



PRAIRIE WATERSHEDS CLIMATE PROGRAM

(On-Farm Climate Action Fund)

AUGUST 17, 2022

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 producers address climate change. [Read the media release here.](#)

The Prairie Watersheds Climate Program: Manitoba and Saskatchewan*

The Manitoba Association of Watersheds (MAW) is the lead organization managing the **Prairie Watersheds Climate Program (PWCP)** - an up-to \$40 million AAFC OFCAF project in Manitoba and Saskatchewan from February 7, 2022 – June 30, 2024.

- PWCP is delivered by Manitoba's Watershed Districts and the Saskatchewan Association of Watersheds (SAW).
- The project is overseen by an advisory committee of stakeholders led by MAW.

The Prairie Watersheds Climate Program (PWCP) works with producers to increase the implementation of select Beneficial Management Practices (BMPs) on farms in Manitoba and Saskatchewan. The BMPs eligible under the PWCP focus on three categories:

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

The Prairie Watersheds Climate Program Approach

- PWCP takes a grassroots, regional approach to addressing issues related to climate change in agriculture and supporting producers to implement BMPs that have a positive impact on Canadian agriculture.
- 85 per cent of funding goes towards adoption of BMPs and BMP education/awareness activities for agricultural producers, who are the Ultimate Recipients of the program.
- Ultimate recipients (farmers) can seek registration and offset credits under voluntary offset credit programs for 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, 2024") 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.



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- 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 be preparing and submitting annually to the Canada Revenue Agency (CRA) AGR-1 forms for each PWCP payment to Ultimate Recipients.

Important Program Points to Note

- An activity can only be funded **once** on the same parcel of land through OFCAF funding.
- An Ultimate Recipient who participates in any of the eligible BMP activities in the 2022-2023 program year can apply for the same eligible activities on the same land for the 2023-2024 program year.
- Landlords and tenants both cannot apply for funding on the same piece of land.
- Producers are eligible for a maximum of \$75,000 of OFCAF funding, including all eligible activities across all BMPs for the project period to accelerate their adoption and implementation of on-farm beneficial management practices (BMPs) to reduce GHG emissions, support production efficiency, sustainability, and resiliency on their farm operations.
- To assist producers with their adoption of all three BMPs, PWCP will offer producers resources to support BMP implementation.



PWCP BMP: COVER CROPS: INCREASING ADOPTION OF COVER CROPPING

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 a number of 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 soil hydric properties (vi) to reduce parasite pressure on crops, (vii) to prevent weed growth, (viii) to increase the biodiversity of the farming landscape and environment.

How PWCP Can Help

The Prairie Watersheds Climate Program is helping producers in Manitoba and Saskatchewan to deploy real, measurable, and practical climate solutions for agriculture in the Canadian Prairies by assisting them to implement cover crop practices.

The PWCP will distribute part of Canada's contribution to producers for the adoption and on-farm implementation of cover cropping BMPs that are recommended by a professional agrologist, agronomist or certified crop advisor. 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, which may only include:

- Fall planted cover crops as well as spring-planted cover crops underseeded with the main crop (intercropping) and full-season annual and/or perennial cover crops in rotation;
- Planning and Technical assessments when needed (e.g., agronomic services).

Seed and Seeding Costs to Plant Regionally Approved Cover Crops

- \$35/acre to a maximum of \$75,000.
- Agronomic planning, with support of an agrologist, agronomist or Certified Crop Advisor, that includes the seeding of regionally approved cover crops as a new or expanded practice of the farm operation.



PWCP BMP: COVER CROPS: INCREASING ADOPTION OF COVER CROPPING

Eligibility Requirements

- Funded projects must:
 - Be new practices for an operation, or
 - Be expanded from what has been practiced in prior years on new land or new acres than prior years,
 - Be recommended by an agronomist, agrologist, Certified Crop Advisor.
- **All activities** must have commenced on or after **February 7, 2022** and be completed on or before **June 30, 2024**.
- **All invoices** must be dated after **February 7, 2022**, and before **March 31, 2024** (including those dates).
- Invoices and Proof of Purchase must accompany program rebate applications.
- **Producers** 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.
- Producers 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 producer to the project.
- Cover crops need to be sustained over the winter and the minimum height is 6 inches (15 cm).

Ineligible Activities: Cover Crop BMP

- Crops that will be harvested or grazed leaving less than 6 inches (15cm) of cover crop growth over winter.
- Crops that can be harvested in the next growing season 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.
- Continuing implementation of an existing practice at the same degree as prior years.
- An activity can only be funded once on the same parcel of land through OFCAF funding.
- Landlords and tenants both cannot apply for funding on the same piece of land.
- Mechanical or chemical termination costs are not eligible.
- Cover crops seeded into forages, hay land or pasture for the purpose of their 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 fertilizer nitrogen that are suitable for soils, climate change, and farming operations within which they operate.

How PCWP Can Help

The PWCP is helping producers in Manitoba and Saskatchewan to 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 slow-release fertilizer, 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 Nitrification and Urease Inhibitors

- 85% of the cost of the inhibitors, up to a maximum of \$75,000

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 \$2,500

Soil Mapping

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

Adding Legumes to crop rotation

- \$35/acre for establishment, when approved under a 1-year contract
- \$70/acre when approved under a two-year contract, with the payment split into a \$35/acre payment in year 1 and a \$35/acre payment in year 2, upon approval and annual verification

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

- \$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, up to a maximum of \$75,000

Upgrading manure injection and incorporation equipment

- To be determined by PWCP Delivery Agent

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

- To be determined by PWCP Delivery Agent



PWCP BMP: NITROGEN MANAGEMENT: INCREASING ADOPTION OF NITROGEN MANAGEMENT

Eligibility Requirements

- Funded projects must:
 - Be new practices for an operation, or
 - Be expanded from what has been practiced in prior years on new land or new acres than prior years,
 - Be recommended by an agronomist, agrologist, Certified Crop Advisor.
- **All activities** must have commenced on or after **February 7, 2022**, and be completed on or before **June 30, 2024**.
- **All invoices** must be dated after **February 7, 2022**, and before **March 31, 2024** (including those dates).
- Invoices and Proof of Purchase must accompany program rebate applications.
- **Producers** 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.

Ineligible Activities: Nitrogen Management

- Continuing implementation of an existing practice at the same degree as prior years.
- Costs related to the management of nutrients other than nitrogen are ineligible.
- An activity can only be funded once on the same parcel of land through OFCAF funding.
- Landlords and tenants cannot apply for funding on the same piece of land.
- Biological and microbial fertilizer options are ineligible.
- Polymer-coated urea 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.

Recommendations

AAFC recommends that producers applying nitrification inhibitors also apply urease inhibitors to avoid increasing ammonia losses. Similarly, producers applying urease inhibitors may apply nitrification inhibitors to prevent the increase in nitrous oxide emissions.



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. Rangelands managed under rotational grazing practices have also been found to have higher soil carbon sequestration rates than continuous grazing and may, therefore, 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 producers in Manitoba and Saskatchewan to deploy real, measurable, and practical climate solutions for agriculture in the Canadian Prairies by assisting them to create and implement rotational grazing plans.

Rotational grazing allows producers 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 producers 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.

These include:

Fencing to support the Rotational Grazing Plan

- \$13,000/quarter to a maximum of \$50,000.

Watering Systems to support the Rotational Grazing Plan

- Up to \$2,000/quarter for stationary water system development and \$7,000/project for mobile water systems. Maximum allowed = \$50,000.

Improving Pasture compositions by seeding legumes such as alfalfa/sainfoin

- \$35/acre, up to a maximum of \$75,000.

Creation of Grazing Management Plan

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



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

Eligibility Requirements

- Funded Practices must:
 - Be new practices for an operation, or
 - Be expanded from what has been practiced in prior years on new land or new acres than prior years.
 - A rotational grazing plan must be provided that supports the new practice and
 - The rotational grazing plan must be endorsed by an agronomist, agrologist, Certified Crop Advisor.
- **All activities** must have commenced on or after **February 7, 2022**, and be completed on or before **June 30, 2024**.
- **All invoices** must be dated after **February 7, 2022**, and before **March 31, 2024** (including those dates).
- Invoices and Proof of Purchase must accompany program rebate applications.
- **Producers** 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.
- Remote watering system must be incorporated into grazing plan and be powered by a renewable source such as solar or wind.
- Fencing to support the rotational grazing plan such as permanent cross fencing, wildlife friendly fencing, temporary electric fencing are all eligible.
- All Projects on Agricultural Crown Lease lands in Saskatchewan must have approval from the Saskatchewan Ministry of Agriculture Land Agrologist to proceed.
- 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. Producers will be required to ensure all approvals and permissions are in place prior to the project occurring.

Ineligible Activities

- Continuing implementation of an existing practice at the same degree as prior years.
- An activity can only be funded once on the same parcel of land through OFCAF funding.
- 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 fence.
- Used fencing materials.
- Used remote watering systems.
- Water development projects and watering systems that are funded by the Saskatchewan Farm and Ranch Water Infrastructure Program (FRWIP).
- Generators to power remote watering systems.
- Texas gates.
- Portable panels.
- Maintenance.
- Grazing co-operatives, grazing associations, and non-profit organizations are not eligible for funding in this program.



For more information:

- Visit <https://manitobawatersheds.org/prairie-watershed-climate-program>
- Contact your local [Manitoba Watershed District](#) or pwcp@manitobawatersheds.org
- Saskatchewan Association of Watersheds
 - 1-306-541-9902
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*Disclaimer: Program subject to change without further notice.



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