

Since 1948



AUSTRIA

75  
YEARS

WORLD BANK



# BUILDING A BETTER FUTURE TOGETHER

48.2082° N, 16.3738° E  
World Bank Group Office Vienna  
Praterstrasse 31





2023 marks the 75th anniversary of the Republic of Austria joining the International Bank for Reconstruction and Development (IBRD)—also known as the World Bank. This was the first milestone in a collaboration based on the shared belief in development cooperation. Having experienced its benefits first-hand in the aftermath of World War II, Austria, through the Federal Ministry of Finance, became a trusted contributing partner over time. The relationship has been further strengthened with the opening of a World Bank Group (WBG) office in Vienna, which today is a hub for WBG operations in Europe & Central Asia, and beyond.

All photographs and documents cited are taken from the World Bank Group Archives.  
[www.worldbank.org/en/archive/home](http://www.worldbank.org/en/archive/home)



©WBG. Austrian Delegation in Washington Filtr.: Dr. Claus Winterstein; Lyell Doucet; Dr. Ludwig Kleinwaechter (seated); Roman L. Horne; an unidentified Staff Member from the United States Department of State

# THE BEGINNINGS

1948

1949

1950

1951

1952

1953

Only three years after the end of World War II and seven years before its independence was fully restored in 1955, Austria became the 47th member of the IBRD with the signing of the Articles of Agreement on August 27, 1948, in Washington, DC. The foundations of this long-lasting partnership, fueled by Austria's understanding that international cooperation was especially vital to small economies, were laid very early on. →

In 1945, Austria was left devastated by war, with its industry destroyed, its infrastructure severely damaged, and its population hungry. Austria was among the poorest countries in Europe, lacking food and basic goods. From a dependence on foreign aid, Austria made a striking recovery in the following decades, built on the fundamentals of international cooperation and support. While the European Recovery Program (ERP), better known as the “Marshall Plan”, was providing Austria with the most essential goods it needed in the immediate aftermath of the war between 1948 and 1953, the World Bank stepped in later on, making crucial contributions to the rebuilding and development of Austria’s economy. Once the physical damage was repaired and, by 1953, economic stability restored, IBRD loans facilitated Austria’s transition to a rapidly growing and prospering nation.

Between 1953 and 1962, Austria’s GDP grew by more than 6% annually, making it the second fastest growing economy among European OECD members. The unemployment rate fell from 8.7% to 2.7% in the same period. There is broad consensus on the fact that Austria’s “economic miracle”—the quick economic recovery and growing prosperity experienced in the 1950s and 1960s—may not have been as rapid or as pronounced without the financial and technical support provided first through the Marshall Plan and then through the World Bank.

Between 1954 and 1962, the World Bank approved eight loans amounting to a total sum of \$106.4 million. Based on findings from the Bank’s first economic reports on Austria, the early loans supported various hydroelectric power projects. Considering Austria’s geology, its rich water resources were seen as an enormous reserve of unused energy. Promising a sustainable supply of vital electricity, hydropower became the symbol of Austria’s transformation into a successful industrial nation and established its leading role in the generation of renewable energy to this day.



*“When the Austrian Republic was resurrected in 1945, we realized that the founding of the International Bank and the International Monetary Fund would open up a new era of cooperation between large and small countries in the monetary field, a cooperation designed, amongst other objectives, to avoid the recurrence of the type of economic crisis humanity had suffered from for generations.”*

*—Dr. Adolf Schärf, President of the Republic of Austria, 1961*



*"Without generous foreign aid, Austria would have been plunged into such misery for an indefinite period of time that a slow redevelopment would only have been possible at the greatest cost and under the most extreme hardship."*

