PRAIRIE WATERSHEDS CLIMATE PROGRAM

(On-Farm Climate Action Fund)

BMP: NITROGEN MANAGEMENT FACT SHEET: APRIL 1, 2026

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. 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 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 2026-2027 program year.
- Ultimate Recipients are eligible for a lifetime maximum of $100,000 of OFCAF funding, through all available OFCAF programs including PWCP.
- Landlords and tenants both cannot apply for funding on the same piece of land.
- Priority will be given to Producers who have never participated in 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 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 $7,500

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

- 85% of the cost of the inhibitors, up to a maximum of $7,500.

Agronomic Support for Nitrogen Management Plans

- 50% of total cost, up to a maximum of $5,000.

Soil Testing

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

Soil Mapping

- 50% of total cost, up to a maximum of $5,000.

Adding Legumes to crop rotation

- Up to $50/acre for seeds and seeding costs, up to a maximum of $6,000.

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 $10,000.

Split Application of Fertilizer to improve nitrogen use

- 85% of total cost of a second pass of fertilization, up to a maximum of $5,000.

Upgrading manure injection and incorporation equipment

- Up to $200 per foot, up to a maximum of $10,000.

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

- Up to a maximum of $8,000.

Manure Incorporation

- Up to a maximum of $8,000.

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/)
    - 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/)

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 1, 2025,** and be completed on or before **June 30, 2027**.
- **All invoices** must be dated after **February 1, 2025**, and before **March 31, 2027** (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.

Activity-Specific Eligiblity 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, Soil Mapping Seeder Equipment Upgrades, or Manure Equipment Upgrades, Ultimate Recipients must have (or have had) an accompanying PWCP-funded activity that has a corresponding GHG-emissions factor. 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 & Equipment Upgrades).
- When applying for microbials and biologicals as Synthetic Fertilizer Substitutes, Ultimate Recipients must report on the change in nitrogen fertilizer use (fertilizer use before and after the use of microbials/biologicals).
    - o When applying for microbials and biologicals, a decrease in nitrogen must be reported.

  Ultimate Recipients may not use microbials and biologicals to keep nitrogen consistent and increase yields.
- 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 **must** be new to the Recipient.
- 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
- 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.
- 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.
- Projects on rented land 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

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*Disclaimer: Program subject to change without further notice.