Exploring Value-Added Incentives to Catalyze Continuous Improvement

INTRODUCTION

As a key pillar in Field to Market's Supply Chain Sustainability Program, catalyzing continuous improvement in sustainability outcomes for U.S. agriculture requires value creation for all stakeholders involved. Over the past several years of implementing Fieldprint Projects, we have learned the importance of demonstrating value to farmers to encourage their continued participation in the program and support their individual journeys of continuous improvement. This white paper is created for Fieldprint Project Administrators to consider the role that they can play in creating value-added opportunities for participating farmers and incentivizing greater adoption of management practices that deliver sustainable outcomes for agriculture.

Studies have shown the importance of pursuing a comprehensive approach to increasing adoption of conservation practices. For Instance, a study on farmer adoption of soil health practices by the Berkley Food Institute recommends a comprehensive approach that combines education, research, policy, and strategies to overcome barriers to adoption. For this reason, Field to Market's Awards & Recognition Committee is exploring the role of value-added opportunities in catalyzing continuous improvement and influencing farmer adoption of practices that move the needle in key sustainability outcomes.

This white paper explores six categories of value-added incentives for Fieldprint Projects to consider:

- **Financial:** grant, loan, and lease programs that provide cost-share funding for, or reduce expenses of, conservation practice implementation
- **Technical Assistance:** advice, hands-on help, and training on conservation tools, practices, techniques, and management decisions
- **Market Access:** facilitating market access for farmers who are undertaking sustainability actions (i.e. leveraging Field to Market equivalency agreements)
- **Policy:** helping farmers gain regulatory certainty for demonstrating sustainability actions
- **Payment for Ecosystem Services (PES):** offering financial payments to farmers or landowners in exchange for managing their land to provide some sort of ecological service, which is also known as payments for environmental services or benefits
- **Recognition:** identification and promotion of farmers undertaking sustainability actions

While utilizing Field to Market's common framework for sustainability measurement helps farmers identify opportunities for continuous improvement, we acknowledge that you cannot solely measure your way to sustainability. Field to Market's membership collectively must consider the role we play in supporting farmers on a journey of continuous improvement.

As Fieldprint Projects create Grower Engagement and Continuous Improvement Plans, we want to help you think creatively about strategies that create additional value for participating farmers. In these pages, we will explore opportunities to equip farmers with resources and incentives needed to overcome common challenges and barriers to adopting new practices or changing their management

system.

We encourage you to consider what incentives your Fieldprint Project might utilize to help farmers overcome common barriers, such as:

- Lack of information and technical assistance
- Additional time requirements
- Capital investment required to adopt a new practice
- The time horizon for the return on investment
- Constraints that inhibit the farmer from doing what is needed.

The case studies that follow are provided as examples to assist you in tailoring your project's unique approach to supporting farmers' journey of continuous improvement. We will continue to revise and expand this white paper as new examples come to light. If you identify additional benefits, incentives, or value-added opportunities that should be included, please contact Lexi Clark at lclark@fieldtomarket.org.

Improving environmental outcomes often entails significant investment from farmers. These financial

Financial

FINANCIAL

burdens include the cost of conservation practice adoption and potential revenue disruptions. As in all businesses, farmers face multiple challenges and must manage risk. USDA's Economic Research Service notes that there are five general types of risks that farmers face:

- Production risk;
- Price or market risk;
- Financial risk;
- Institutional risk; and
- Human or personal risk.

> "The treatment must fit not only the needs and adaptabilities of the land but the needs and adaptabilities of the farmer as well."
>
> – **Hugh Hammond Bennett**

During the decision-making process, farmers must weigh the costs and risks of management changes and adoption of conservation practices against the potential benefits. However, the costs and benefits are often not cut and dry. For example, a farmer's return on investment is subject to volatility of commodity markets and the whims of Mother Nature.

Many conservation practices require upfront capital to implement and have ongoing maintenance expenses. These costs include equipment and infrastructure costs, opportunity costs associated with changing variety or planting dates to accommodate practice adoption, and ongoing seed, labor, and management costs. For example, many farmers do not own the necessary equipment to establish new agronomic conservation practices like cover crops which require buying or renting a no-till drill or aerially seeding.

Depending upon the practice being considered, having access to solutions like custom operators, short-season rotation crops, early harvest crop varieties, or expanded equipment rental opportunities may help overcome this barrier. Additionally, access to loan guarantees for the purchase of conservation

equipment may help defer the cost of the necessary equipment and practice implementation. Fieldprint Projects should consider the role of financial incentives that provide cost-share funding for, or reduce the expenses of, conservation practice implementation.

One potential avenue to explore is state or federal financial assistance programs such as USDA's Natural Resources Conservation Service (NRCS) Environmental Quality Incentive Program (EQIP) and Conservation Stewardship Program (CSP). While often competitive, these programs unlock funding opportunities for farmers who are able to demonstrate solutions to addressing national, state or local natural resource concerns on their operations.

For instance, several existing Fieldprint Projects utilize NRCS's Regional Conservation Partnership Program to provide financial assistance to farmers for establishing conservation practices or stewardship activities. These projects leverage participation by connecting ranking points (used in the selection and funding of program applications) to the use of the Fieldprint Platform. Learn more in the NRCS case study on page XX to explore how your Fieldprint Project can tap into public funds for participating producers.

Beyond access to public funds, another potential financial incentive for projects to examine is risk reduction. Potential risks of conservation practice adoption can include temporary yield drag and under extreme conditions, may result in crop failure. By connecting conservation practice adoption to financial assistance payments, like the example highlighted in the American Farmland Trust case study on page XX, Fieldprint Projects may be able help farmers address the inherent risk involved in trying a new practice and defray the costs of implementation.

Another potential financial incentive to consider is how projects can help producers reduce costs by exploring how a more resilient and sustainable operation leads to less financial risk for lenders and insurers. Whether it's reduced premiums, better interest rates or improved lease terms for farmers that can demonstrate continuous improvement in sustainability performance, creative opportunities exist to provide value-added incentives for your participating growers. Consider how you might be able to replicate the approach that the Iowa Department of Agriculture case study highlights on page XX. While the simplest form of financial incentive may come in the form of a price premium, we hope that the examples on the following pages highlight broader opportunities to bring value back to your participating farmers.