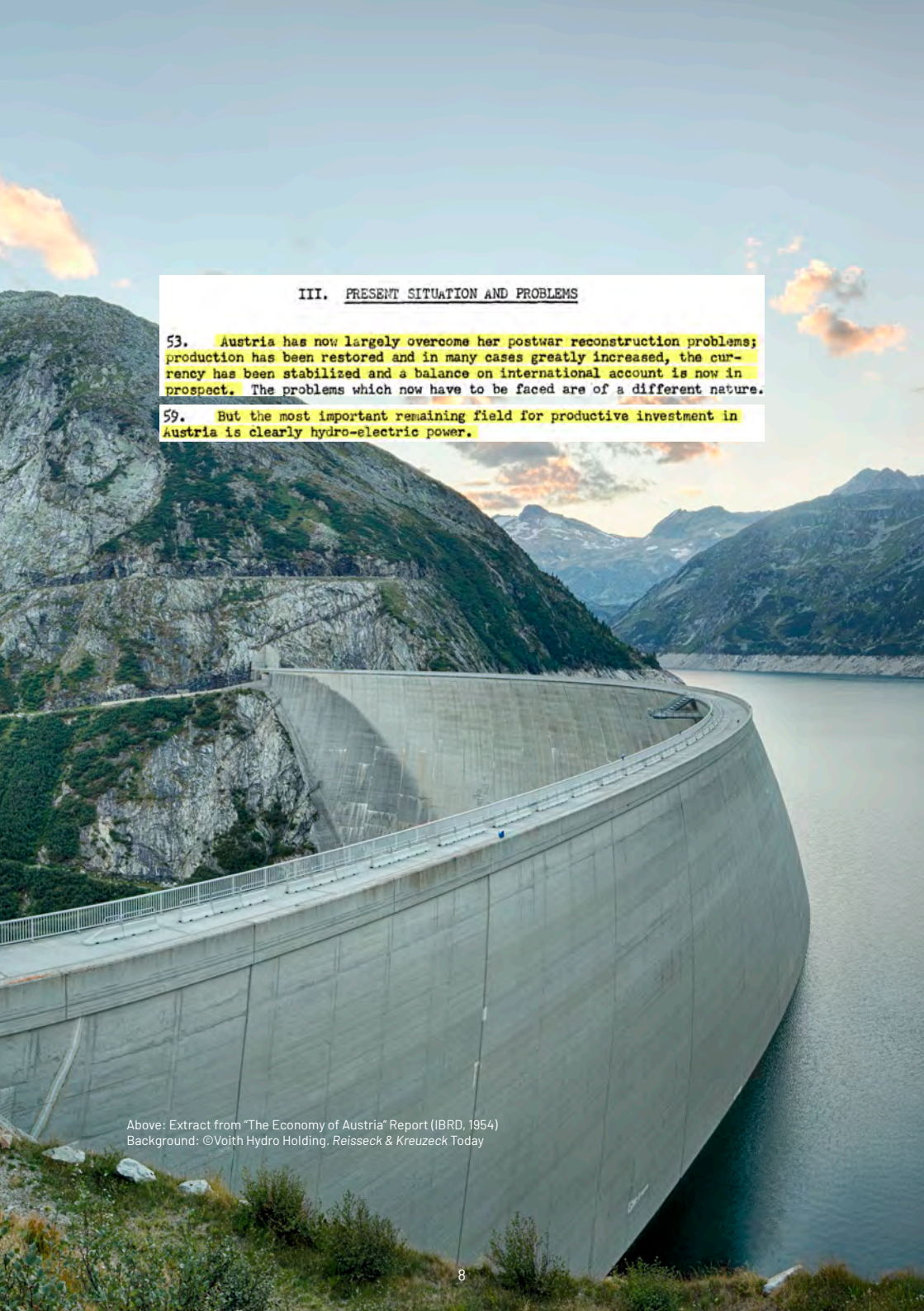
*—Franz Nemschak, Director of the Austrian Institute of Economic Research, WIFO, 1955*

*"We are well aware, however, that the process of recovery, a process which transformed a country ravaged by war, with a hungry population and practically insuperable balance of payment problems [...] could never have been accomplished in so short a time, had we not received assistance under the Marshall Plan and, in a later stage, from the World Bank."*

*—Dr. Adolf Schärf, President of the Republic of Austria, 1961*



©Votava / brandstaetter images  
/ picturedesk.com. Street Scene  
of People shoveling away Rubble,  
Heldenplatz Vienna (1945)

The background image is a photograph of a massive concrete dam, likely the Voith Hydro Holding dam in Austria. The dam is a curved, gravity-type structure made of grey concrete, with a walkway and railing along its crest. It is situated in a valley with steep, rocky mountains on either side. A calm lake is visible to the right of the dam. The sky is blue with some light clouds, suggesting a clear day. The overall scene is a mix of natural beauty and engineering achievement.

