

# Incentivising soil-health, regenerative farming

Regenerative Agriculture is gaining momentum among corporates and private actors, in and around the agri-food value chain.

RegenAg provides a flexible and inclusive approach to achieving climate targets, mitigating supply chain risks and enhancing market positioning.



Regenerative agriculture and farming for soil health allows a shift from a revenue- and volume-driven business model to one focused on profitability and sustainability.

→ It does so by cutting costs, adding additional revenues streams, and improving resilience and efficiency in the use of resources.



The "valley of death" of early-stage investments in the transition can be mitigated by providing farmers with the right backing: financing, risk-sharing, and technical support.

→ The transition comes with costs, risks and knowledge requirements, which cannot all fall on the farmers. Responsibilities must be shared and distributed among all stakeholders.



No single organisation or incentive can single-handedly drive the transition.

→ Each actor must leverage their strengths, take on the risks they are best suited to bear, and support the outcomes that align best with their strategy.

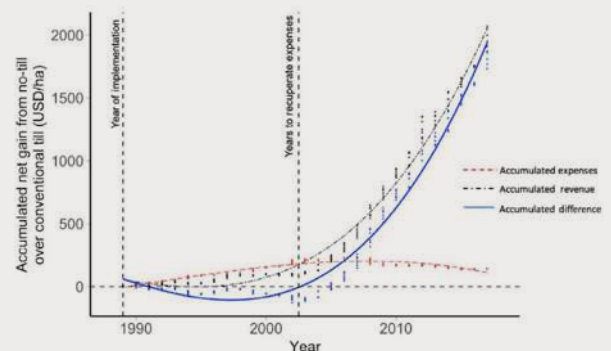
*"The advantage of regenerative agriculture is that it is not selective, therefore it is possible to engage a lot of different farmers".*

CORPORATE



*"Our goal is to first of all reduce the costs of the farmer and that's the first thing regenerative agriculture can do. ... really depends on the context. ... and then the profitability comes from that as well. We don't want to add more things on farmer, who's in trouble already economically."*

PROJECT INTERMEDIARY





**Soils and farmers are diverse across the landscapes being regenerated.**

→ Tailored, place-based solutions are essential, and incentives, to be effective, require a flexible design to scale across different landscapes.



**Combining outcome- and practice-based incentives is key to support soil health and the adoption of regenerative agriculture.**

→ This hybrid approach reduces the risks associated with uncertain outcomes and ineffective practices.



**Blended finance can be leveraged as strategic tool to mobilise stakeholders, facilitate collaboration, and provide comprehensive support to farmers.**

→ This financing strategy can attract concessional capital to de-risk the transition by re-aligning incentives.

*"I think it should be a mix. We cannot say incentives must be fully outcome-based because it may not reflect the efforts. There are situations where you need to wait years before you start to get some tangible benefits and that's a pity if a farmer who needs a bit of support needs to wait so long before getting some help".*

PROJECT INTERMEDIARY

## Recommendations

to incentivise the adoption of regenerative farming practices that improve soil health and farmers' economic performances



### INCENTIVES DESIGN

Focusing on farmers' needs, recognising the specificities of the local context, and combining practice and outcome-based targets to effectively benefit both farmers and the soil.



### SCALE-UP

Aggregating farmers and enabling multi-stakeholder collaboration is key for successfully scaling incentives.



### PROVISION

Mixing financing, de-risking, and technical support to equip farmers with all the necessary resources to navigate the challenges of the initial stages of the transition.



### FINANCING

Blended finance - a strategic approach that uses concessional capital to catalyse private resources towards desired impact targets - can be leveraged in the transition to facilitate multi-stakeholder collaboration, provide comprehensive support to farmers, and de-risk these transactions.



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