

Government funding for climate and environmental protection measures

(Dept VI/7)

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Legal notice

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What this brochure offers

This brochure provides a compact overview of Austrian government funding on energy and climate (in the area of the dept VI/7) that contributes to countering the climate and energy crisis effectively. In this regard, the focus is on security of supply, the strengthened independence from fossil energy imports and impetus for the domestic economy, among others.

The central aim of the decarbonisation of the economy and the energy systems is to be achieved through energy efficiency improvements, the efficient use of renewable energies and the targeted support for innovative environmental technologies.

This brochure shows environmental funding within the competence of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) in the area of Energy and Climate.

This includes, in particular, the following funding:

- Environmental Funding in Austria (UFI),
- the renovation campaign in the building sector and the funding for the boiler replacement in the “No more oil and gas” programme,
- climate-friendly district heating,
- the Energy Efficiency Programme and
- the Transformation of Industry

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Origin of the funding

The financing of the environmental funding in Austria comes from both the national budget and from EU funding.



EU funding

The Recovery and Resilience Facility (RRF) and the Recovery and Resilience Plan (ARRP) (2021 – 2026)

Subsidies to the amount of around €3.75 billion are available to Austria from the Recovery and Resilience Facility (RRF) of the European Union, to curb and mitigate the economic and social impacts of the COVID-19 pandemic. The Federal Government therefore developed a national Recovery and Resilience Plan (ARRP), in which the reform and investment projects that contribute to sustainable and inclusive growth are explained. On behalf of the BMK, ARRP measures with a total funding budget of around €896 million are carried out by the KPC as part of the environmental funding. In 2023, Austria was refunded, for example, for around 32,000 funded projects in the area of “The renovation campaign and No more oil and gas” from this.

European Regional Development Fund (ERDF)

The “Investments in Jobs and Growth Austria 2021–2027, ERDF & JTF” programme approved in 2022 provides for around €78.4 million in European co-financing funds for the support of climate and environmental protection projects. In this regard, the thematic focus for the funding from ERDF funds is intended to be on energy efficiency improvements in small and medium-sized enterprises.

Austrian Rural Development Programme: LE 21–27

As part of the UFI, a total budget of €149.2 million (national and European funds) was available for UFI projects from the funding areas of biomass local heating systems as well as the creation, extension and densification of heat distribution networks in the period 2014–2020. The European Rural Development Programme was extended until 2023 as a result of the COVID-19 pandemic. The successor programme until 2027 did not therefore begin until 2023.

Federal budget

Environmental Funding in Austria

The financial frame for granting funds within UFI was specified as €751 million for the years 2023–2027. In 2023, 4,590 climate and environmental protection projects (+13% compared to 2022) with an investment volume of around €762 million were able to be supported with funding amounting to approximately €176.4 million.

Energy Efficiency Programme

In the Energy Efficiency Programme launched in 2022, a total of €1.520 billion is available until 2030. In the area of the Energy Efficiency Programme, (target-group-specific: hospitals, care facilities, cooperatives, heating optimisation in multi-storey housing, etc.) lighting optimisation, energy-efficient cooling systems and energy efficiency measures in industrial processes and plants are funded.

Transformation of Industry

With the “Transformation of Industry” funding programme launched in 2023, projects aimed at the greatest possible reduction of greenhouse gases are to be supported until 2030. This is intended to contribute significantly to achieving Austria’s energy and climate goals by 2040, and to strengthen the industry and business location Austria. For this purpose, €2.975 billion are available until 2030.

Renovation campaign

For the purposes of thermal energy renovation and for the transition to climate-friendly heating, a maximum total of €2.445 billion (and an additional €1.2 billion for the period 2024 to 2026) is available for the years 2023 to 2027. The funding for the transition to climate-friendly heating is bound by the granting of relevant funding by the federal states and amounts to up to 75% of the respective technology-specific upper cost limit. To support low-income households in covering increased costs as a result of thermal energy renovation measures and for the transition to climate-friendly heating, a further €1.6 billion in total is available in the years 2023 to 2030.

Environmental Funding in Austria (UFI)

Environmental Funding in Austria (UFI) has been providing important incentives for investments in climate and environmental protection in Austria since 1993.

Funding leads to concrete measures in businesses, municipalities, private households and associations and thereby makes a contribution to implementing the National Climate and Energy Plan in practice.

