

Sectoral Brief

# Agri-food Systems

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# Building a nature-positive economy: The role of policy and business

Nature is the foundation of our economies, societies, and well-being—yet we are depleting it at an alarming rate through land and sea use change, resource exploitation, human-induced climate change, and pollution.<sup>[1]</sup> With more than half of global GDP dependent on nature and its services,<sup>[2]</sup> biodiversity loss and environmental degradation are not just an ecological crisis. They pose significant risks to businesses, supply chains, and financial markets worldwide. To address this challenge, policy frameworks are evolving to make nature an integral part of economic and financial decision-making. These policies can create an enabling environment for businesses to align their operations with **nature-positive principles** and support a wider transition to a **nature-positive economy**.

## What is Nature Positive?<sup>[3]</sup>

Nature Positive is a global goal aimed at halting and reversing nature loss by 2030 and achieving full recovery of nature by 2050. It represents a shift from merely minimizing environmental harm to actively protecting, restoring and using nature in a sustainable way to improve the health, abundance, diversity, and resilience of species, ecosystems, and natural processes.<sup>[4]</sup> Operationalising this concept involves (i) reducing negative impacts on nature and addressing drivers of nature degradation; (ii) increasing positive impacts, including through nature-based enterprises, nature-based solutions (NbS), and conservation measures; and (iii) fostering transformative change to our economy and society. Companies that integrate nature into their decision-making can enhance long-term resilience, unlock new markets, and reduce financial risks tied to biodiversity loss.<sup>[5]</sup>

## What is a nature-positive economy?

A nature-positive economy (NPE) means that the net results of all economic activities combined leads to an absolute increase in nature towards full recovery.<sup>[6]</sup> This will require businesses, governments, and citizens to act across multiple scales in every sector, aligned with social-ecological well-being and equity. By embedding nature-positive strategies into policy design and core business operations—whether through supply chain transformation, regenerative business models, or investment in nature-based solutions—progress can be made towards a thriving, sustainable economy.

## How to transition?

The transition to a nature-positive economy demands action from all parts of society, from public policy to private initiatives. In this series of briefs, we explore how five critical sectors – agriculture, the blue economy, forestry, the built environment, and tourism – can take nature positive actions to support the transition to a nature-positive economy. Each brief highlights the sector's current impact on nature and looks at how the EU policy framework and international private initiatives can potentially support or hinder the sector's NPE transition. We also highlight existing examples of businesses in the sector taking nature positive actions. This brief focuses on the agricultural sector.





# Agriculture at a crossroads: Challenges and opportunities in the nature-positive economy

Agriculture is a key sector in Europe's economy and landscape, shaping both rural livelihoods and natural ecosystems. Agricultural land accounts for 38% of the EU's total land area, a proportion that has remained relatively stable since 2005.<sup>[7]</sup> The agri-food sector employs 16 million people in the industrial ecosystem.<sup>[8]</sup> While agriculture's share of Europe's GDP has remained at 1.3% for over a decade,<sup>[9]</sup> the sector receives significant public support with 24.6% of the EU budget allocated to agricultural subsidies, primarily through the Common Agriculture Policy (CAP).<sup>[10]</sup> For the EU to transition toward a NPE, agriculture must undergo a transformation to reduce its environmental pressures while adopting more regenerative and sustainable practices that protect and restore nature.

## The environmental cost: Agriculture's nature-negative impacts

Despite the sector's economic and social significance, agriculture remains a major driver of biodiversity loss in Europe, exerting the greatest pressure on European habitats (e.g. grasslands, freshwater habitats, heath and scrub, and bogs, mires and fens).<sup>[11]</sup> Not all agricultural systems are equal, with some systems promoting nature, while others are reliant on chemical pesticides, mineral fertilizer and large-scale irrigation, whose excessive use damages ecosystems, biodiversity and soils.<sup>[12]</sup> Key environmental impacts include habitat degradation and biodiversity loss, with agriculture a leading cause of plant, reptile, and breeding bird decline, and pollution, accounting for 48% of all pollution pressures on natural habitats, including air, water and soil contamination.<sup>[13]</sup>

Agriculture's impact shows up in key indicators: common farmland bird populations decreased by 32% between 1990 and 2016, and grassland butterflies by 39 % between 1990 and 2017.<sup>[14]</sup> Without a sectoral shift, these impacts will continue to undermine the resilience of the ecosystems upon which agriculture itself depends, threatening long-term food security and rural economies alike.

