



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.

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 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.

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 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.

- **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.

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.