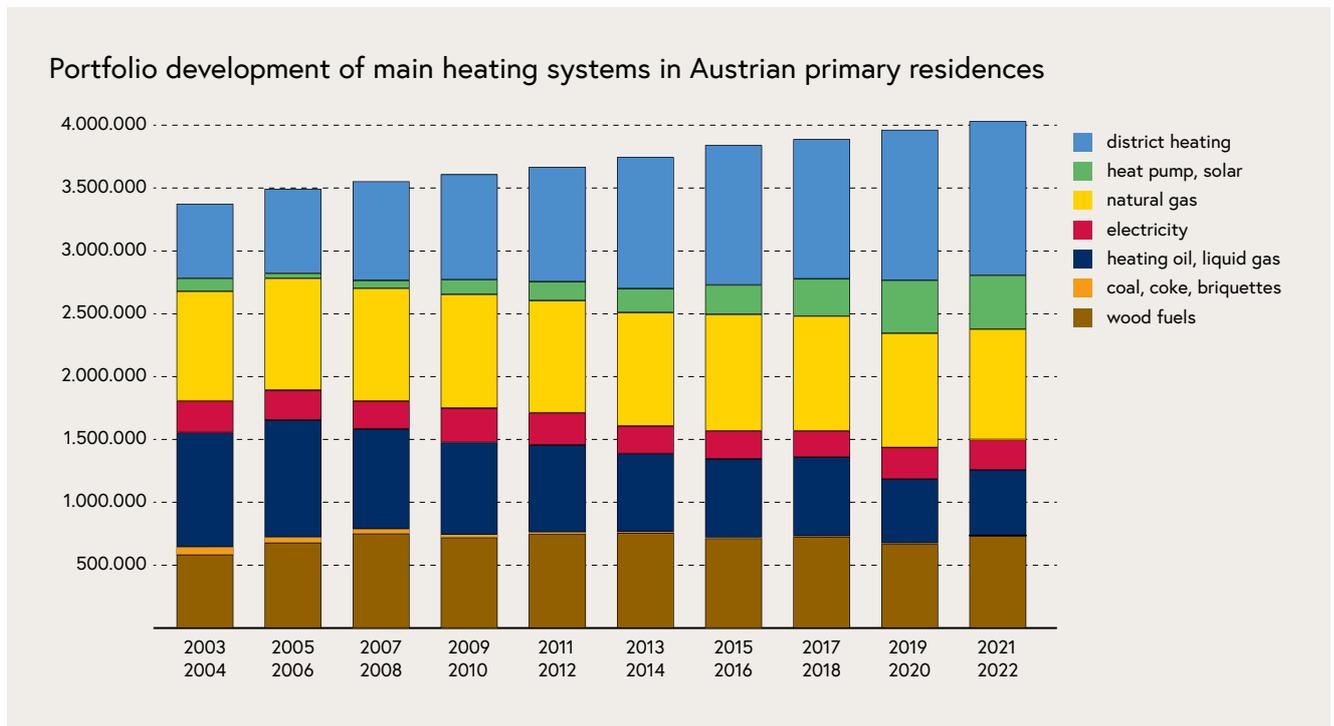
The funding guidelines are updated regularly (most recently in 2022). These also serve as the legal basis for further funding instruments, such as the renovation campaign, the use of EU funding or measures to increase energy efficiency.

The funded projects prevent or reduce the annual greenhouse gas emissions by 435,000 tonnes (equivalent to 8.1 million tonnes for the life of the investments). The annual use of renewable energy sources can be increased by about 1,300 GWh through the funded projects. The energy efficiency improvement amounts to over 402 GWh/a.

Of the more than 7,100 funded projects in total, around 2,500 were consultancy funding as part of the regional programmes, and approx. 57% of the remaining 2,600 funded investment projects are in the area of Renewable Energy Sources, whereby the biomass individual plants dominate here, in particular. The triggered investment volume of about €537 million and the funding cash value of almost €147 million (Federal Government, federal states, EU) are above the long-term average.

The amount of additionally generated or supplied energy from renewable energy sources for heat supply was able to be increased by 12.7% to 1,300 GWh per year compared to 2022.

Portfolio development of the main heating systems in Austrian main residences.
Data source: Statistics Austria (2023)



Rural Development Programme: LE 14–20

For the extended Structural Fund period, the last project approvals were granted in 2023 and a total of 536 projects were therefore supported with funding of more than €149 million. With this funding, it was possible to trigger an investment volume of about €511 million and to prevent approximately 340,000 tonnes of greenhouse gas emissions annually.

IWB/ERDF 2014–2020

By the end of 2023, 269 projects with an investment volume of more than €155 million and funding of nearly €36 million from national and ERDF funds (European Regional Development Fund) were approved. The resulting reduction in CO₂ emissions amounts to 154,000 tonnes annually.

Energy Efficiency Programme

In total, 492 investment projects were funded in 2023. With approx. 48%, conversions to LED systems dominate here, in particular. The triggered investment volume amounts to about €220 million and the funding cash value to around €29 million. With the funded projects, around 227.5 GWh of final energy can be saved annually.

Renovation campaign

The building sector is responsible for around one third of the entire Austrian energy consumption through heating, cooling, water heating and other energy-intensive processes. The potential to reduce this consumption and the associated CO₂ emissions with targeted thermal renovation measures is correspondingly high. The housing subsidies in the federal states are a central funding instrument in the residential building sector. On the basis of the urgency of implementing climate protection measures, the Federal Government offers additional funding incentives, however, to drive forward projects in the area of building renovation and heating transitions.

The transition from fossil heating systems to climate-friendly alternatives with the funding scheme “No more oil and gas” has been of particular importance in the reduction of CO₂ emissions for several years.

Renovation bonus

If the applications approved in 2023 as part of the renovation campaign are considered, renovations account for 13.3%. In the proven funding of thermal building renovations as part of the renovation bonus, new incentives for renovations were also created in 2023. The submission procedure for single component renovations was greatly simplified and took place, similarly to the procedure for “No more oil and gas”, in two steps with pre-registration and the subsequent application. Additionally, the funding lump sums were increased and the funding rate raised from 30% to 50%. Private individuals were supported in thermal renovations – depending on the type of renovation – with up to €14,000 (plus possible supplements) or with up to 50% of the eligible environmentally relevant investment costs.

A comprehensive renovation was carried out in 36% of the renovation bonus projects in 2023 and a partial renovation in 16%. 48% of the funded renovations were single component renovations.

“No more oil and gas“

If the applications approved in 2023 as part of the renovation campaign are considered, replacements of heating systems account for around 86.7%. For more than 38,500 projects, funding to the amount of over €303 million was guaranteed as part of “No more oil and gas” in 2023. Numerous fossil heating systems are still in operation in Austria. Replacing fossil heating systems consequently has an enormous potential of approx. 3.3 million tonnes annually in the prevention of environmentally harmful CO₂ emissions.

In projects approved in 2023, the technologies employed are broken down as follows:

- 45% of the exchanged boilers were replaced with a heat pump
- 33% of the exchanged boilers were replaced with biomass heating
- 22% of the exchanged boilers were replaced with a district heating supply

The maximum volume of funding is determined by the total eligible costs and the technological upper limits for funding.

Clean heating for everyone 2023

In addition to the “No more oil and gas” federal funding and the renovation campaign, the BMK supported low-income households in the transition from fossil-operated space heating to sustainable climate-friendly heating systems in 2023 as well. The “Clean heating for everyone” funding is financed by the Federal Government and implemented jointly with the federal states, and was begun in 2022.

The funding as part of “Clean heating for everyone” comprises the “basic funding”, to which all households are entitled as part of No more oil and gas for the boiler replacement and, as well as the state funding, additional funding for low-income households, which amounts to up to 100% of the eligible costs. Replacement of a fossil

heating system (oil, gas, coal/coke/multi-fuel-burning boilers and electrically powered night storage heaters or direct storage heaters) was funded.

Private building owners of a single-family/two-family house or terraced house with the main residence at the project location can apply for the social additional funding.

In 2023, around 1,200 applications for funding of the boiler replacement as part of the funding scheme “Clean heating for everyone” were made. In 2024, 3,285 further applications have been made to date (beginning of Oct.).

Transformation of Industry

With the new “Transformation of Industry” funding programme, projects aimed at the greatest possible reduction of greenhouse gases are to be supported until 2030. This is intended to contribute significantly to achieving Austria’s energy and climate goals by 2040, and to strengthen the industry and business location Austria.

The funds are awarded as part of a competitive tendering procedure. The project ranking is the result of the achievable greenhouse gas reduction based on the costs and an evaluation of the project quality by an expert jury.

In 2023, €175 million was available for industrial plants and pilot or demonstration plants with transformative impact. In total, nine projects with predicted CO₂ savings of around 2.4 million tonnes per year were able to be supported in this first invitation to tender.

Climate-friendly district heating and district cooling systems

Since summer 2022, there has been the possibility of funding of “optimisation measures in climate-friendly district heating networks”. This exists if at least 50% of the heat originates from renewable sources, waste heat or 75% of the heat originates from cogeneration plants or 50% of it from a combination of the abovementioned sources. For the climate-friendly networks concerned, a decarbonisation path must be submitted, demonstrating how a proportion of 60% renewable energy will be achieved in the district heat supply by 2030 and a proportion of 80% by 2035. The funding in this area amounts to 20% of the eligible costs. It should be taken into account that the minimum investment sum is set at €50,000.

In 2023, eight projects were funded. A funding cash value of €2.3 million triggered the investment volume of approximately €9.4 million. The annual CO₂ savings thereby achieved amount to approximately 8,050 tonnes.

Contact

For questions about this information brochure:

Dept VI/7 – Funding instruments for innovative climate and energy technologies

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