



## **PRAIRIE WATERSHEDS CLIMATE PROGRAM**

*(On-Farm Climate Action Fund)*

**BMP: COVER CROPS FACT SHEET: APRIL 1, 2025**

### **AGRICULTURE AND AGRI-FOOD CANADA'S AGRICULTURAL CLIMATE SOLUTIONS ON-FARM CLIMATE ACTION FUND (OFCAF): PRAIRIE WATERSHEDS CLIMATE PROGRAM (PWCP)**

Support for this project has been provided by Agriculture and Agri-Food Canada (AAFC) through the Agricultural Climate Solutions – On-Farm Climate Action Fund (OFCAF). OFCAF is an initiative designed to assist farmers address climate change. [Read the media release here.](#)

#### **The Prairie Watersheds Climate Program: Manitoba\***

Agricultural Climate Solutions – On-Farm Climate Action Fund (OFCAF) was originally a \$704 million, 4-year fund (from 2021 to 2025) which funded programs across Canada to support farmers in adopting beneficial management practices (BMPs) that store carbon and reduce greenhouse gases (GHG) as well as provide other environmental benefits such as improved biodiversity and soil health. OFCAF was extended three more years (2025-2028) and will provide an additional \$300 million to 13 recipient organizations to continue supporting farmers in adopting BMPs.

The Manitoba Association of Watersheds (MAW) is one of the 13 organizations that is receiving funding from the OFCAF expansion. The Prairie Watersheds Climate Program (PWCP) is led by MAW and delivered by Manitoba's Watershed Districts. MAW received \$40,012,707 from OFCAF to continue delivering PWCP from April 1, 2025 to June 30, 2028.

PWCP provides financial support, through OFCAF, to farmers in Manitoba to accelerate their adoption and implementation of on-farm BMPs to reduce GHG emissions, support production efficiency, sustainability and resiliency on their farm operations. To assist farmers with their adoption of new BMPs, the program offers farmers resources to support BMP implementation and provide BMP design recommendations.

The PWCP works with farmers to increase the implementation of select Beneficial Management Practices (BMPs) on farms in Manitoba. The BMPs eligible under the PWCP focus on three categories:

1. Rotational Grazing
2. Nitrogen Management
3. Cover Cropping



## **The Prairie Watersheds Climate Program Approach**

- PWCP takes a grassroots, regional approach to addressing issues related to climate change in agriculture and supporting farmers to implement BMPs that have a positive impact on Canadian agriculture.
- 85% of funding goes towards adoption of BMPs and BMP education/awareness activities for farmers, who are the Ultimate Recipients of the program.
- Ultimate recipients (farmers) can seek registration and offset credits under voluntary offset credit programs for Greenhouse Gas (GHG) emissions reductions generated with the support of the Prairie Watersheds Climate Program. The ability of ultimate recipients to participate in these markets will be subject to eligibility requirements set up by voluntary offset programs.
- Ultimate recipients (farmers) cannot apply to any regulatory carbon offset program for the GHG emissions reductions generated between the Project Eligibility Date (“February 7, 2022”) and the Project Completion Date (“June 30, 2028”) including those dates.
  - GHG Emission Reduction Credits restrictions for Ultimate Recipients only apply to the fiscal year(s) in which the Ultimate Recipient receives funding.
- All payments made to Ultimate Recipients for BMP adoption in the areas of nitrogen management, cover cropping, and rotational grazing are to be considered “farm support payments” as per subsection 234(2) of the *Income Tax Act* R.S.C 1985. As such all payments to farmers are to be considered income for the farm business and are subject to Income Tax.
- MAW will annually prepare and submit AGR-1 Statement of Farm-Support Payment forms to the Canada Revenue Agency (CRA) for each Ultimate Recipient that received a PWCP payment.

## **Important Program Points to Note**

- An activity implemented on specific acres of land can be funded by only one recipient of OFCAF funding (e.g. PWCP). For clarity, any project funded through PWCP cannot be funded by any other OFCAF program.
- An Ultimate Recipient who participated in any of the eligible BMP activities in a previous funding year (2022-2023; 2023-2024; or 2024-2025) can apply for the same eligible activities on the same land for the 2025-2026 program year.
- Landlords and tenants both cannot apply for funding on the same piece of land.
- Ultimate Recipients are eligible for a lifetime maximum of \$100,000 of OFCAF funding, through all available OFCAF programs including PWCP.