INCENTIVE: Access to Public Funds

CASE STUDY: USDA's NRCS Regional Conservation Partnership Program

The Regional Conservation Partnership Program (RCPP) encourages partners to join in efforts with producers to increase the restoration and sustainable use of soil, water, wildlife, and related natural resources on regional or watershed scales.

Eligible partners include agricultural or silvicultural producer associations, farmer cooperatives or other groups of producers, state, or local governments, American Indian tribes, municipal water treatment entities, water and irrigation districts, conservation-driven nongovernmental

organizations, and institutions of higher education.

Through the program, NRCS and its partners help producers install and maintain voluntary conservation solutions in selected project areas. Partners leverage RCPP funding in project areas and report on the benefits achieved. Each project must address one of the following resource concerns:

- Excess/insufficient water or drought
- Water quality degradation
- Soil quality degradation
- Inadequate habitat for fish and wildlife (and invertebrates)
- Air quality impacts
- Degraded Plant Condition (specific to certain critical conservation areas only)
- Energy
- Climate Change

NRCS implements RCPP conservation program financial assistance contracts and easement agreements through four existing NRCS programs authorities: Agricultural Conservation Easement Program (ACEP); Environmental Quality Incentives Program (EQIP); Conservation Stewardship Program (CSP); and Healthy Forests Reserve Program (HFRP). NRCS also may utilize the authorities under the Watershed and Flood Prevention Program (except for the Watershed Rehabilitation Program) in designated critical conservation areas.

RCPP projects receive financial awards through one of three funding pools:

- **National:** Nationwide and multistate projects (40% of funding) that address at least one resource concern.
- **State:** Projects in a single state (25% of funding) that address either a national resource concern or a resource concern identified by the state.
- **Critical Conservation Areas (CCAs):** Regionally designated projects by the Secretary of Agriculture (35% of funding) to address common natural resource goals while maintaining or improving agricultural productivity. Partners, working closely with producers and communities, define and propose projects that will achieve regional natural resource goals while also meeting complementary local conservation priorities.

A number of Fieldprint Projects are connecting with the Regional Conservation Partnership Program to advance continuous improvement at both the field and landscape level, including:

- **Rice Stewardship Partnership — Sustaining the Future of Rice**
  Partnering with Ducks Unlimited and the USA Rice Federation, Field to Market's Fieldprint® Calculator will be used to monitor the efforts of 800 rice producers to address water quantity, water quality, and wildlife habitat across 380,000 acres in Mississippi, Arkansas, California, Louisiana, Missouri, and Texas. This project is also supported by several Field to Market members, including BASF, Bunge, Dow AgroSciences, Kellogg Company, Syngenta, The Nature Conservancy, and Unilever

- **Southwest Louisiana Rice Stewardship Partnership**
  Collaborating with Ducks Unlimited and Kellogg Company, Field to Market will support Louisiana NRCS and at least 150 rice producers across 28,000 acres monitor progress in improving water quality and wetland habitat for wintering waterfowl and other wildlife species.

- **Big Pine Watershed Partnership**
  Collaborating with the Nature Conservancy, Field to Market will help quantify environmental outcomes resulting from the targeted implementation of nutrient and sediment reducing practices to achieve watershed water quality objectives by utilizing the Fieldprint® Calculator. This project is also supported by several Field to Market members, including Conservation Technology Information Center, Land O'Lakes, Inc., and Winfield.

- **Midwest Agriculture Water Quality Partnership**
  Collaborating with the Iowa Agriculture Water Alliance and the Iowa Department of Agriculture and Land Stewardship, Field to Market will help to scale conservation planning and conservation practices by working with leading agribusinesses to integrate environmental metrics from the Fieldprint® Calculator into precision agriculture platforms over the next few years in order to drive greater practice adoption and improved conservation outcomes. This project is also supported by several Field to Market members, including Agrium, Cargill, Dupont Pioneer, Environmental Defense Fund, General Mills, Kellogg Company, Monsanto, PepsiCo, Syngenta, The Mosaic Company, The Nature Conservancy, United Suppliers, Walmart, Winfield, and World Wildlife Fund.

- **Precision Conservation Management**
  Collaborating with the Illinois Corn Growers Association, Field to Market will support efforts to integrate conservation into the foundational farm management of commodity crop operations, by pairing the sustainability analytics of the Fieldprint® Calculator with hard-nosed financial farm business planning to provide a blueprint for conservation decision-making. This project is also supported by several Field to Market members, including American Farmland Trust, Cargill, Environmental Defense Fund, General Mills, Illinois Soybean Association, Kellogg Company, Monsanto, PepsiCo, The Nature Conservancy, United Suppliers, Walmart, and World Wildlife Fund.

Keys to Success:

- Linking diverse stakeholders together to accelerate adoption of conservation systems in the project area and engage participants, including historically underserved audiences

- Utilizing one or more NRCS program authorities to address natural resource management concerns

- Bringing an array of financial and technical interests and capabilities to projects, such as cash contributions and technical professionals to work one-on-one with farmers and ranchers to provide planning, management and engineering activities

- Designing lasting solutions that are technically sound and locally supported so that benefits will extend beyond the federal investment

INCENTIVE: Risk Reduction

CASE STUDY: Reducing the risk of adopting new conservation practices through American Farmland Trust's "BMP Challenge"

In 2006, American Farmland Trust introduced the Reduced Tillage BMP Challenge to reduce the risk of adopting new conservation practices. This challenge was available to farmers across 19 states growing corn and provided a safety net that was intended to make the producer whole if they had a yield impact from implementing conservation practices.

Working alongside Certified Crop Advisers, Soil and Water Conservation Districts, and local Extension agents in the target states, American Farmland Trust was able to provide financial payments to the farmers who met their participation requirements, noted below.

How Did the Reduced Tillage BMP Challenge® Work?

Reduced tillage best management practices (BMPs) are designed to save money. The Reduced Tillage BMP Challenge provided technical assistance to develop the best reduced tillage practice for their field based on field location and soil type.

1. Farmers were able to enroll one or more fields, limited up to 100 acres per field – before applying commercial fertilizer - by simply contacting the BMP Challenge by phone or email.

