



## **PRAIRIE WATERSHEDS CLIMATE PROGRAM**

*(On-Farm Climate Action Fund)*

**BMP: IMPROVING NITROGEN MANAGEMENT FACT SHEET: APRIL 1, 2023**

### **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 – March 31, 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. 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 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 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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Watersheds

- 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, through all available OFCAF programs, 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: 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 polymer coated urea fertilizer, nitrification and urease inhibitors have been effective in lowering the release of Greenhouse Gases 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 \$75,000

##### **Use of Combined Nitrification and Urease Inhibitors or use of dual inhibitors**

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

- Up to \$35/acre for establishment, when approved under a 1-year contract
- Up to \$70/acre when approved under a two-year contract, with the payment split into a up to \$35/acre payment in year 1 and a up to \$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

**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 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/) or
      - [Saskatchewan Institute of Agrologists](https://members.sia.sk.ca/html/find-a-member/index.cfm) (https://members.sia.sk.ca/html/find-a-member/index.cfm)
    - 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/)

*Please 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.*

- **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.
- 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)

*Note: Dual inhibitors and combined nitrification and urease inhibitors are eligible.*

### **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.

### **For more information:**

- Visit <https://manitobawatersheds.org/prairie-watershed-climate-program>
- Contact your local [Manitoba Watershed District](#) or [pwcp@manitobawatersheds.org](mailto:pwcp@manitobawatersheds.org)
- [Saskatchewan Association of Watersheds](#)
  - 1-306-541-9902
  - [pwcp@saskwatersheds.ca](mailto:pwcp@saskwatersheds.ca)

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\*Disclaimer: Program subject to change without further notice.