### III. PRESENT SITUATION AND PROBLEMS

53. Austria has now largely overcome her postwar reconstruction problems; production has been restored and in many cases greatly increased, the currency has been stabilized and a balance on international account is now in prospect. The problems which now have to be faced are of a different nature.

59. But the most important remaining field for productive investment in Austria is clearly hydro-electric power.



## ***Reisseck and Kreuzeck Hydroelectric Power Project***

*Loan Approved:* July 1, 1954

*Loan Volume:* \$12 million

*Loan Closed:* 1959

*Carinthia / Southern Austria*

*Still operating today (Verbund AG)*

## ***Reisseck and Kreuzeck Hydroelectric Power Project***

The first IBRD loan to Austria aimed at overcoming energy shortages and represented an important step in the realization of the country's hydroelectric potential. The energy-intensive reconstruction effort as well as the ever-increasing electricity demand of households in the wake of the newly developing consumer society made energy scarce. The expansion of power supplies was crucial for a continued recovery.

The *Reisseck and Kreuzeck* project (involving the construction of a system of dams, reservoirs, tunnels, and other civil works in the Carinthian Alps) allowed for the collection, storage, and delivery of water to the main powerhouse located on the Möll River.

The project supplied electricity to Vienna, most of Austria's industrial centers and even provided surplus energy to parts of northern Italy as an early example of cross-border energy supply within Europe. Visionary at the time, it was argued that *Reisseck and Kreuzeck* would contribute to a coordinated European power economy.



## **Lünersee Hydroelectric Power Project**

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*Loan Approved:* June 14, 1955  
& September 30, 1957

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*Loan Volume:* \$13.6 million

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*Loan Closed:* 1959

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Vorarlberg / Western Austria

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*Construction:* 1954-1958

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Still operating today (illwerke vkw)

## **Lünersee Hydroelectric Power Project**

A second loan of \$10 million facilitated the construction of a hydroelectric power project at *Lünersee*—the biggest natural mountain lake of the eastern Alps—in Austria's western province of Vorarlberg. The project increased the lake's storage capacity for retaining meltwater to 78.3 million cubic meters. The enlarged reservoir enabled additional power production from pumped storage during winter. An additional loan of \$3.6 million was approved in 1957 and expedited the completion of the works and the plant's activation in 1958—a year earlier than originally expected. At the time it was completed, the *Lünersee* project was the largest power storage plant in the world. In addition to satisfying the energy demand of Vorarlberg and Tyrol, the main purpose of the project was to help Austria become a large-scale energy producer for the European market, with the plant exporting 127,000 kilowatts of electricity to West Germany during peak times.



Above: ©WBG. Workers at the Lünersee Construction Site  
Background: ©illwerke vkw. *Lünersee* Today

## **Ybbs-Persenbeug, Voitsberg and St.Andr  Power Projects**

The fourth IBRD loan funded three additional energy projects.

The *Ybbs-Persenbeug* hydroelectric plant in Lower Austria was activated in 1959 after a long planning and construction phase. Equipped with cutting-edge technology at the time, it was the most powerful power plant on the Danube River. The plant became an important symbol of Austria's successful reconstruction and today generates 1.4 billion kilowatt hours of renewable energy per year supplying 305,555 households.

The other two projects supported by the loan were located in Austria's southern provinces and financed the expansion of thermal plants using domestic brown coal. Both plants in *Voitsberg*, Styria and *St.Andr *, Carinthia made an important contribution to Austria's energy security in times of rapidly expanding demand. In contrast to the hydroelectric power plants, which remain the backbone of Austria's electricity production to this day, both coal plants were decommissioned at the beginning of the 21st century.

### **Ybbs-Persenbeug, Voitsberg, and St.Andr  Power Projects**

*Loan Approved:* September 20, 1956

*Loan Volume:* \$31 million

*Loan Closed:* 1959

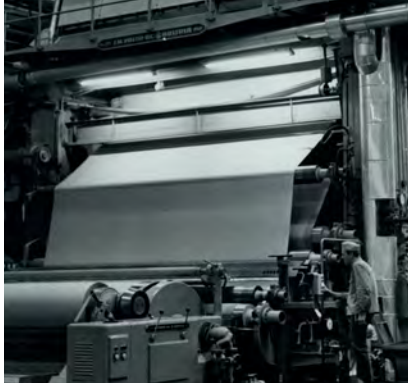
*Ybbs-Persenbeug:* Lower Austria / still operating (Verbund AG)

*Voitsberg:* Styria / closed in 2006

*St.Andr :* Carinthia / closed in 2003



  WBG. Hydroelectric Plant *Ybbs-Persenbeug*



## First Industrial Financing Project

The fifth IBRD loan provided the newly established Austrian Investment Credit Corporation (*Investitionskredit*) with capital to finance eleven companies considered of high economic priority.