2. In the Reduced Tillage BMP Challenge, farmers used conventional tillage practices on a check strip located by their crop adviser. On the balance of the field, they used the reduced tillage practice and managed the entire field (check strip and balance) exactly the same way. Their crop adviser helped them set up tillage equipment and visited them during the season to assess crop progress. The advisers worked with the farmers to identify and help address any tillage-related issues.

3. At harvest, farmers and their crop adviser assessed yield and contacted American Farmland Trust if they found a loss. Payments were based on yield loss minus reduced tillage savings.

Farmers could earn at least as much as using conventional tillage practices, and in most years, they put more dollars in their pocket. If farmers did earn more by taking the Challenge, American Farmland Trust discussed their income increase and asked that they contribute 33% of their cost-savings up to a maximum contribution of $6.00 per acre. This contribution ensured that other farmers will be able to participate in the Challenge.

The Challenge was backed by a commercial service agreement provided by Agflex, an Iowa corporation. Agflex is not an insurance company and does not sell insurance. The Challenge was not insurance and paid farmers only for losses due to reduced tillage.

REDUCED TILLAGE BMP CHALLENGE® - Example, Corn Grown for Grain		
	CHECK STRIP	REDUCED TILLAGE
Strip set up pass		$6.28/acre
Chisel plow pass	$13.15/acre	
Tandem disk harrow pass	$9.45/acre	
Field cultivator pass	$10.25/acre	
Planting pass	$14.30	$16.90/acre with starter
Total tillage cost	$47.15/acre	$23.18/acre
$47.15 – $23.18 = **$23.97/acre reduced tillage cost savings**		
Situation 1: Yield loss w/ BMP	170 bu/acre x $4.75/bu = $807.50/acre	150 bu/acre x $4.75/bu = $712.50/acre
Net yield loss	$807.50 - $712.50 = $95.00/acre yield loss	
Net economic return	$95.00 loss - $23.97 savings = $71.03/acre net loss	
Bottom Line: $71.03/acre performance guaranty paid to grower by the BMP CHALLENGE		
Situation 2: Yield gain w/ BMP	170 bu/acre x $4.75/bu = $807.50/acre	180 bu/acre x $4.75/bu = $902.50/acre
Net yield gain	$807.50 - $902.50 = $95.00/acre yield gain	
Net economic return	$95.00 gain + $23.97 savings = $118.97/acre net gain	
Bottom Line: $118.97/acre gain - $6.00/acre grower contribution to the BMP CHALLENGE = NET $112.97/acre gain to grower		

American Farmland Trust is evaluating learnings from these challenges to inform how future programs can align with Natural Resources Conservation Service and producer goals to provide application across multiple states and crops.

Keys to Success:

- The BMP CHALLENGE™ system is an adaptive management approach to implementing BMPs that provides technical support, a net income guarantee, and verification of practices and net returns for farmers so that farmers can learn how new practices perform on their farms.
- Trusted advisers who supported the producers through technical assistance were critical to this program. These trusted advisers included certified crop advisers, Soil and Water Conservation District personnel, and local Extension agents.

- The BMP Challenge required on-farm check strips to determine a baseline comparison for payment. By offering a basis for comparison of these practices under the same growing conditions (i.e., weather, soils, topography and farm management), these on-farm tests provided confidence to the producers on the efficacy of the practices.

- Targeting based on the natural resource concerns for the location is critical for success (e.g. Phosphorus reduction in the Western Lake Erie basin and Nitrogen reduction in Eastern Long Island) because it ties the project to addressing the known environmental concerns in the community.

- Technical expertise is needed across a wide spectrum of crops and management systems to provide the guidance necessary to ensure accurate implementation of the conservation practices. This is a key takeaway as American Farmland Trust traced most losses back to lack of education and technical assistance. Therefore, "buy-in" from the farmer, Certified Crop Adviser and ag retailer was essential for successful adoption of practices and the Challenge overall.

- This program was relatively expensive to run compared to other cost-share programs and required the establishment of AGFLEX, a for-profit company, with capital from American Farmland Trust and Iowa Department of Economic Development to provided guaranty reserve funds. Fluctuations in corn prices were the most important factor affecting costs and ranged from a low of $2.20 per bushel in 2006 to a high of $6.01 in 2011. Roughly, each dollar of increase in corn price increased overall program costs by approximately $16 per acre.

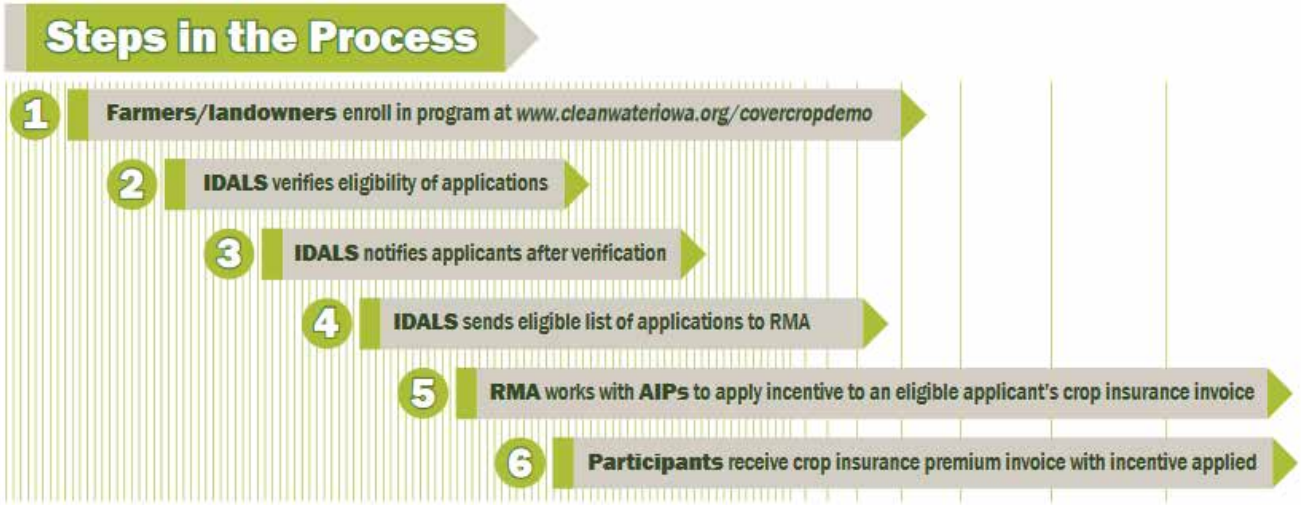
- Based on an evaluation of the program, AFT found that there is considerable room to increase the cost efficiency of operating the BMP CHALLENGE both through refining program elements such as field size, adviser compensation and targeting practices that focus on nutrient use efficiency. The optimal situation for this program is to identify producers whose fear of potential yield impact is holding them back from adopting a practice that has a strong track record of effectiveness (e.g., split applications, in season testing, different tillage methods). Using the guarantee tool to offer a risk-free trial of a low-risk practice is likely to achieve a high level of adoption at a minimal cost.

