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Asia's investment potential in Regenerative Agriculture

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Agricultural emissions are one of the major contributors to greenhouse gas (GHG) emissions, so eliminating farm emissions, particularly from crop production and livestock grazing, is essential to achieving net-zero climate goals. More than a third of global GHG emissions are attributed to the agrifood system, according to the United Nations. It is estimated that almost 70% of the emissions from the whole agrifood system are caused by land use change and farming practices.

Sustainable agricultural practices and land use optimization are integral parts of regenerative agriculture for tackling scope 3 emissions and building farmer resilience. A number of innovative technology solutions are available to accelerate regenerative farming, but they require the right strategies, strong partnerships among farmers, agribusinesses, and government agencies, as well as capital support. In spite of its potential role in mitigating climate change and ensuring rural communities' climate resilience, agriculture only receives 4% of global climate finance.

Asia-Pacific (APAC) is experiencing rapid growth in the regenerative agriculture market due to a variety of factors. In addition, there is substantial government support, population growth, an increase in environmental awareness, and the use of advanced agricultural technologies. In the APAC region, these factors foster a favorable environment for regenerative agriculture practices to spread.

To unlock capital and forge partnerships, agribusiness companies implement regenerative agriculture practices, as well as the latest trends and technologies in the industry.

For instance, The Asian Development Bank will also present ways to help companies interested in developing regenerative agriculture, including providing financing. Enterprise Singapore will host the event to encourage sharing of best practices amongst the Singapore agrifood ecosystem.

The global regenerative agriculture market was valued at $920.6 million in 2022 and is expected to reach $3247.34 million in 2030, with a CAGR of 14.80% during the forecast period 2023-2030. A regenerative agriculture market includes agricultural strategies and systems aimed at boosting soil health, enhancing ecosystem durability, and improving overall sustainability. Taking proactive steps to rejuvenate and revitalize land, soil, and ecosystems, regenerative agriculture differs from traditional sustainable farming methods. It emphasizes soil organic matter replacement, water retention, erosion mitigation, and biodiversity enhancement. Improved soil health is achieved by reducing tillage, implementing cover crops, rotating crops, and incorporating organic materials. As well as boosting productivity, robust soil health also boosts resilience to environmental challenges.

Some of the companies operating in the regenerative ecosystem are; Alter Eco, Bluebird Grain Farms, Cargill, Incorporated, CIBO Technologies, Continuum Ag., Danone S.A., Ecological Farming Association, General Mills Inc., New Leaf Tree Syrups, Regena Roots.

Precision agriculture and farmer service platforms are most attractive due to regulatory support, market adoption readiness, and big addressable market. Within precision agriculture and platforms, Malaysia, Thailand and Vietnam are most attractive due to infrastructure readiness and strong regulatory support.Â Government, industry, and finance actions can unleash full potential by addressing accessibility and economic issues.Â

Key actions to accelerate trajectory to full potentialÂ

Improve market accessibility: Increase growth-stage financing to develop innovative business models with clear monetization potential by backing AgTech start-ups with clear potential for scale, Develop, scale carbon credit market for regenerative agri and Issue certifications for sustainable produce that may command consumer premium.

Confront transition costs : Increase investment/support for farmer connectivity by deploying rural connectivity infrastructure not commercially sustainable for MNOs today, requires more government subsidy. In addition, connectivity is critical to drive scale adoption of digital solutions (especially, for smallholders) and make them financially viable.Â

Strengthen green financing: Boost investment momentum through government support. For example, Singapore equity program, is a government co-funding early-stage Sustainable farming with private investors. Improving economics for AgTech funds by reducing farm ownership fragmentation and Supporting farmer financing would greatly benefit.Â

Collaboration/partnerships among stakeholders: By facilitating public-private partnerships and establishing partnerships among motivated agribusinesses, private players will have access to data, infrastructure, and research expertise. Furthermore, government agencies can serve as flagship adopters of new technology (that benefit smallholders) and corporations can provide stipends and training.

The key objective of regenerative agriculture is to sequester carbon within the soil, thus contributing to climate change mitigation. Consequently, healthy soils reduce greenhouse gas emissions by capturing and storing carbon dioxide from the atmosphere.

In addition to soil degradation, water scarcity, and the impacts of climate change, the global regenerative agriculture market is driven primarily by increasing awareness of environmental challenges. Due to this increased awareness, regenerative agriculture practices have gained popularity, since they are considered more sustainable and environmentally friendly. Environmentally friendly farming methods are becoming increasingly popular with both consumers and businesses.

Regenerative agriculture's growth has also been fueled by government support. Through subsidies, incentives, and regulatory measures, many governments are incentivizing regenerative farming practices. Supporting sustainable agricultural practices encourages more farmers to adopt them. A significant investment is often required to transition from traditional agriculture to regenerative agriculture. It may be necessary for farmers to invest in new equipment, adopt new techniques, and upgrade their infrastructure.

A substantial number of opportunities exist for regenerative agriculture in the global market as a result of technological advancements. With innovations like precision farming, data analytics, and remote sensing, regenerative practices can be implemented more efficiently and effectively. Regenerative agriculture is becoming more accessible and profitable thanks to these technologies