## **Program Eligibility Requirements**

- Funded projects must:
  - Be new practices for an operation; or
  - Be expanded practices on new land/acres from what has been practiced in previous years.
  - Be recommended by a licensed agrology professional (with demonstrated competency in the agronomy practice area that may include the CCA designation).
    - To verify a licensed agrology professional (PAg or TechAg) in your area please refer to: [Manitoba Institute of Agrologists](https://agrologistsmanitoba.ca/find-an-agrologist/), (<https://agrologistsmanitoba.ca/find-an-agrologist/>)
    - To find a qualified Certified Crop Advisor (CCA) in your area please refer to: [Prairie Certified Crop Advisor](https://www.certifiedcropadviser.org/certifications/professional-search/) (<https://www.certifiedcropadviser.org/certifications/professional-search/>)

*Note: Third parties accessed in the searches outlined above have not specifically agreed to assist with the OFCAF program and have not been endorsed by MAW or its partners.*



### **How Does Cover Cropping Improve Soil Health and Reduce GHG Emissions**

A cover crop is grown for the protection and enhancement of the soil and provides several ecological services. These may include: (i) to reduce greenhouse gas emissions, (ii) to reduce leaching, (iii) to provide nitrogen to the next crop, (iv) to reduce erosion, (v) to improve soil structure and properties (vi) to reduce parasite pressure on crops, (vii) to prevent weed growth, and (viii) to increase the biodiversity of the farming landscape and environment.

### **How PWCP Can Help**

The Prairie Watersheds Climate Program is helping farmers in Manitoba to deploy real, measurable, and practical climate solutions for agriculture in the Canadian Prairies by assisting them in implementing cover crop practices. Funding will support BMPs that focus on the use of regionally appropriate cover crops in field crops and horticultural operations to protect soil from erosion, enhance soil organic matter, and provide undisturbed cover over winter. Cover cropping is a well-known agricultural practice used to enhance the organic and topsoil layers of the soil, increase the nitrogen content, and improve soil health. Cover cropping as a BMP is one of the best solutions to reduce fertilizer application rates and nitrogen emissions to the atmosphere.

Eligible activities under this BMP are:

#### **Intercropping – fall or spring planted cover crops under-seeded with the main crop**

- Up to \$50/acre, up to a maximum of \$100,000.

#### **Full-season annual and/or perennial cover crops in rotation**

- Up to \$50/acre, up to a maximum of \$100,000.

#### **Planning and Technical Assessments (agronomic services)**

- 85% of total cost, maximum to be determined by delivery agent.

#### **Seeding Equipment Purchases and Upgrades (cost of planting)**

- 50% of total cost, up to a maximum of \$30,000 for the duration of the project.

*Note: Certain BMPs and activities may have delivery agent-specific funding caps that differ from the maximum amounts listed above.*

### **Program Eligibility Requirements**

- **All activities** must have commenced on or after **February 1, 2025** and be completed on or before **June 30, 2026**.
- **All invoices must be dated after February 1, 2025, and before March 31, 2026 (including those dates).**
- Invoices and Proof of Purchase must accompany program rebate applications.
- **Ultimate Recipients** must contribute **at least 15%** of the total project cost as an **in-kind contribution** to the project.
- Before and after pictures of projects implemented are required for verification and payment.
- Farmers may use seed from their own inventory provided that the seed meets the requirements of the program. This seed is not eligible for payments but can be part of the in-kind contribution of the farmer to the project.
- Cover crops must be sustained over the winter and the minimum height is 6 inches (15cm).



### **Ineligible Activities**

- Crops that are harvested or grazed leaving less than 6 inches (15cm) of growth over winter.
- Crops that can be harvested in the next growing season that are intended for market (e.g., winter cereals) are not eligible under this program.
- Intercrops, where all crops are intended for market are not eligible.
- Cover crops planted that will take land permanently out of production are not eligible.
- Continued implementation of an existing practice on the same acres that occurred prior to February 7, 2022. The practice must be expanded onto new acres to be eligible.
- An activity implemented on specific acres of land can be funded by only one recipient of OFCAF funding (e.g. PWCP). For clarity any project funded through PWCP cannot be funded by any other OFCAF program.
- Landlords and tenants both cannot apply for funding on the same piece of land.
- Mechanical or chemical termination costs are not eligible.
- Fertilizer and herbicide costs are not eligible. Fertilizer costs may qualify under Nitrogen Management.
- Cover crops that are seeded into forages, hay land, or pasture for the purpose of rejuvenation and continued use as before the cover crops were seeded are not eligible.



## PWCP BMP: NITROGEN MANAGEMENT: INCREASING ADOPTION OF NITROGEN MANAGEMENT

### How Does Improving Nitrogen Management Benefit Farmers and Climate Change?

Nitrogen management strategies ensure optimum productivity, reduce nitrogen losses, reduce greenhouse gas emissions, and enhance economic profitability and environmental quality. Farmers in Manitoba and Saskatchewan make key decisions on formulation, rate, timing, and placement of nitrogen fertilizer that are suitable for the soils, terrain, and farming activities within which they operate.

### How PCWP Can Help

The PWCP is helping farmers in Manitoba deploy real, measurable, and practical climate solutions for agriculture in the Canadian Prairies through the management of nitrogen fertilizer use. For example, the use of polymer coated urea fertilizer, and nitrification and urease inhibitors have been effective in lowering the release of greenhouse gasses into the atmosphere.

Eligible activities under this BMP are:

#### **Use of Polymer Coated Urea (PCU) Fertilizer**

- 85% of the increased cost of PCU fertilizer compared to regular nitrogen fertilizer, up to a maximum of \$100,000.

#### **Use of Combined Nitrification and Urease Inhibitors, or use of Dual Inhibitors**

- 85% of the cost of the inhibitors, up to a maximum of \$100,000.

#### **Agronomic Support for Nitrogen Management Plans**

- 50% of total cost, up to a maximum of \$10,000.

#### **Soil Testing**

- 85% of total cost, up to a maximum of \$5,000.

#### **Soil Mapping**

- 50% of total cost, up to a maximum of \$10,000.

#### **Adding Legumes to crop rotation**

- Up to \$50/acre for seeds and seeding costs, up to a maximum of \$100,000.

#### **Upgrading seeder equipment to allow for banding, side dressing and injection of fertilizer**

- Up to \$200 per foot of seeding equipment, up to a maximum of \$30,000.

#### **Split Application of Fertilizer to improve nitrogen use**

- 85% of total cost of a second pass of fertilization, up to a maximum of \$75,000.

#### **Upgrading manure injection and incorporation equipment**

- To be determined by PWCP Delivery Agent, up to a maximum of \$30,000.

#### **Offsetting higher cost of synthetic fertilizer substitutes (manure, compost, digestates)**

- To be determined by PWCP Delivery Agent, up to a maximum of \$100,000.

#### **Manure Incorporation**

- To be determined by PWCP Delivery Agent, up to a maximum of \$100,000.

*Note: Certain BMPs and activities may have delivery agent-specific funding caps that differ from the maximum amounts listed above.*



### Program Eligibility Requirements

- **All activities** must have commenced on or after **February 1, 2025**, and be completed on or before **June 30, 2026**.
- **All invoices** must be dated after **February 1, 2025**, and before **March 31, 2026** (including those dates).
- Invoices and Proof of Purchase must accompany program rebate applications.
- **Ultimate Recipients** must contribute **at least 15%** of the total project cost as an **in-kind contribution** to the project.
- Before and after pictures of projects implemented may be required for verification and payment.
- As of April 1, 2023, only dual inhibitors (the use of both Nitrification and Urease Inhibitors together, including the use of pre-blended fertilizers that contain both inhibitors) continue to be eligible for funding. The use of only one type of inhibitor alone is not eligible under OFCAF programming.