INCENTIVE: Reduced Crop Insurance Premiums

CASE STUDY: Iowa Department of Agriculture and Land Stewardship Cover Crop-Crop Insurance Demonstration Project

The Iowa Department of Agriculture and Land Stewardship (IDALS) and Clean Water Iowa joined together to offer a reduced crop insurance premium for the use of cover crops in Iowa. Cover crops are used to build resiliency in the cropping system and reduce nutrient leaching, soil loss, and runoff. Other production benefits are weed suppression and improved water infiltration.

Eligible participants receive a $5/acre insurance premium discount on the following year's crop insurance invoice for every acre of cover crops enrolled and verified in the program. Cover crops established with financial assistance through federal or state programs are not eligible for this discount.



Conditions for eligibility include the establishment, maintenance, and termination of the cover crops must be accordance with NRCS technical guidance, including the Iowa NRCS Agronomy Technical Note #38 and the NRCS Cover Crop Termination Guidelines. Additionally, applicants must document establishment through seed receipts and convey permission to IDALS or its representatives to visit the property enrolled if necessary to verify cover crop establishment.

IDALS facilitates the application and verification of the cover crop and submits a list of eligible applications to the USDA RMA. RMA has memorandums of understanding with individual approved insurance providers (AIP) who have opted in to participate in this program.

Keys to Success:

- RMA support and agreement to create an official program by aligning conservation practices with established risk reduction benefits to determine an acceptable financial premium discount.
- Buy-in from approved insurance providers that are willing to pass the premium discount on to eligible farmer applicants.

- Technical assistance staff that understand and can explain the common challenges and benefits of cover crop management.
- Understanding what percentage of your state's cropland is insured through the federal crop insurance program (i.e., approximately 80% of all of Iowa's cropland is insured federally).
- Crop insurance is not a required expense for farmers. Therefore, this program only reaches a subset of the farming community. However, in commodity crop producing states, such as Iowa, most farmers are participating in crop insurance programs.
- The Iowa Cover Crop-Crop Insurance Demonstration Project establishes a precedent for RMA support.
- This style program offers access to technical assistance and resources through a trusted relationship, reducing farmers' concerns and apprehension regarding establishing a new conservation practice.
- The best management practice incentivized needs to have proven risk reduction benefits from proper establishment and management.

FINANCIAL: OPPORTUNITIES FOR EXPLORATION

Helping farmers manage and mitigate the financial risks associated with conservation practices adoption and implementation is an important incentive to consider. We encourage you to explore opportunities to partner and/or align with local organizations and state and federal agencies to offer financial incentives to your participating farmers. Some questions to consider as you determine whether financial incentives might fit your project objectives:

- Do you want to incentivize specific conservation/best management practices that provide risk reduction or natural resource benefits?
- Are you targeting specific natural resource concerns?
- If needed, how will you establish a baseline as a point of comparison?
- Implementation of new conservation practices inherently involves risk; how might you explore the reduction of this risk?
- How could a partnership with the local land grant university, NRCS, and Conservation District staff within the project area provide the necessary technical assistance for best management practice establishment and maintenance?
- Do the project goals align with the state or local NRCS, Conservation District, or local non-governmental organizations' goals?
- How might local agricultural retailers, certified crop advisers or other trusted advisers within the project area help farmers in managing these risks?
- How can you align your project goals with the goals set and counsel offered by these trusted advisers?
- What is your education plan for the trusted advisers (e.g. ag retailers, certified crop advisers, etc.) and growers?
- What additional incentives can be offered to achieve your project outcome goals?

Technical Assistance

TECHNICAL ASSISTANCE

Technical assistance to farmers can come from a variety of organizations: federal agencies such as Natural Resources Conservation Service (NRCS); state agencies commonly through conservation districts; land grant university Extension programs; non-governmental organizations (NGOs); agricultural retailers; and independent certified crop advisers (CCAs).

This assistance can take shape in a number of ways. Technical assistance can be in the form of agronomic advice based on scientific research, development of a conservation plan for an operation, or participation in local field trials. Or it could also include engineering assistance for structural practices such as grassed waterways, tailwater recovery systems, or irrigation systems.

It is important for you to consider your sustainability and/or natural resources goals to ensure that you are providing assistance that helps farmers achieve the continuous improvement required to reach your goals. However, one size does not fit all when it comes to technical assistance. It is important to consider the geographic or enterprise-related challenges the farmers face. Having a reliable team of advisers that have working relationships with farmers is a win-win. Their experience can provide guidance during the planning and implementation phases of your Fieldprint Project. Trusted advisers also create a safe environment in which farmers can communicate their concerns and experiences with implementing recommended conservation practices or changes in management.

Many Fieldprint Projects utilize trusted advisers to support implementation in a variety of ways. The following case studies highlight two effective approaches for engaging farmers and supporting their continuous improvement journey through one-on-one technical assistance.

INCENTIVE: Working with Trusted Advisers

CASE STUDY: Conservation Technology Information Center Partners with Local Soil and Water Conservation Districts and Agricultural Retailers to Realize Conservation Outcomes

The Conservation Technology Information Center (CTIC) took an innovative approach for implementing a Fieldprint Project in the Big Pine Creek Watershed, by partnering with Benton County Soil and Water Conservation District (SWCD) and Ceres Solutions Cooperative, a local agricultural retailer, to improve water quality and soil health. Once information is entered into the Fieldprint Platform and a baseline score is established within each of the identified sustainability metrics, a trusted, local crop adviser or representative from a local conservation district meets with the farmer to interpret the scores and make recommendations for operational changes that could lead to more sustainable and efficient production systems that incorporate best practices and conservation systems that encourage water quality and soil health improvements.