Austria's financial markets were severely underdeveloped in the post war period. Given the partial nationalization of certain industries and the uncompetitive nature of the country's economy, the availability of capital for private companies was scarce. Therefore, the loan assisted Austria in funding its first institution specialized in the provision of long-term financing for local industries.

Equally important was the knowledge sharing and technical assistance provided by World Bank staff, which helped lead *Investitionskredit* to financial independence and established it as an important pillar in Austria's capital markets.

In addition to the founding of *Investitionskredit*, the loan's objective was to enable the modernization or expansion of existing facilities and to improve their positioning in export markets. Of the benefiting companies, six were from the pulp and paper industry, traditionally one of Austria's most important export industries. All six companies are still operating today as international players.

Above: ©WBG. Fine Paper Production at the *Nettingsdorfer* Paper Mill, Ansfelden (1961)

## First Industrial Financing Project

*Loan Approved:* April 24, 1958

*Loan Volume:* \$10.8 million

*Loan Closed:* 1963

### Beneficiaries:

- *Frantschach* (Paper), still operating as *Mondi Frantschach GmbH*
- *Nettingsdorfer* (Paper), still operating as *Smurfit Kappa Nettingsdorf*
- *Funder* (Paper), still operating as *FunderMax GmbH*
- *Bunzl & Biach* (Paper), still operating as *Bunzl & Biach AG*
- *Mayr-Melnhof* (Paper), still operating as *Mayr-Melnhof Karton AG*
- *Steyrermühl* (Paper), still operating as *UPM Kymmene Austria GmbH* (*Papierfabrik Steyermühl*)
- *Brown Boveri* (Electrical Equipment)
- *Vöslauer* (Yarn)
- *Glanzstoff* (Rayon)
- *Kunert* (Hosiery)



## **Aschach Hydropower Project**

*Loan Approved: December 1, 1958*

*Loan Volume: \$25 million*

*Loan Closed: 1963*

*Upper Austria / Western Austria*

*Still operating (Verbund AG)*

## **Aschach Hydropower Project**

The construction of a second Danube hydropower plant in *Aschach*, Upper Austria provided a substantial amount of energy to meet the base load requirements in the system and thereby helped to maintain an economic balance between hydro and thermal generation. After running for 45 years without a break, the plant was renovated from 2006 to 2010. Today, around 1,686 gigawatt hours of hydropower are produced annually, supplying more than 360,000 households.

©WBG. Dam Lock Construction, *Aschach* Hydropower Project



## Second Industrial Financing Project

Loan Approved: September 24, 1959

Loan Volume: \$9 million

Loan Closed: 1963

### Beneficiaries:

- Semperit\* (Plastics)
- Österreichische Hiag Werke (Chemicals)
- Triumph International Textile AG\* (Textiles)
- Oberglas Glasfabrik\* (Glass)
- Österreichische Keramik AG (Ceramics)
- Leipnik-Lundenburger Zuckerfabriken AG\* (Sugar)
- Transportbeton GmbH & Co.KG\* (Concrete)
- Perfekta Wiener Gummi- & Plastikwerke GmbH (Plastics)
- Columbia Kaffee & Tee (Wholesale & retail trade)
- ERgee Textilwerke GmbH (Textiles)
- Ernst Pollmann\* (Manufacturing)
- Guggenbauer Papierfabrik (Paper)
- Welser Papierfabrik GmbH (Paper)
- Radio Austria AG (Telecommunication)
- Vorarlberger Papierfabrik Ganahl & Co\* (Paper)
- Metallwerk Plannsee AG\* (Refractory metals)
- Interplastic-Werk AG\* (Plastics)
- Epple-Buxbaum Werke AG (Manufacturing)
- Jenbacher Werke AG\* (Manufacturing)
- Gebrüder Grundmann\* (Foundry)

\* = Still operating today; current name may vary

## Second Industrial Financing Project

This loan provided additional funds to the *Investitionskredit* and reflected the World Bank's growing trust in the institution, which had successfully increased its equity and available resources to legitimize the further expansion of its lending activities. In 1959, the World Bank assessed *Investitionskredit* as able to stand on its own and play an independent and useful role in the Austrian capital market.