### Activity-Specific Eligibility Requirements

- Ultimate Recipients cannot apply PCU and Dual Inhibitors (or combined nitrification and urease inhibitors) on the same acres and receive funding for both.
- Contact your watershed district to determine which inhibitors are eligible.
- When applying for Soil Testing or Soil Mapping, Ultimate Recipients must have an accompanying PWCP-funded activity that has a corresponding GHG-emissions factor (ask delivery agent for which activities qualify). If there is no accompanying practice, Ultimate Recipients must report on the change in nitrogen fertilizer use (fertilizer rate use before and after the Soil Testing/Soil Mapping).
- There is a per farmer funding limit of \$20,000 for the combined activities of Soil Testing and Soil Mapping for the lifetime of the program.
- When applying for Seeder Equipment Upgrades or Manure Equipment Upgrades, Ultimate Recipients must have an accompanying PWCP-funded activity that has a corresponding GHG-emissions factor (ask delivery agent for which activities qualify). If there is no accompanying practice, Ultimate Recipients must report on the change in nitrogen fertilizer use (fertilizer rate use before and after the equipment upgrade).
- Seeder equipment upgrades **must** allow for either the banding, side-dressing, or injection of fertilizer to be eligible. The practice that the equipment is allowing for **must** also be new to the Ultimate Recipient.
- Seeder equipment and manure equipment upgrades do not need to be brand new pieces of equipment rather the practice that the equipment is allowing for **must** be new to the Ultimate Recipient.
- Manure equipment **must** allow for the incorporation of the manure into the soil to be eligible.
- SuperU Dual Inhibitors are funded based on the cost difference between the SuperU product and regular nitrogen fertilizer (same funding method as PCU).
- Split application of fertilizer funds the costs associated with a second pass of fertilization such as labour, fuel, and equipment. This activity does not fund fertilizer costs that are covered under other eligible nitrogen management activities.



### **Ineligible Activities: Nitrogen Management**

- Continued implementation of an existing practice on the same acres that occurred prior to February 7, 2022. The practice must be expanded onto new acres to be eligible.
- Costs related to the management of nutrients other than nitrogen are ineligible.
- An activity implemented on specific acres of land can be funded by only one recipient of OFCAF funding (e.g. PWCP). For clarity, any project funded through PWCP cannot be funded by any other OFCAF program.
- Landlords and tenants cannot apply for funding on the same piece of land.
- Biological and microbial fertilizer options are ineligible.
- Variable rate technology/sectional control is ineligible.
- Equipment repairs and the replacement of parts are ineligible.
- Soil testing equipment and apparatuses are ineligible.
- Horizontal manure spreaders/beaters are ineligible.
- Seeder and manure equipment that is being leased, rented, or financed is ineligible.
- For manure injection and incorporation, activities mandated by an Intensive Livestock Operation permit or activities required by a regulatory body for compliance purposes are ineligible.
- Single urease inhibitors when not combined with nitrification inhibitors (as of April 1<sup>st</sup>, 2023).
- Single nitrification inhibitors when not combined with urease inhibitors (as of April 1<sup>st</sup>, 2023)
- All annual legumes are ineligible for funding, excluding faba beans; which must be new to your operation.



## PWCP BMP: ROTATIONAL GRAZING: INCREASING THE ADOPTION OF ROTATIONAL GRAZING

### Why Implement Rotational Grazing?

Rotational grazing is the practice of containing and moving livestock through pastures to allow forage plants time to recover, deepen their root systems, and improve soil health between periods of grazing. Pastures/rangelands managed under rotational grazing practices have also been found to have higher soil carbon sequestration rates when compared to continuous grazing which can serve as an effective carbon mitigation option. Importantly, ranchers see rotational grazing as an effective way to improve the profitability of their cattle operations while benefiting overall ecosystem health.

### How PWCP Can Help

The Prairie Watersheds Climate Program is helping farmers in Manitoba to deploy real, measurable, and practical climate solutions for agriculture in the Canadian Prairies by assisting them in implementing rotational grazing plans and practices. Rotational grazing allows farmers to manage their forage resources to allow the forage crops to sequester carbon longer during the growing season. Managing the way forages are grazed and allowed to grow throughout the year can store carbon in the soil and release less GHGs into the atmosphere. Sound management of grazing rotations can help to extend the growing season, reducing the need for farmers to harvest and transport feed to confinement feeding locations. Managed rotational grazing can also spread manure over a wider area and provide nutrients to forage crops to reduce the need for synthetic fertilizer use.