This program includes the farmers meeting with the Conservation District to develop an on-farm conservation plan, using the results of the Fieldprint Platform as one piece of information that feeds into the conservation plan. This also includes an on-farm visit from the Conservation District and put the farmer in-line for potential funding through USDA financial incentive programs to address priorities identified in the Fieldprint Platform outputs and other evaluations. It also helped NRCS because the information from this plan would be a good part of what they needed to develop the program-based plans for these programs.

Looking long-term, the project aims to continue working with the same farmers on an annual basis, while also encouraging new farmers to participate. In addition, this project helps farmers define sound environmental objectives and document continued work toward those objectives with continuous improvement in technology and cultural practices, all of which are key components of productive, profitable and sustainable farming systems.

This Fieldprint Project is a coordinated effort by many partners focused on improving water quality and conservation adoption in the watersheds. This effort is unique because of the nature of the public–private partnership that drives delivery of technical and financial assistance to farmers. Additionally, the Big Pine Creek Watershed is part of a larger watershed plan supported by The Nature Conservancy, the Upper Wabash River Project. The larger watershed objectives include discovering sustainable solutions at the interface of nature and agriculture and developing new partnerships between public and private entities. At the ground level this includes providing support to the project through watershed planning assistance and by providing technical resources to the local soil and water conservation districts to aid in the implementation of the watershed plan at the local level.

The Big Pine Creek Watershed Fieldprint Project is coordinated locally by the Benton County Soil and Water Conservation District board and staff members, who facilitate delivery of technical assistance to landowners. Additionally, they guide farmers to additional technical and financial assistance from USDA, the state and other local assistance programs to help them implement conservation systems. Conservation District employees support the design and implementation of science-based

conservation practices that help address natural resource concerns identified for each field. Leslie Fisher, Benton County's Resource Conservation Specialist and Watershed Coordinator, serves as the key point of contact for farmers, landowners, agricultural businesses, local community members, and other invested partners in the watershed. She helps to manage funding sources that address resource concerns. SWCD staff members, like Leslie, become a local adviser that imparts trust and a hands-on approach to strengthening relationships with participating farmers. By having a personal contact in the local field office, grower recruitment and retention is greatly improved by creating an atmosphere of inclusion and support.

Implementation support to achieve improved water quality and soil health is not limited to just public sector partners. Increasingly, private entities are getting involved to support farmers on their journey of continuous improvement. For instance, Ceres Solutions Cooperative is incorporating conservation and sustainability into their consultations with farmers, promoting practices like sound nutrient management using the 4Rs of nutrient stewardship, cover crops, erosion control measures and other soil health building practices. The goal is for private retailers to provide additional information and education to landowners on potential conservation needs. Based on advice and recommendations from the retailers, landowners can also consult with the soil and water conservation districts and USDA's Natural Resources Conservation Service to receive additional technical and financial assistance to implement conservation systems on their farms that protect water quality and improve on-farm sustainability.

Ceres Solutions, a Land O'Lakes member ag cooperative employs professional Certified Crop Advisers (CCAs) that can provide individual agronomic advice to farmers within Indiana and Michigan, like Betsy Bower. For more than 25 years, Betsy has been a trusted agronomic voice in the Indiana agriculture community. She plays a key role as an adviser to the farmers in the Big Pine Creek Watershed Fieldprint Project. Together with other Ceres Solutions agronomists, Betsy helps farmers implement nutrient management plans as well as demonstrating and educating them on practices that reduce soil erosion. For instance, supporting participating farmers in using reduced or no-till systems, which allows them to grow crops without disturbing the soil. They also encouraged farmers to plant cover crops on their land to protect the soil between growing seasons. Together, these approaches can help prevent nutrients and sediment from leaving the field where they can contaminate streams and rivers.

Keys to Success:

- Identifying local advisers that become the face of each Fieldprint Project is key to building trust and supporting farmers' continuous improvement journeys
- By understanding the community of farmers for your Fieldprint Project, you can look for potential advisers that are able to meet the farmers where they are and already have trusted relationships with these farmers.

- Cooperative agreements that connect technical assistance with potential financial assistance can help ensure that farmers are able to fully implement the recommendations from their advisers.

TECHNICAL ASSISTANCE: OPPORTUNITIES FOR EXPLORATION

- When exploring opportunities for your Fieldprint Project's Continuous Improvement Plan, it is critical to provide farmers with adequate technical assistance to support their adoption of conservation practices and changes in farm management decisions. This assistance can come from a variety of local organizations and agencies. A strong understanding of your geographic region of focus, the relevant natural resource concerns of that region, and the specific challenges facing farmers in the area can help you identify who the most appropriate partner may be to provide technical assistance.

- How can your Fieldprint Project engage with local soil and water conservation districts to improve soil and water quality at a landscape level? The National Association of Conservation Districts is willing to support connections between Project Sponsors and local conservation districts.

- What additional partners at a local, state and national level might be able to provide resources or technical assistance to support farmers participating in your project?

- Are there any CCAs in the region where your project is focused that have attained the Sustainability Specialty certification who could provide decision support to participating farmers?

- How can your project multiply investment to reach conservation goals by linking public and private funds to support technical assistance?

Market Access

MARKET ACCESS

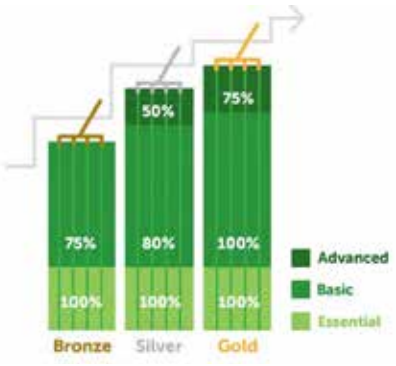
Stakeholders across the global agricultural supply chain must work together to efficiently and responsibly lay the groundwork for a more sustainable future. Field to Market continues to seek harmonization with other sustainability efforts and engage in opportunities that could create an equivalency to increase market access for producers who are able to document and demonstrate their sustainability efforts.

We recognize that many companies within our Brands and Retail Sector deliver products to consumers across the globe and that international markets are increasingly interested in sustainability attributes. Field to Market remains committed to continuing to explore opportunities to harmonize and align with similar initiatives so that participating farmers can leverage their participation in Fieldprint Projects to tell their sustainability story, and gain access to markets both in the United States and abroad.

