

ReForest Special Session: Regenerative Finance Scheme for Agroforestry Upscaling



Moderator: Prof. Martin Lukac, Czech University of Life Sciences, Prague; Coordinator of the ReForest project

Panellists:

- **Dr. Prajna Kasargodu Anebagilu** – Institute of Crop Science and Resource Conservation (INRES), Faculty of Agricultural, Nutritional and Engineering Sciences, University of Bonn
- **Tiago Zibecchi** – Researcher, EMEA

The ReForest Special Session was introduced by **Prof. Martin Lukac**, who briefly presented the project's objectives, positioning REFOREST as an applied research initiative addressing agroforestry adoption through integrated technical, financial, and policy analysis.

Dr. Prajna Kasargodu Anebagilu, from the Institute of Crop Science and Resource Conservation (INRES) then presented key findings on agroforestry adoption in Europe, drawing on ReForest project deliverables and complemented by EMEA's Mapping Report on Agroforestry Finance and Policy. Her intervention emphasized that limited uptake is not primarily driven by a lack of agroforestry relevance, but by persistent institutional and regulatory constraints embedded in current policy frameworks. These include rigid and fragmented definitions of agroforestry across CAP Strategic Plans, uniform tree-density caps, static canopy thresholds, crop-blind eligibility criteria, species exclusions, and high administrative transaction costs, often compounded by inconsistent land-use regulations.

The presentation further highlighted a set of reinforcing economic constraints, notably high upfront establishment costs, delayed and uncertain revenue streams, poorly targeted financial incentives, policy instability, limited access to advisory services, and weak value-chain development. Prajna stressed that these factors interact with an increase in perceived risk at farm level and discourage long-term investment in tree-based systems. Existing support schemes were shown to address these barriers only partially and in isolation, leaving core structural constraints largely unresolved and contributing to the continued marginalization of agroforestry within mainstream agricultural systems.



Tiago Zibecchi, Researcher at EMEA, presented the work conducted on the design and application of a sustainable agroforestry financing scheme. He explained that the scheme was developed following extensive EU-level policy mapping, country-level case studies, Living Lab data, and surveys with farmers. This analytical process identified three recurring structural gaps across countries: insufficient financing coverage over the project's life cycle, limited access to private and philanthropic capital, and inadequate provision of advisory services.

Zibecchi presented the ReForest financing scheme as a modular framework structured along the life cycle of an agroforestry project. The scheme combines ex-ante payments to reduce entry barriers, action-based payments during early implementation, and hybrid results-based payments linked to verified ecosystem outcomes. These public components are designed to interact with blended finance instruments, including catalytic capital, carbon and biodiversity markets, impact investment and patient capital, insurance and guarantee mechanisms, and value-chain instruments such as advance purchase agreements. Stylized cumulative cash-flow projections were used to illustrate how the scheme can reduce early-stage investment risk, accelerate break-even points, and improve income stability relative to subsidy-only support scenarios.

The session concluded with the presentation of the ReForest Decision Support Tool, a dynamic CBA-based framework designed to support agroforestry decision-making at both farm and policy level. The tool integrates farm-level costs and revenues, ecosystem service benefits, market risks, and institutional parameters, explicitly accounting for uncertainty and long-term investment horizons. Its application is intended to inform the design of more effective incentive structures and to support evidence-based assessment of agroforestry financing strategies.

The open discussion focused on the practical and policy challenges of scaling agroforestry beyond pilot projects, particularly the long investment horizons of tree-based systems in the context of ageing farmer populations and limited generational renewal. Participants highlighted that extended break-even periods, insecure land tenure, short-term leases, and fragmented ownership significantly reduce farmers' willingness to invest. Cooperative structures, land aggregation models, and shared investment vehicles were identified as ways to pool capital, distribute risk, and enable continuity across generations. Participants also emphasized the need to move beyond area-based subsidies toward integrated, risk-sharing financing frameworks that combine public incentives with private and philanthropic capital, advisory services, insurance and guarantees, and value-chain instruments, in order to align investment conditions with the long-term nature of regenerative agroforestry systems.

Link to video: <https://www.youtube.com/watch?v=mu03mHeinUg>