Eligible activities under this BMP are:

#### **Infrastructure to support the Rotational Grazing Plan**

- Up to \$30,000 per quarter section, up to a maximum of \$100,000. Includes all eligible fencing, virtual fencing, and watering systems.

#### **Improving Pasture Compositions**

- Up to \$50/acre, up to a maximum of \$100,000.
- Includes legumes, perennials, and grasses.

#### **Agronomic Support for the Creation of a Grazing Management Plan**

- 50% of cost of the plan, up to a maximum of \$400.

*Note: Certain BMPs and activities may have delivery agent-specific funding caps that differ from the maximum amounts listed above.*

### Program Eligibility Requirements

- **All activities** must have commenced on or after **February 1, 2025**, and be completed on or before **June 30, 2026**.
- **All invoices** must be dated after **February 1, 2025**, and before **March 31, 2026** (including those dates).
- Invoices and Proof of Purchase must accompany program rebate applications.
- **Ultimate Recipients** must contribute **at least 15%** of the total project cost as an **in-kind contribution** to the project.
- Before and after pictures of projects implemented may be required for verification and payment.
- There must be a Rotational Grazing Plan that details the design, purpose, and plans of the project. The Plan must also include any of the activities being applied for (fencing, watering systems, improving pasture compositions).
- The rotational grazing plan must be recommended by a licensed agrology professional (with demonstrated competency in the agronomy practice area that may include the CCA designation).



- Remote watering systems must be powered by a renewable source such as solar, wind, or hydro.
- Fencing to support the rotational grazing plan must be incorporated into the grazing plan to be eligible. This includes cross fencing, wildlife friendly fencing, temporary fencing, and perimeter fencing.
- The eligibility of perimeter fencing is delivery agent specific.
- Virtual Fencing projects are eligible and must be incorporated in the grazing plan. This includes e-collars, base stations, and initial setup infrastructure (solar panels, battery systems, signal boosters, other costs associated with initial setup and configuration of the system.)
- The licensed agrology professional must validate the use of virtual fencing by assessing the terrain, suitability, grazing goals, and expected environmental benefits. The review should also include an economic comparison to conventional fencing options.
  - **Example** considerations for justification are:
    - Remote or forested areas where conventional fencing is impractical;
    - Projects with significant riparian, wildlife, or silvopasture considerations;
    - Rotational grazing plans that require flexible, adaptive management
- Recycled and used watering system components such as refurbished troughs are eligible – delivery agent dependent.
- Underground and above ground pipeline systems are eligible including materials, labour, and installation costs.
- Razor grazers are eligible.
- Windbreak panels are eligible if integrated into the Rotational Grazing Plan.
- Legumes, perennials, and grasses are eligible under Improving Pasture Composition – subject to delivery agent species restrictions.
- Projects on rented land may need landlord approval to proceed.
- Some projects may impact conservation easements and agreements, Species at Risk, or other special circumstances may apply. Farmers will be required to ensure all approvals and permissions are in place prior to the project occurring.

### **Ineligible Activities**

- Continued implementation of an existing practice on the same acres that occurred prior to February 7, 2022. The practice must be expanded onto new acres to be eligible.
- An activity implemented on specific acres of land can be funded by only one recipient of OFCAF funding (e.g. PWCP). For clarity, any project funded through PWCP cannot be funded by any other OFCAF program.
- Landlords and tenants both cannot apply for funding on the same piece of land.
- Perimeter fencing is not eligible unless it is part of the Rotational Grazing Plan.
- Removal and replacement of old and/or existing fences.
- Used fencing materials.
- Annual software subscription fees associated with virtual fencing projects.
- Labor costs to install collars on livestock.
- Staff time for system training, monitoring or management.
- Generators to power remote watering systems; and other non-renewable power sources.
- Costs for dugout construction and water wells are ineligible for reimbursement (can be used towards the in-kind contribution).
- Texas gates.
- Portable livestock corral panels.
- On-going maintenance and operational costs (satellite or cellular data subscriptions.)
- Grazing co-operatives, grazing associations, and non-profit organizations are not eligible.