INCENTIVE: International Market Access

CASE STUDY: Sustainable Agriculture Initiative (SAI) Platform

The SAI Platform is a leading framework in Europe comprised of food and beverage companies. The Farm Sustainability Assessment (FSA) is a simple tool to assess, improve, and communicate on-farm sustainability. Developed by SAI Platform members with suppliers, farmers, and external stakeholders, the FSA is used by leading food & beverage companies to source sustainably produced agricultural raw materials. The FSA is completed by farmers to assess their farms' sustainability and provides a single benchmark for comparing existing codes, schemes, and legislation. This approach supports aggregating farming data across countries, commodities, and suppliers – serving as a basis for continuous improvement. Field to Market and SAI Platform announced an equivalency agreement between our programs, which formally recognizes the Fieldprint Platform as an accepted means of fulfilling the requirements of SAI Platform's FSA. The recognition of equivalency allows U.S. commodity farmers utilizing the Fieldprint



Platform to be recognized by SAI Platform if desired. The agreement also creates greater efficiency for brands and retailers who wish to measure and assess the sustainability performance of their supply chains through greater alignment between our two programs.

Following a year-long benchmarking assessment, Field to Market and SAI Platform determined that the Fieldprint Platform's outcomes-based, metrics-driven approach to measuring environmental sustainability, when combined with the robust legal and regulatory framework required of U.S. commodity agriculture, results in a framework that is equivalent to FSA Bronze. Participating farmers can earn their FSA Bronze equivalency by completing the Fieldprint Platform, including the Habitat Potential Index, and confirming that they comply with all local, state, and federal laws and regulations that are relevant for their farming operation. Furthermore, farmers can qualify for FSA Silver or FSA Gold by answering up to 14 additional questions contained in a one-page questionnaire jointly developed by Field to Market and SAI Platform.

Keys to Success

Both Platforms help companies and farmers to save time and resources, providing free tools that are available to anyone interested in sourcing sustainably. By pursuing an equivalency with SAI Platform, both companies and farmers utilizing the Fieldprint Platform benefit.

For companies:

- Access to one single, industry-aligned tool to meet sustainable sourcing targets
- Helps to reduce the burden of having to assess and verify multiple farm practices using different schemes and codes

For farmers:

- Saves time and resources as using just one reference tool means not having to complete multiple assessments for multiple customers
- The equivalency agreement between Field to Market and SAI Platform creates opportunities for global recognition of U.S. farmers' sustainability efforts.
- Achieving equivalency for FSA Silver and Gold is relatively simple, as Field to Market's benchmarking assessment uncovered that an average farmer utilizing the Fieldprint Platform will meet 100% of Essential questions, 78% of Basic questions and 66% of Advanced questions

MARKET ACCESS: OPPORTUNITIES FOR EXPLORATION

- Do any of your project sponsors or partners have interest in pursuing an equivalency for participating growers with SAI Platform's FSA?
- If so, is there a certain level of performance that they are aiming to meet?
- How can the example of Field to Market's equivalency with SAI Platform be used to open up similar opportunities for participating farmers with other standards or sustainability initiatives?

FIELD TO MARKET: THE ALLIANCE FOR SUSTAINABLE AGRICULTURE

Policy

POLICY

Effective policy decisions can create an environment that allows for expanded sustainable pracices while making it easier for farmers to operate. However, policy can also create additional hurdles or burdens for farmers as they seek to comply with regulations. While voluntary, proactive leadership can serve as an important mitigating strategy to prevent additional regulation, it is often not compelling as a stand-alone incentive to adopt or change practices.

As a non-profit, 501(3)C organization, Field to Market does not engage in policy development or lobbying. However, there are examples of existing policy at both the state and national levels that provide incentives for farmers to pursue a journey of continuous improvement.

One potential way that policy could be utilized as a carrot rather than a stick is to determine ways that farmers who are able to document and demonstrate improved sustainability performance could gain regulatory certainty for a given period of time. Defined as a voluntary approach, regulatory certainty provides assurances to the agricultural community, enabling them to conduct business in a predictable regulatory setting in exchange for their implementation of additional best management practices to achieve enhanced environmental benefits. Regulatory certainty has gained increasing favor as it provides an opportunity to implement a greater suite of agricultural best management practices on working lands, grants educational opportunities for the operators of our working lands, and provides a more stable business environment for those farmers who choose to participate in a certainty program.

The National Association of State Conservation Agencies has developed a "Business Plan Template for Developing a Regulatory Certainty Program". This valuable resource provides guidance for the policy/program development critical for the state agencies involved. It also provides clear value propositions for stakeholders, farmers, and potential partners on the approach, examples of regulatory certainty activities in various states, sample commitment forms, and links to active statutes. This guide can be found at www.nascanet.org/certainty-program-template.

INCENTIVE: Regulatory Certainty – Water Quality

CASE STUDY: Minnesota Water Quality Certification Program

A memorandum of understanding was signed on January 17, 2012, by Minnesota Governor Mark Dayton, U.S. Agriculture Secretary Tom Vilsack, and U.S. Environmental Protection Agency Administrator Lisa Jackson. This document formalizes the state-federal partnership and confirms the joint commitment to developing and implementing Minnesota Agricultural Water Quality Certification Program (MAWQCP).

The MAWQCP is a voluntary opportunity for farmers and agricultural landowners to take the lead in implementing conservation practices that protect Minnesota's lakes, rivers, and streams. Those who implement and maintain approved farm management practices will be certified and in turn obtain regulatory certainty for a period of ten years.

Through this program, certified producers receive:

- Regulatory certainty: certified producers are deemed to be in compliance with any new water quality rules or laws during the period of certification.
- Recognition: certified producers may use their status to promote their business as protective of water quality.
- Priority for technical assistance: producers seeking certification can obtain specially designated technical and financial assistance to implement practices that promote water quality.

In addition, the program provides the broader public with the assurance that certified producers are using conservation practices to protect Minnesota's lakes, rivers and streams. Local conservation professionals from Soil and Water Conservation Districts or Certifying Agents assist farmers through the certification process.