## A path forward: Agriculture's role in the nature-positive transition

Agriculture has the potential to drive nature-positive change. Sustainable farming models, including organic, agro-ecological and regenerative practices align with nature-positive principles by working with natural processes rather than against them. Extensive agricultural approaches can support semi-natural habitats with a diverse fauna and flora.<sup>[15]</sup> Key nature-positive trends include: an expansion of organic farming, increasing from 6% in 2012 to 10% of total EU farmland in 2021;<sup>[16]</sup> support from green subsidies, such as some CAP eco-schemes and agri-environment-climate measures that provide financial incentives for farmers to adopt practices that protect biodiversity and restore ecosystems; and dietary shifts and demand-side changes towards e.g. plant-based alternatives in meat and dairy consumption to reduce agricultural pressures on biodiversity and meet global biodiversity targets.<sup>[17]</sup> By scaling up nature-positive farming practices and aligning agricultural policy with ecological restoration, this sector can play a transformative role in building a more resilient and sustainable food system.





# EU policy: Enabling or hindering the nature-positive transition?

A strong policy framework is essential to drive the agriculture sector's transition to a NPE. Policy can assist by setting clear targets and establishing a vision, disincentivising and fading out harmful practices, and providing financial incentives for sustainable farming. Public policies, including strategies, regulations, and funding instruments, can either accelerate this transition by promoting agroecology and biodiversity conservation or hinder progress if they continue to support environmentally harmful practices. In an accompanying report,<sup>[18]</sup> we evaluate more than 60 global and EU policies to identify potential support or hindrances regarding the NPE transition. Here we use examples of two key EU agricultural sector policies to explore these potential impacts in more detail.<sup>[19]</sup>

## Global and cross-cutting EU policies

At the global level, an overarching framework is provided by policies such as the **Kunming-Montreal Global Biodiversity Framework (GBF)** and the **Paris Agreement**, which broadly support the “nature positive” agenda, aiming to halt and reverse biodiversity loss while addressing climate change. With regards to the agriculture sector, the GBF includes targets to ensure that agriculture is managed sustainably, particularly by reducing pollution, minimising pesticide use, and promoting agroecological practices that protect biodiversity (Target 10);



encourage the redirection of subsidies that harm biodiversity and the scaling up of financial incentives that support sustainable agriculture and ecosystem restoration (Target 18); mobilise USD 200 billion per year by 2030 for biodiversity conservation (Target 19), with the potential to benefit farmers adopting regenerative and biodiversity-friendly practices. The GBF also provides a roadmap for integrating biodiversity conservation into global economic systems and encourages governments, businesses, and communities to take coordinated action. In parallel, the Paris Agreement establishes a global warming target and aims to enhance adaptive capacities, strengthen resilience, and reduce climate change vulnerability while recognising the need to ensure food security and end global hunger. Their effectiveness depends on strong enforcement, coherent implementation, and subsidy reforms. Without safeguards, greenhouse gas-focused policies under the Paris Agreement may promote nature-harming practices like monoculture plantations or biofuel expansion, undermine the biodiversity goals of a nature-positive economy.



EU policy can support NPE by *establishing a vision and direction*, such as through the **European Green Deal (EGD)**, the EU's flagship strategy for achieving the transition to a climate-neutral economy by 2050. Launched in 2019, it provides a comprehensive policy framework for transforming the EU's economy to reduce greenhouse gas emissions, enhance resource efficiency, and restore Europe's natural ecosystems. Among other important policies, the EGD includes the **EU Biodiversity Strategy for 2030**, which aims to halt biodiversity loss, restore degraded ecosystems, and enhance green infrastructure. It establishes targets and underscores the need for transformative changes across sectors to integrate biodiversity into every aspect of policymaking and business practices, ensuring long-term resilience. The evolving EU political landscape following the 2024 elections—with a focus on competitiveness and policy simplification introduces potential risks. Recent initiatives such as the European **Competitiveness Compass** and the **Omnibus simplification package** illustrate this shift. While efforts to reduce administrative burdens can be beneficial, care must be taken to ensure they do not undermine ambitious and mandatory nature policies.

EU policy can also establish rules and regulations that reduce a sector's negative impacts on nature and create additional nature, an approach employed by the **EU Nature Restoration Regulation**. This regulation introduces legally-binding and time-bound targets to restore degraded ecosystems, habitats and species in the EU. Through these targets and an obligation to draft National Restoration Plans, the EU Nature Restoration Regulation is expected to boost national restoration efforts, bringing the EU closer to the nature-positive economy. Finally, EU policies can *provide funding for nature-positive or nature-negative activities*. The **Multiannual Financial Framework (MFF)**, for example, establishes the EU's long-term budget, outlining priorities and ensuring predictable and stable funding for various policies and programs.





While funding through the current MFF (2021–2027) supports some nature-positive initiatives such as responsible resource use and green and blue infrastructure development, it can also fund activities that may conflict with the NPE, such as infrastructure expansion and environmentally harmful agricultural production. These conflicting priorities within the EU budget weaken its transformative potential for a nature-positive transition.

### Sector-specific policy in the EU

Sector-specific EU policy can also support the NPE transition. Two important agricultural policies regarding the transition to a nature-positive economy are the Common Agricultural Policy (CAP) and the Action Plan for the Development of Organic Production<sup>[20]</sup>:

**The Common Agricultural Policy** both supports and acts as a barrier to the sector's transition to a nature-positive economy. A large reform in 2021 (entering into force in 2023) aimed to support fairer, greener and more performance-based principles than the previous CAP. Objectives promoting biodiversity, sustainable resource management, and climate change mitigation are now included; however, even with these reforms, the CAP is viewed to fall short of the shift necessary to be considered as nature-positive overall.<sup>[21]</sup> Examples of specific nature-positive measures include the Good Agricultural and Environmental Conditions (GAEC), which are binding minimum standards for farms receiving CAP financial support. CAP eco-schemes are another positive example, funding farmers to implement specific nature-positive actions, such as wetland restoration or reduced chemical use. The CAP also supports a NPE transition through knowledge sharing, innovation, and social inclusion related to understanding nature impacts of agricultural practices and aiming to foster systemic change in rural areas. At the same time, the CAP poses notable barriers to agriculture's NPE transition.

Member States have considerable flexibility in implementing the policy, leading in some cases to weakened environmental protections. A CAP GAEC 2 exemption, for example, may permit nature-harmful practices like peatland drainage. More fundamentally, the CAP aims for economic growth, exacerbating resource competition and risking ecological degradation given the pressures the sector places on the natural environment through its ongoing support for agricultural practices which are harmful to the environment. The CAP also lacks sufficient binding measures focussed on social justice and equity, such as for increasing women's participation in farming, limiting the transformative potential of the policy. Overall, the CAP lacks sufficiently strong environmental and social safeguards and restoration commitments to fully be considered to align with the NPE principles. There are also concerns regarding policy development. The EU political landscape post 2024-elections, with particular focus on EU competitiveness and policy simplification, poses risks. Care must be taken to ensure that that beneficial reductions in administrative burdens do not come at the cost of ambitious, mandatory nature policy.

**The Action Plan for the Development of Organic Production (2021)** is a roadmap document that reaffirms an existing target of reaching 25% organic farming on EU agricultural land by 2030. Key actions to achieve this target include promoting organic farming, reducing the environmental and climate footprint of the sector and organic production itself, supporting circular and sustainable management practices, and fostering knowledge exchange and transparency through platforms like the CAP network.



