



PRAIRIE WATERSHEDS CLIMATE PROGRAM

(On-Farm Climate Action Fund)

BMP: IMPROVING NITROGEN MANAGEMENT FACT SHEET: APRIL 1, 2024

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)** – which is an up-to \$64 million AAFC OFCAF project in Manitoba and Saskatchewan from February 7, 2022 – March 31, 2025.

- 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. Nitrogen Management
2. Cover Cropping
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% 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 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, 2025") 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 the 2022-2023 program year or the 2023-2024 program year can apply for the same eligible activities on the same land for the 2024-2025 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 PWCP.
- 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.

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 producers in Manitoba and Saskatchewan 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 \$7,000.

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

- 85% of the cost of the inhibitors, up to a maximum of \$7,000.

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 seeds and seeding costs, up to a maximum of \$7,000.

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

- Up to \$200 per foot of seeding equipment or 50% of purchase price- whichever is lesser, up to a maximum of \$15,000.

Split Application of Fertilizer to improve nitrogen use

- 85% of total cost of a second pass of fertilization, up to a maximum of \$7,000.

Upgrading manure injection and incorporation equipment

- To be determined by PWCP Delivery Agent, up to a maximum of \$20,000.

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

- 85% of the increased cost of the fertilizer substitute, up to a maximum of \$7,000.

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

Program Eligibility Requirements

- Funded projects/activities 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/>); or
 - [Saskatchewan Institute of Agrologists](https://sia.sk.ca/) (<https://sia.sk.ca/>)
 - 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.

- **All activities** must have commenced on or after **February 7, 2022**, and be completed on or before **June 30, 2025**.
- **All invoices** must be dated after **February 7, 2022**, and before **March 31, 2025** (including those dates). Required **NOVEMBER 1, 2024**
- 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.



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.
- 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).
- 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).
- 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 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 1st, 2023).
- Single nitrification inhibitors when not combined with urease inhibitors (as of April 1st, 2023)

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
 - pwcp@saskwatersheds.ca

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*Disclaimer: Program subject to change without further notice.