The MAWQC Assessment Tool utilizes the same model from USDA's Natural Resources Conservation Services that underpins Field to Market's Water Quality Metric – the Water Quality Index for Runoff Water from Agricultural Fields or WQI. The first step of the certification process is the completion of the Assessment Tool. To be eligible, existing or preferred management practices on each parcel must achieve 8.5 or higher for each crop anticipated on the parcel in a 10-year time frame.

During the assessment, farmers must supply a Farm Producer Data Report and maps of all the tracts in their farm operation. Other information utilized in the assessment includes soil test reports, nutrient application information, manure tests and application records as well as pesticide records. The Certifier also conducts a field review of the farm to look for erosion or other potential impacts to water quality. Remedies to any issues found are included in the certification agreement. When the whole farm operation meets program standards it is eligible to become a Water Quality Certified Farm.

When compliance with all applicable current laws and regulations is not known or not in place, the farmer is eligible for assistance in establishing compliance via technical assistance from applicable agencies and their representatives, and/or any potential financial assistance that may also be accessible. These resources include the NRCS Environmental Quality Incentives Program, Minnesota Board of Water and Soil Resources programs, and local incentives.

All data is private by law and that status of the producer as MAWQCP-certified cannot be publicly revealed unless an Informed Consent form is signed for the Minnesota Department of Agriculture (MDA). The producer may sign an Informed Consent form and MDA and local personnel may legally identify the producer by name or location as MAWQCP certified, or the producer may choose to not sign an Informed Consent form and no one--other than the producer—may ever identify the producer as MAWQCP certified or provide any identity or location data obtained through the certification process to anyone at any time.

Keys to Success:

- Providing regulatory certainty for farmers who voluntarily address natural resource concerns takes harmonization between the legislation enforcement agencies and certification body.
- A formal certification process is needed to ensure that all laws, regulations, and statutes are appropriately addressed by a farmer to achieve the desired environmental goal of the program.
- Tying these programs to technical and financial assistance improves the ability to recruit and retain farmers by easing the adoption of conservation practices needed to address identified resource concerns.

POLICY: OPPORTUNITIES FOR EXPLORATION

As you consider helping farmers voluntarily address key natural resource concerns, we encourage you to explore opportunities to partner with national, state, and local agencies. Please reference the following list of questions when determining if this approach might benefit your project:

- How might you partner with state environmental agencies that have certification or other verifiable on-farm programs?
- Are you targeting specific natural resource concerns that align with state and national agency goals?
- Do you have a partnership with local trusted advisers within the project area?
- Do the project goals align with regional goals for natural resource concerns like water quality or nutrient loss reduction goals?

Payment for Ecosystem Services

PAYMENT FOR ECOSYSTEM SERVICES

Farmers are focused on producing food, fuel, and fiber in ways that steward our planet's natural resources (soil, water, air, habitat, and wildlife). As farmers look for opportunities to improve the productivity and profitability of their farming operations, they face barriers such as the cost for implementing conservation practices, lack of technical assistance, and an uncertain regulatory environment.

To overcome these barriers multiple programs have been executed across the country, working in tandem to provide opportunities for farmers to address natural resource concerns (e.g. water quality, water quantity, and greenhouse gas emissions) by providing payments for ecological services and federal and state level regulatory certainty.

INCENTIVE: Water Quality and Greenhouse Gases

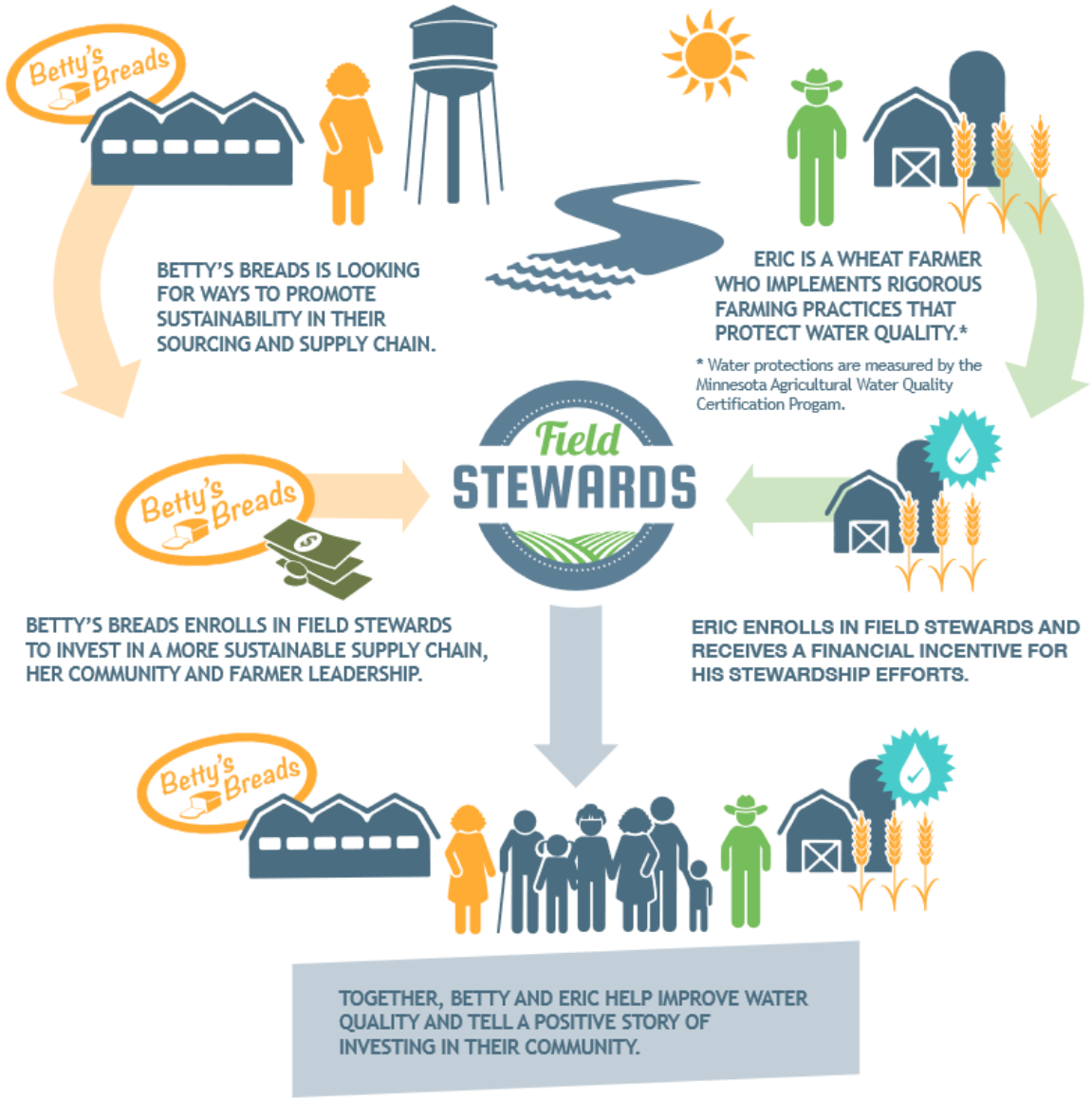
CASE STUDY: Environmental Initiative's Field Stewards Program

