around EUR 1.4 billion)

Other aid: Approximately EUR 60 million p.a.

Areas of Activity

The ERP Fund supports both new and existing businesses with their start-up or expansion in Austria in the following areas: technology assistance, implementation of research and technological development initiatives, and establishment of pilot and demonstration facilities

- Regional assistance and technology investments in structurally underdeveloped areas
- Support for small and medium-sized enterprises

(SMEs) and technology applications for SMEs

- Funding for international expansion and direct investment in the transition countries of Eastern Europe
- Assistance for infrastructure development, establishment and expansion of incubation centers, technology parks, and research and technology transfer institutions
- Funding for tourism projects with a focus on upgrading existing lodging and accommodations
- Assistance for agriculture and forestry projects, especially investments in the improvement and marketing of agricultural products
- Funding for transportation initiatives, in particular the shifting of traffic from highways to rail or waterways
- Administration of the following assistance programmes:
 - Employment assistance programmes
 - EU assistance programmes (ERDF subsidies, administered jointly with the responsible federal and regional government agencies)
 - Agricultural aid programmes (specifically, grants for processing and marketing)

About Us

Our Mission

The ERP Fund is a government-run, customer-driven service organization in Austria which acts as a reliable and highly professional partner for the full range of issues relating to investment assistance programmes. Our top priority is the satisfaction and success of our customers.

The ERP Fund makes access to financial assistance easy through:

- Far-reaching yet clearly defined areas of expertise
- Clear approval criteria
- Flexible and professional administration
- Partnerships with all Austrian banks and financial institutions

What We Offer Our Customers

- A comprehensive source of information on assistance programmes
- A full range of investment assistance options presented in a clear and easy-to-understand way
- A one-stop shop for obtaining financial assistance from key agencies and programmes
- Free consulting and service

Our Goals

ERP employs direct financial assistance to facilitate and promote the key objectives of the Austrian government's economic policy, including:

- structural improvements that drive innovation, sustainable growth and increased employment
- the application and implementation of new technologies in Austrian companies, and
- the environmental integrity of the processes and products involved.

In pursuit of these key objectives, the ERP Fund can lever:

- approximately EUR 2.6 billion through the initial Marshall Plan endowment
- funding from the EU Structural Funds' European Fund for Regional Development (ERDF)
- assistance programmes funded by the federal and regional governments, working with the responsible authorities.

The History of the Austrian ERP Fund

The ERP (European Recovery Program) Fund was created as part of the Marshall Plan, a far-reaching and visionary programme to help reconstruct Europe, which was initiated after World War II by George C. Marshall. Chief of Staff of the U.S. Army during the war and later one of the nation's most respected Secretaries of State, Marshall lent his name and reputation to the plan, which he introduced in his inaugural speech at Harvard University on June 5, 1947.

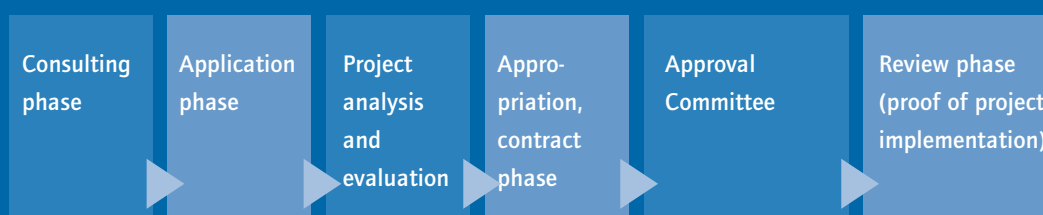
Fifteen years later – in 1962 – Austria took over the management of the Marshall Plan assistance from the American government. The Austrian ERP Fund was established with the passing of the ERP Fund Act which authorised the disbursement of funds from assets that at the time stood at around EUR 815 million.

In 2002 the ERP Fund was organisationally integrated into the Austria Wirtschaftsservice GmbH, a bank specialised in Austria business promotion.

ERP Funding Procedure and Activities

Funding Procedure

The ERP funding procedure comprises the following steps:



Other Key Activities undertaken by ERP Fund

In addition to administering the ERP's EUR 2.6 billion Fund, the Austrian ERP Fund staff also act as a service provider for federal ministries including the Ministry for Economic Affairs and Labour and the Ministry of Transport, Innovation and Technology, as well as for regional governments.

The ERP Fund has also been tasked by the Chancellor's office with the establishment and implementation of payment and ERDF Monitoring (database) procedures for the EU Structural Funds for the period 2000 – 2006.

Furthermore, the Fund promotes investment in the Austrian economy through its role as a one-stop shop for businesses, offering general information and support, as well as details of specific financial assistance programmes at the EU, federal and regional levels.

The ERP Fund and EU Competition Regulations

With Austria's entry into the EU in 1995, the country was required to yield a degree of autonomy in designing economic development policies. Under binding EU competition regulations, ERP assistance programmes must be submitted to and approved by the European Commission before taking effect.

