

InvestEU offers improved investment choices for CAP Managing Authorities

With up to €372 billion of investment anticipated to flow through InvestEU, Common Agricultural Policy (CAP) funding can be used to attract this investment to strengthen the socio-economic and environmental resilience of rural Europe.

To reach the goals of the Long Term Vision for Rural Areas, existing EU policy support needs to be enhanced and further strengthened. A first step is to improve synergies and complementarities between funds that contribute to rural development. A key priority for rural Europe in the new period is to maximise and coordinate opportunities from all EU support sources.

The InvestEU budget offers substantial potential for CAP Managing Authorities to help their farms and other rural businesses benefit from this new investment package via the European Agricultural Fund for Rural Development (EAFRD) and national partners.

The InvestEU became operational in 2021 and builds on the success of the European Fund for Strategic Investments (EFSI) which mobilised more than €500 billion. This included considerable amounts of agricultural investment, such as France's [Alter'NA guarantee fund](#) which is supporting [hundreds of agri-food initiatives](#) throughout the Nouvelle-Aquitaine region. Organised jointly by the region's EAFRD managing authority and European Investment Fund, the Alter'NA financial instrument combined EAFRD, EFSI and national funds in a €36 million package supporting sustainable agriculture investments. See the European Commission's fi-compass website for [more examples of how the EAFRD has attracted EFSI guarantees](#).

How does InvestEU work?

The [InvestEU guarantee](#) is a modernised version of EFSI and it provides options for financial institutions, such as public and private banks, to offer more favourable conditions for projects that need investments. The guarantee offsets risk for financial institutions, and this can result in them affording higher amounts of loans, lower interest rates, longer pay-back periods, lower collateral requirements or in access to finance for rural businesses and farms they did not have before.

The 2021-2027 period offers CAP Managing Authorities more options than before to take advantage of these benefits for the rural economy. The structure of InvestEU introduces simplified access possibilities to its guarantee, which is focused on [four main policy intervention 'windows'](#):



Sustainable infrastructure



Research, innovation and digitisation



Social investment and skills



Small and medium-sized businesses



Agriculture and rural investments can be supported under all four InvestEU windows e.g. rural infrastructure (Sustainable Infrastructure Window), research in agriculture (RID window), agricultural SMEs (SME Window) or female entrepreneurs in rural areas (Social Investment & Skills Window), as long as they fulfil the eligibility criteria set out for the financial products under the respective window. Probably the SME Window and the Sustainable Infrastructure Window are those most pertinent for agriculture and rural investment.

Investments are supported by two main 'compartments'. An EU compartment supports EU policy priorities and investments with value added at EU level while a Member State compartment invests in specific national priorities. EU countries have the possibility to contribute a part of their shared management funds (including the EAFRD) to the InvestEU Fund, when setting up a Member State compartment. For the EAFRD this means that 3% of its initial national allocation can be contributed to the InvestEU Member State Compartment by including and justifying this option in their CAP Strategic Plan and signing a contribution agreement with the Commission. Subsequently, a guarantee agreement is signed between the Commission and the chosen implementing partner. Any contribution to the InvestEU should be decided upon quickly to ensure that unused funds can be returned to the EAFRD by 31 December 2026. This is the latest date at which unused funds can be returned to and used under the EAFRD.

Who to work with?

Another innovation in InvestEU, compared to its EFSI predecessor, is the improved flexibility provided to CAP Managing Authorities to shop around for the best implementing partner. Managing Authorities can now work with national promotional banks and international financial institutions, such as the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB) or the Nordic Investment Bank (NIB), as well as the European Investment Bank (EIB) Group. The EIB Group will implement the majority of the InvestEU guarantee.

CAP stakeholders interested in finding out more about InvestEU opportunities for rural Europe can check out the website of the European Commission's InvestEU Advisory Hub. This is complemented by the InvestEU Portal which can help match investors and project promoters.





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