Importantly, the Action Plan proposes a framework for investment support and the exchange of best practices to enable a transition from conventional to organic farms and reduce the nature- negative impact of the agri-food sector. However, while the Action Plan sets a broadly NPE- positive vision, limitations include a lack of explicit measures for biodiversity restoration or specific actions increasing organic consumption among vulnerable groups, such as children, elderly people, or people in poverty. Moreover, the Action Plan lacks quantifiable targets and does not identify new funding sources to enable the implementation of listed actions, relying instead on existing funding from the CAP, European Maritime, Fisheries and Aquaculture Fund and the Horizon Europe programme. Overall, while organic farming supports the agriculture sector's shift towards an NPE, the Action Plan itself provides insufficiently strong incentives and support to enable transformative change.





# Private sector leadership in agriculture's nature-positive transition

Alongside public policy, **private and non governmental actors play a critical role in driving the transition to a nature-positive economy.** Key initiatives include, for example, sustainability reporting (such as the Taskforce on Nature-related Financial Disclosures<sup>[22]</sup>), finance alignment (such as the Finance for Biodiversity Foundation), and knowledge development (such as IPBES<sup>[23]</sup>). **In the agri-food sector, businesses are increasingly collaborating to promote sustainable and regenerative agriculture practices.** The following initiatives stand out for their impact on the NPE transition:

## IFOAM Organics Europe<sup>[24]</sup>

IFOAM Organics Europe is a member-based umbrella organisation for organics in the EU. IFOAM has more than 200 members from 32 countries in Europe, including farmers associations, retailers, certification bodies and other organics-affiliated organisations and companies. Through policy advocacy, network coordination, and knowledge creation, IFOAM promotes organic agricultural land management within the EU, and the availability of organic food for EU citizens. The organic movement is broadly aligned with the NPE-transition, given the organic principles of health, fairness, ecology, and care.

## Sustainable Agriculture Initiative (SAI) Platform<sup>[25]</sup>

The SAI Platform is a global industry initiative that brings together companies from across the agricultural value chain to promote sustainable agriculture practices. With a core commitment to biodiversity conservation and ecosystem health, the platform also focuses on climate resilience, water stewardship, and other sustainability outcomes. Founded in 2002 as a non-profit association, the SAI Platform now includes 190 member companies, spanning major industry players from across the agricultural supply chain like Coca-Cola, Arla, and Unilever. The SAI Platform supports the NPE transition through: knowledge sharing and capacity building (conducting research, providing training, facilitating collaboration among industry members) and operational transformation (implementing tools like the Farm Sustainability Assessment, which has been applied to over 360,000 farms worldwide to integrate sustainability into supply chains). Corporate regenerative agriculture has been criticised as a form of greenwashing, co-opting farmer-led movements in a manner that undermines transparency and inclusive governance.<sup>[26]</sup>





## One Planet Business for Biodiversity (OP2B)<sup>[27]</sup>

OP2B is a global, cross-sectoral business coalition dedicated to biodiversity conservation, with a specific focus on regenerative agriculture. Hosted by the World Business Council for Sustainable Development, OP2B works with 26 member companies, including major food sector players like Nestle, McCain, and PepsiCo. With its focus on promoting regenerative agriculture, OP2B supports the NPE transition by developing science-based regenerative agriculture frameworks (providing companies with structured tools and metrics to promote sustainable practices in their supply chains) and scaling up regenerative farming (engaging 300,000 farmers in pilot projects to restore soil health, enhance biodiversity and reduce environmental impact). While OP2B has been praised for the positive impact of OP2B target setting and some steps towards accountability, it has also been critiqued on lacking sufficient transformative change potential, given the power imbalances displayed in such corporate coordination, which results in agri-food corporates setting the agenda and rules in line with their own priorities, potentially at the expense of others.<sup>[28]</sup>





# Scaling change: Examples of nature-positive agriculture policy in practice

A farm in Flanders, Belgium provides an inspiring demonstration of how agricultural practices can be successfully integrated within a nature reserve through collaboration with the local ecosystem. On the 150 hectare farm, of which a small portion is owned by the farmer, livestock such as cattle, sheep, and locally endangered goat breeds play a vital role in maintaining the ecological balance of the landscape.

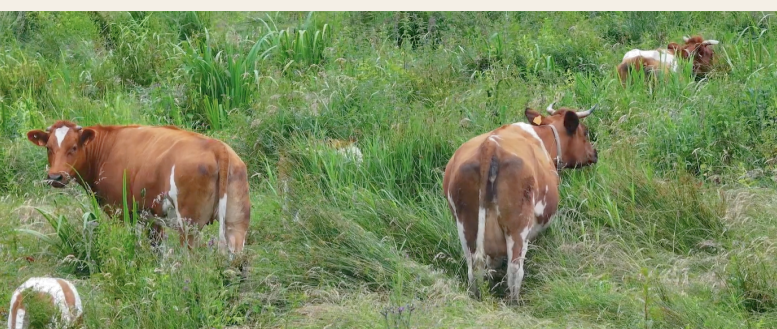
The farm employs a low-cost, nature-based business model that minimizes external inputs and relies on ecosystem functions for animal feed. At the same time, the farmer maintains and contributes to the ecosystem services the nature reserve provides for society by using extensive grazing. This approach enhances sustainability while fostering a closer connection between farming, nature conservation and society.

Despite the ecological benefits of such a nature-positive approach, there are several challenges and systemic barriers. For example, financial recognition for ecosystem services remains inadequate. The main challenges are:

1. The CAP's instruments of direct income support and investment support favor the status quo of intensive, large-scale farming reliant on chemical fertilizers and pesticides;
2. The market and the CAP make it financially more interesting for farmers to maintain nature negative practices.

As a more sustainable and nature-positive alternative, the CAP's instruments should not only cover lost revenues and extra costs of nature positive measures, but reward the farmer for providing ecosystem services. In addition, nature positive farming should be stimulated to make it more competitive. In doing so, CAP and other policies that use public money for the public good (i.e. ecosystem services) can help to make nature-positive farming an attractive business model for all farmers instead of supporting farming systems that are harmful for the environment.

Based on: <https://naturebasedenterprise.com/news/2236862>





# Final reflections

**Healthy ecosystems are essential to achieve the EU's political priorities, including its competitiveness.** Resilient nature can provide important services that form the backbone of many economic sectors, including agriculture, the blue economy, forestry, the built environment, and tourism. Such services—ranging from carbon sequestration and water purification to soil fertility and pollination—are integral to maintaining Europe's economic stability and growth. As global markets increasingly prioritise sustainability, **investing in nature-positive solutions and nature-based enterprises enhances Europe's ability to compete in emerging green markets**, ensuring sustainable growth and securing its leadership in the global transition to a nature-positive economy. By embedding nature-positive strategies into policy design and business operations, progress in transitioning to a NPE can be achieved.

In the agri-food sector, regulatory measures and funding instruments such as the CAP as well as sustainable practices like agroforestry can accelerate this transition. However, policies that continue to support intensive agricultural practices without adequate safeguards may hinder progress. Such challenges emphasise the need for coherence and integration across EU environmental and agri-food policies. In particular, it is important to use the momentum of the EU Nature Restoration Regulation to foster more coordinated restoration efforts in the agricultural landscapes across Member States, maximising the attainable positive impact. The Regulation presents an opportunity to secure political and financial support for nature restoration, including within the agri-food sector.

Further opportunities arise around the use of digital tools such as artificial intelligence and blockchain, as proposed by the Organic Farming Action Plan. These can further support the redirection of financial flows towards nature-positive practices by enhancing supply chain transparency and improving the understanding of and ability to plan around potential environmental impacts. Finally, an increased integration of societal considerations, such as strengthening the role of women in farming and introducing targeted measures to support marginalised groups, is essential to enable transformative change. In summary, it is critical to harness the sector's full potential to contribute to a NPE transition through coherent policies, coordinated efforts, inclusive approaches, and sustained investment in nature-positive practices.





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