Building upon the foundation of the Minnesota Agricultural Water Quality Certification Program (see page 24), Environmental Initiative's Field Stewards program pairs participating farmers that meet the rigorous standards of the state water quality certification program with food companies who are interested in supporting responsible food production. The food company agrees to financially support these farmers for water quality protection on their farms, and as a third party, Field Stewards, distributes these funds to participating farmers based on acreage.

Through company support, farmers receive income, positive recognition and encouragement to continue stewardship efforts. Famers do not need to sell their crops directly to the company, they just need to be located near a participating food company or in an area a food company is interested in protecting. The financial incentive can be utilized for the implementation and maintenance of conservation practices for improved water quality by participating certified farmers. The practices associated are: cover crops, conservation buffers, and conservation tillage.

Through protection of water resources, Field Stewards allow food companies to show a commitment to protecting natural resources and the health and wellbeing of their employees and neighbors. This also enables food companies to demonstrate their commitment to environmental sustainability in their supply chains through their work with local farmers as they meet changing consumer preferences.

For the following infographic provides a visual representation of how this could work for your supply chain:



Keys to Success:

- Through Field Stewards, food companies financially incentivize farmers for meeting and maintaining a high level of water quality protection.
- Provides multiple benefits to participating growers including priority for conservation dollars, regulatory certainty, and recognition.
- This type of program is scalable based on local partners and associated watersheds.
- Incentive payments to participating farmers requires financial resources from engaged stakeholders and certification of compliance.
- Requires on-farm certification prior to payment by an approved third-party certifier.
- The collaborative partnership includes local trusted advisers from Soil and Water Conservation Districts and other certifying agents.

PAYMENT FOR ECOSYSTEM SERVICES: OPPORTUNITIES FOR EXPLORATION

As you consider helping farmers voluntarily address the key natural resource concerns, we encourage you to explore opportunities to partner with organizations that facilitate payments for ecosystem services. Please reference the following list of questions to consider whether this approach fits your project objectives:

- Are you targeting specific natural resource concerns that align with state and/or national agency goals?
- How might you connect participating producers who are able to document and demonstrate adoption of practices that produce environmental benefits with ecosystem services markets?

Recognition

RECOGNITION

While perhaps not as tangible as other incentive categories, recognition can play an important role in giving valuable credit to innovators who help drive sustainable agriculture forward. At the same time, awards and recognition programs can increase awareness about how farmers' conservation and stewardship efforts play an important role in catalyzing continuous improvement in sustainable outcomes for agriculture. By highlighting successful examples of farmers' sustainability journeys, peer to peer learning can occur and provide inspiration for other farmers to manage with an eye towards sustainability.

Each Fieldprint Project is able to offer its participating farmers a participation placard, which provides signage recognizing the farmer's commitment to continuous improvement and involvement in Field to Market's program. If you are interested in Farmer Participation Placards and would like more information and pricing, please contact Lexi Clark at lclark@fieldtomarket.org or 202-800-2695.

In addition to this simple opportunity to recognize participating farmers in your Project, Field to Market offers several recognition and awards opportunities that provide a platform to elevate and acknowledge farmers' sustainability efforts highlighted below.

INCENTIVE: Awards and Recognition

CASE STUDY: Field to Market's Farmer Spotlight Series and Sustainability Leadership Awards Program

Field to Market is committed to recognizing farmers' stewardship and conservation efforts through the Farmer Spotlight Series, showcases farmers who are committed to a journey of continuous improvement and helping deliver sustainable outcomes for agriculture. By shining a spotlight on these farmers in a series of profiles shared across Field to Market's communications channels and amplified through the media and our members' spheres of influence, we hope to recognize deserving farmers and encourage other farmers to learn from their journey.

Any farmer participating in your Fieldprint Project is eligible for consideration in the **Farmer Spotlight Series** if they can demonstrate pursuit of continuous improvement and a willingness to advocate and share learnings with others to scale sustainability. In addition, you can also nominate participating farmers for Field to Market's **Farmer of the Year Award** as part of our annual **Sustainability Leadership Awards Program**.

The **Farmer of the Year Award**, which is Field to Market's highest honor for commodity crop producers, recognizes the extraordinary contributions of a farmer who is committed to advancing sustainable agriculture through outstanding conservation and stewardship efforts on their farm and to sharing best practices with their peers. The Farmer of the Year is announced in conjunction with the Sustainable Agriculture Summit each November and promoted through the Field to Market website, dedicated email, and social media posts and outreach to local media. Throughout the year, the Farmer of the Year is provided access to attends trainings, workshops, and other commodity related events as an advocate and spokesperson for Field to Market.

In addition, Field to Market honors outstanding collaboration and partnership in advancing continuous improvement at the field and landscape level through the **Collaboration of the Year Award**. To be considered for award, the collaboration must include Field to Market members from multiple sectors, advance the mission of Field to Market and utilize the Field to Market tools and resources. Eligible collaborations can include:

- Fieldprint Projects: Led by Field to Market members and comprising an array of sectors involved in promoting, defining, and measuring the sustainability of food, fiber, and fuel production. The overarching goals for Fieldprint Projects is to identify and promote continuous improvement.
- Public-Private Partnerships: Collaborations between federal, state, or local government with private industry, such as USDA NRCS Regional Conservation Partnership Program projects or Conservation Innovation Grants, which utilize Field to Market's tools and resources.
- