

HUNGARY

Farm's performance, restructuring & modernisation

Location

Agárd

Programming period

2014 – 2020

Priority

P2 – Competitiveness

Measure

M04 – Investments in physical assets

Funding (EUR)

Total budget 136 000

EAFRD 54 400

National/Regional 13 600

Private 68 000

Project duration

2017 – 2018

Project promoter

Agárdi Csóbor Ltd

Contact

info@csoborpinceszet.hu

Website

<http://csoborpinceszet.hu/>

A family-owned winery used support from the Hungarian Rural Development Programme (RDP) to increase its production capacity and improve its energy efficiency.

Summary

Agárdi Csóbor Ltd, is a wine producing family business. It started in 1989 as a hobby and in 2000 they started selling wine and expanded the vineyard. By 2021, the family owned 34 hectares of vineyards. As market demand increased, the processing capacity of the winery was no longer sufficient, and it was decided to invest further in the business.



The family used the investment support to build a wine storage hall; install a wine cooling system; and to acquire fermentation tanks and oak barrels. They also installed a photovoltaic system and bought a semi-automatic capping machine.

Results

The investment increased storage capacity by 50% and also the fermentation capacity.

Thanks to the photovoltaic system there have been very significant savings in energy costs which has allowed a fast payback on the investment.

The company has secured 11 jobs.

Lessons & Recommendations

- ❑ Inflation can have a major impact investment viability. Such risks need to be mitigated at the project planning stage. Hire of a professional consultant to support the complex application process should also be considered
- ❑ A photovoltaic system was included in the investment to demonstrate environmental sustainability. The system is very profitable proving that there is not necessarily a trade-off between economic and environmental objectives.

Context

Agárdi Csóbor Ltd, is a small wine producing family business based in Agárd, a small settlement in Hungary's central transdanubia region. The wine business started in 1989 when the father of the current managing director (Ms Csilla Csóbor) bought a small vineyard and started producing wine as a hobby. In 2000, they started selling their wine and expanding the vineyard and by 2021 owned 34 hectares of vineyards.

The vineyard cultivates 14 varieties of vines and produces 22 products including white, rose, and red wine, 'champagnes' and cuvees. In 2020, the company produced 1 200 hectolitres of wine using mainly their own grapes and the vineyard's own production has grown every year since then. 80 % of products are sold through the company's own store in Agárd. The existing processing capacity of the winery became insufficient and it was decided to invest further in the business.

Objectives

This project aimed at:

- increasing the winery's production capacity and energy efficiency.
- responding to increasing demand for their products.
- maintaining and increasing competitiveness.
- maintaining jobs in the winery.

Activities

Support for investment from the Hungarian RDP contributed in:

- building a 366 m² wine storage hall.
- installing a wine cooling system connected to the reductive winemaking tanks, which can cool or heat the tanks as required.
- purchasing four fermentation tanks of 46 hectolitres each and 20 oak barrels of 225 litres each.
- installing a photovoltaic system.
- purchasing a semi-automatic capping machine.



Main results

The investment increased storage capacity by 50 % and the fermentation capacity of the winery has also increased.

Thanks to the photovoltaic system, the cost of electricity used reduced dramatically and efficiency has improved. Significant cost savings have allowed a fast payback on investment.

The company has secured 11 jobs.

Key lessons

Applying for RDP support has become more complicated and for the first time the applicant had part of an application rejected (due to a mis-understanding of the function of part of the investment). This necessitated hiring -for the first time- a private consultant, who assisted in successfully appealing and securing the RDP support.

Price increases for the items to be purchased meant that the viability of the investment had to be re-assessed once the application was successful. Such fluctuations need to be considered, and the associated risks mitigated, at the project planning stage.

The selection criteria mean that the investment is more likely to be awarded a grant if it can demonstrate environmental sustainability. In the current case this meant inclusion of a photovoltaic system. As turned out the system is very profitable. Thus, there is not necessarily a trade-off between economic and environmental objectives.

Additional sources of information

www.facebook.com/CsoborPinceszet