ERP Financial Aid

Who is eligible for ERP funding?

Companies or facilities located in Austria and part of one of the following business sectors are eligible for ERP financial assistance:

- Industry
- Manufacturing
- Service providers for the manufacturing industry (consulting, engineering, software)
- Tourism
- Agriculture and forestry
- Transportation

What is a project?

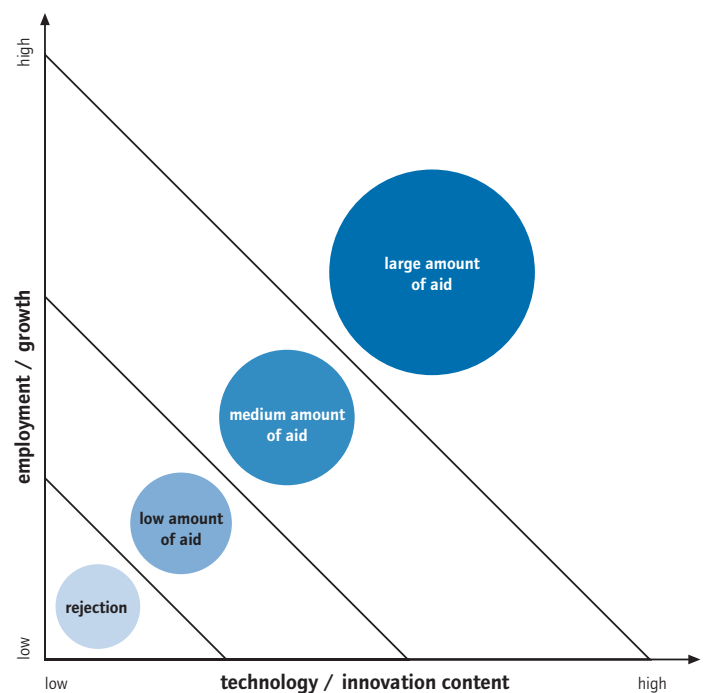
The ERP grants assistance only to discrete, precisely defined projects extending beyond and clearly separate from routine business operations. Examples of projects include:

- Improvements in products and processes
- Implementation of research and technological development initiatives and establishment of pilot and demonstration facilities
- Investments to expand a company's equity capital base (risk capital, initial public offering)
- Establishment and expansion of incubation centers, technology parks, and research and technology transfer institutions
- Direct investments in parts of Central and Eastern Europe
- Investments in business start ups
- Upgrading existing lodging and tourism accommodations
- Processing and marketing of agricultural products
- Initiatives aimed at shifting highway traffic to railways or waterways

How does the ERP Fund evaluate your project?

The main criteria for projects in industry and manufacturing are:

- Innovation and technology content
- Company and staff expansion



The ERP Programmes – Industry and Manufacturing

The main focus of ERP funding is on research and technological development (RTD), regional development and small and medium-sized enterprises (SMEs).

- **ERP Technology Programme**

The ERP Technology Programme funds RTD projects, especially those aimed at moving research from the pre-competition phase of development into practical applications. Eligibility is based not only on the technological merit of the project but also on the demonstrated ability of the applicant firm to produce practical solutions. Another key ERP objective is to promote the establishment of competence research centers for international corporations in Austria.

- **ERP Regional Programme**

The goal of the ERP Regional Programme is to drive innovation and technology policy to the regional level through investment projects that promote development in declining industrial areas and peripheral regions. Projects must be implemented within official Objective Regions as designated by the European Commission, and a large number are co-financed with ERDF (European Fund for Regional Development) funding.

- **ERP Small and Medium-sized Enterprises Technology Programme**

The objective of this programme is to support technology investments by SMEs. These investments may be eligible for assistance even if they do not involve the SME's own research and development – if they advance the diffusion of technology through the purchase of machinery and equipment that meet state-of-the-art production and environmental standards.

A small enterprise is one that:

- has fewer than 50 employees and
- has annual sales of EUR 7 million or maximum assets of EUR 5 million **and**
- meets the criteria of independence (as detailed below).

A medium-sized enterprise is one that:

- employs fewer than 250 and
- has annual sales of EUR 40 million or less, or assets of EUR 27 million or less, **and**
- meets the criteria of independence (as detailed below).

An enterprise is considered independent if 25% or less of its voting capital is owned by one company, or several companies jointly, that do not meet the criteria of an SME.

- **ERP Special Programme for start-up and early stage financing, growth and technology**

This programme is directed specifically at technology-oriented SMEs implementing major expansion projects, and capitalizes on the growing use of pre-IPO (Initial Public Offering) financing. These instruments are seen as an interim step to take advantage of further expansion opportunities in the capital markets.

- **ERP Internationalisation Programme**

The ERP Fund supports companies in improving their strategic positions through direct investments in Central and Eastern Europe. Assistance is aimed at SMEs that engage either in direct investment in the transition countries or which plan substantial expansions of subsidiaries or joint ventures.