©Franz Votava, Pressebildidienst. Shoe Manufacturing at the Semperit Rubber Factory, Wimpassing / Traiskirchen (1961)

## Third Industrial Financing Project

The eighth and final IBRD loan to Austria closed the chapter on the country's status as a borrower from the World Bank. The loan helped to replenish *Investitionskredit* to meet the continued demand for long-term loans, but also supported the institution's first attempts to raise private capital. Another objective of the loan was to support small- and medium-sized enterprises that would ensure Austria's further economic development.

## Third Industrial Financing Project

*Loan Approved:* June 14, 1962

*Loan Volume:* \$5 million

*Loan Closed:* 1964

### *Beneficiaries:*

- C. Reichert, Optische Werke AG (Optician)
- Zellstoff- & Papierfabrik Frantschach AG\* (Paper)
- Jenbacher Werke AG\* (Manufacturing)
- TEGA Technische Gase GmbH\* (Chemicals)
- RISTASTäbe, Gitter- & Gewebe Schmid-Schmidsfelden, Hufnagl & Co. (Manufacturing)
- Bierbrauerei Fohrenburg, F.Gassner & Co.\* (Brewery)
- Fertig Maschinenbau (Manufacturing)
- Perlmöoser Zementwerk\* (Concrete)

\* = Still operating today; current name may vary



©Franz Votava, Pressebildendienst. Rubber Tubing Production at the Semperit Rubber Factory, Wimpassing / Traiskirchen (1961)

# AUSTRIA AS A PARTNER



©WBG. IMF & WB Annual Meeting, Hofburg, Vienna (1961)

Foreshadowing Austria's imminent partner status, the 1961 Annual Meetings of the International Monetary Fund (IMF) and the World Bank were held in Vienna. It was in the same year that Austria joined the newly established lending arm of the World Bank—the International Development Agency (IDA). Only sixteen years after the war had left the country devastated and dependent on foreign aid, Austria was able to support the poorest countries in the world through IDA.

Austria's rapid evolution from borrower to partner was paralleled by the significant development of the Bank itself. As the institution grew to what is the World Bank Group (WBG) today, Austria's support and engagement helped shape the design and policies of these institutions. After it joined the IBRD in 1948, Austria's journey to become a full-fledged member of all five WBG institutions was completed in 1997.

### **International Development Association (IDA)**

*IDA was launched in 1960 and Austria joined in 1961 to support IDA's mission to provide financial support to the 75 poorest countries in the world. Lending money on concessional terms, IDA is the single largest source of donor funds in the world and supports a wide range of development activities such as primary education, basic health services, clean water and sanitation, agriculture, business climate improvements, infrastructure, and institutional reforms. Austria is one of IDA's most generous partners on a per capita basis.*

### **International Finance Cooperation (IFC)**

*Having been a founding member in 1956, Austria's partnership with IFC, the World Bank's private sector arm, is especially strong. As the largest global development institution focused on private sector investment, IFC provides loans, guarantees, equity, advisory services, and mobilizes additional capital from other sources to stimulate private sector investment in developing countries. Among the ten most active countries in IFC, Austria has supported successful projects to promote renewable energy generation and distribution, to strengthen more sustainable production methods, and to increase productivity in agribusiness.*

### **International Centre for Settlement of Investment Disputes (ICSID)**

*ICSID was established in 1966 and Austria became a member in 1971. ICSID is the leading institution devoted to international investment dispute settlement.*

### **Multilateral Investment Guarantee Agency (MIGA)**

*MIGA was established in 1988 and Austria joined in 1997. The agency provides political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging economies.*

## **Vienna as an ECA regional operations hub**

Austria is a trusted and long-standing member of the WBG. This partnership was further strengthened with the establishment of a WBG presence in the country's capital. What started with the Federal Ministry of Finance's hosting of the Center for Financial Reporting Reform as well as the Investment Climate Advisory Services (FIAS) Program in 2007 evolved into an operational hub with over 250 Vienna-based staff members. In addition, following Russia's invasion of Ukraine, the Vienna office has been hosting part of the WBG's staff originally based in Kyiv since February 2022.



