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Sustainable markets initiative Agribusiness Task Force launches Blended Finance Framework

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**To make regenerative farming mainstream **



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At COP 28, the Sustainable Markets Initiative's Agribusiness Task Force announced the launch of a new blended finance framework that could unlock trillions of dollars for regenerative agriculture.

A task force of companies including Mars, McCain Foods, McDonald's, Mondelez International, PepsiCo and Waitrose, unveil a plan to make regenerative farming financially viable and scalable; explore implementation projects in India, the UK and the US; welcome Lloyds Banking Group to boost cross-industry support, and call for policy changes to help support its implementation.

The global food system currently creates ~30% of human produced GHG emissions and is the greatest driver to nature loss. Embracing regenerative farming globally could help provide a third of the land-based climate action needed by 2030, but as the Sustainable Markets Initiative Agribusiness Task Force found last year, the economics do not work for most farmers.

The Task Force including Bayer, Indigo Ag and Olam Agri, today outlines a four-lever framework to accelerate the scaling of regenerative farming, built on:

- New funding and sourcing models;
- Introduction of common metrics;
- Suggested government policy changes; and
- A plan to create new revenue streams for farmers.

"*New funding and sourcing models*" is a first-of-its-kind blended finance model combining philanthropic support, catalytic capital from asset managers, commercial capital offered at preferential rates from banks, longer-term contract commitments from food businesses to source sustainable commodities, and crop insurance from insurance companies helping de-risk farming operations.

A "*plan to create new revenue streams for farmers*" proposes a way to create more revenue for farmers by allowing them to capture carbon credits during a field's entire rotation, not just when it is in-use.

Titled the *Ecosystem Services Market*, the approach means when a field is farmed to supply a buyer, regenerative practices can help the buyer's Scope 3 footprint; then during a year when the farmer is resting the field to recover soil health and biodiversity, the farmer can continue selling carbon credits to other buyers outside of their value chain.

Complementing solutions to make regenerative farming financially viable, are proposals to make it scalable. The Task Force suggests the "*introduction of common metrics"*, which would give regenerative farming a universally understood and scalable approach, and 10 *"suggested government policy changes"* which could help unlock $1.2 trillion that regenerative agriculture can add to the worldwide economy.

Policy recommendations include financial advice and training support to farmers implementing regenerative farming, and those carrying out Research and Development; promoting regenerative farming terms in trade agreements; and creating incentives for landowners to encourage regenerative techniques by tenants.

The Task Force reveals it is exploring at least four farming projects to prove its concept. These include rice in India, involving Bayer and Olam; canola and wheat projects in Poland, involving Mars, PepsiCo and ADM; wheat projects in the US, involving Mondelez and Indigo AG; and potatoes and other crops in the UK, involving McCain, McDonald's, Waitrose, PepsiCo, HSBC, Lloyds Banking Group and NatWest.