©Dan Val. WBG Vienna Office



©MoF. Minister Brunner

*"Our partnership with the World Bank Group has grown steadily over time. A highlight is the establishment of the World Bank Group's office in Vienna with the support from the Austrian Government. We are proud to host this hub which provides critical support to the Europe and Central Asia Region not only to the public, but also to the private sector."*

*—Magnus Brunner, Federal Minister of Finance, 2023*

## 2007

- » Centre for Financial Reporting Reform
- » Investment Climate Advisory Service

## 2011

- » Financial Sector Advisory Center

## 2013

- » Danube Water Program
- » Office of the Western Balkans Director

## 2017

- » IFC regional hub for Europe

## 2019

- » GovTech Global Partnership
- » Regional IMF unit for the Western Balkans

## 2022

- » ECA Cities and Climate Change Program
- » Green Recovery Program for the Western Balkans

## Programs administered from the WBG Vienna Office and supported by the Federal Ministry of Finance

The **Investment Climate Advisory Services (FIAS) Program** was originally established to deliver targeted investment promotion activities to attract foreign direct investors to the Western Balkans. With its close relationship with the region, rooted in shared history, Austria is considered a lead investor in the Western Balkans. Since its establishment in Vienna in 2007, the program continuously expanded its thematic scope and geographic coverage. Today, FIAS serves as a specialized center of expertise for integrated investment climate and business environment solutions for clients in the Europe and Central Asia (ECA) and Middle East and North Africa (MENA) regions.

*"The number of investors ready to enter the Kosovo market is increasing. With this project, we want to improve the investment climate for businesses, align our investment policies with EU standards, and serve investors more efficiently."*

*—Endrit Shala, Minister of Trade, Kosovo*

*"Not only have we embraced the knowledge and procedures designed during the Western Balkans Regional Investment Policy and Promotion program, but we have also made them part of our standard activities, with specific personnel and budgets allocated for these activities on an annual level."*

*—Rados Gazdic, Director, Development Agency of Serbia*



©WBG. CFRR Ministerial Conference, Hofburg Vienna (2022)

The **Centre for Financial Reporting Reform (CFRR)** supports financial management advisory, public sector accounting, and corporate financial reporting reforms in the ECA region. The work includes regional capacity building and peer learning programs, country-level technical assistance projects as well as diagnostic and analytical work. With the establishment of a presence in Vienna in 2007, CFRR has helped over 24 countries across ECA to bolster economic growth and attract private sector investment through transparent and accountable financial reporting. Through various regional and country programs, CFRR has made a major impact in the ECA region over the years by disseminating over 130 publications, conducting over 300 workshops, and training over 53,000 professionals. CFRR has also extended its global reach and is currently also helping to support accounting professionals in Africa.

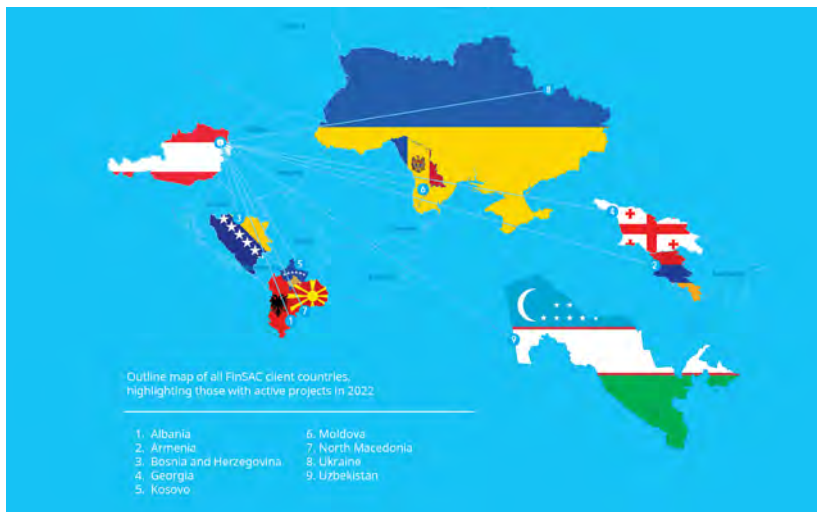
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*"I am happy to express my gratitude towards the World Bank, and CFRR projects in particular, for supporting us from the very beginning of these reforms, helping us in many different areas, like drafting EU-aligned laws and regulations, and funding numerous workshops, trainings, and events to strengthen accounting and the audit profession in Georgia."*

*—David Mchedlidze, Head, Service for Accounting Reporting and Auditing Supervision, Georgia*

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Following the global financial crisis, the **Financial Sector Advisory Center (FinSAC)** was established with the aim to strengthen banking supervision, bank resolution, and financial sector crisis management. FinSAC supports



©WBG. Map of FinSAC Client Countries 2022

eligible ECA countries through bilateral technical assistance; knowledge sharing workshops, seminars and conferences; and regional policy-oriented analytical work. FinSAC cooperates closely with a wide range of external partners including the European Commission, European Central Bank, European Banking Authority, universities as well as the Austrian authorities—Ministry of Finance, National Bank, and Financial Market Authority.

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*"The FinSAC experts have demonstrated admirable competence, thoroughness, and dedication. [...] They have managed to adjust the technical assistance provided to our needs and circumstances."*  
*—Milica Arnaudova Stojanovska, Advisor to the Governor of the National Bank of North Macedonia, 2021*

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The next important addition was the launch of the **Danube Water Program (DWP)**, jointly run by the World Bank and the International Association of Water Service Companies in the Danube River Catchment Area (IAWD). Together with local, national and regional stakeholders, the program works on achieving smart policies, strong utilities, sustainable water services, and a water-secure and resilient Danube region. The Program spans sixteen countries, with eleven target countries eligible for funding: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, North Macedonia, Moldova, Montenegro, Romania, Serbia, and Ukraine. Since its launch, more than 1,200 sector professionals have benefited from cross-country capacity-building programs, eight different training programs for water utility personnel



©WBG. Danube Water Program Staff

have been developed in 11 countries with more than 430 utility staff trained, and more than 45 reviews of water sector regulation and policy have been conducted, with countries benefiting directly from World Bank advisory and analytical services.

Next, the **GovTech Global Partnership (GTGP)** was established in 2019. The program aims to foster the modernization and digitalization of government and supports work in the ECA region through a global public goods, knowledge transfer, and capacity-building agenda.

More recent programs supported by the Federal Ministry of Finance include the **Green Recovery Program for the Western Balkans**, which is centered around environmental fiscal policy and regulatory reform. Its initial focus on supporting integrated approaches to air quality management has been expanded to include mainstreaming resilience in natural resource management, blue economy, and circular economy. The objective of the **ECA Cities and Climate Change Program** is to support client countries in addressing urban climate change mitigation and adaption challenges—thereby helping to support the Bank's alignment with the Paris Agreement.

Another major milestone was the decentralization of the World Bank's **Country Director for the Western Balkans** from Washington DC, as the head of the World Bank office in Vienna. This was also the first step in turning the Vienna office into the ECA operations hub that it is today.

**IFC** opened a branch for the European region in 2018, hosting the Regional Director and core teams from each IFC industry operating in the region. The Vienna hub oversees mostly programs in the field of climate-relevant urban development, green infrastructure, and green finance.



Looking back on 75 very successful years of partnership, the WBG and Austria continue their work as trusted allies. Together, they are committed to partnering with client countries to pursue a green and inclusive reform agenda that builds prosperity, promotes stability, and enhances resilience in the world. So that they can profit from the World Bank Group's support just like Austria once did.

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*"The 75th anniversary of Austria becoming a member of the World Bank reminds us of the value of strong partnerships, especially during turbulent times. Austria is a valued and steadfast partner of the World Bank as we work together to confront the multiple crises facing Europe and the world."*

*The 75th anniversary is a testament why partnerships matter. It's also a beacon of hope to foster stronger international and particularly multilateral cooperation."*

*—Axel van Trotsenburg, Senior Managing Director for Development Policy and Partnerships, WBG*







[www.worldbank.org/Austria](http://www.worldbank.org/Austria)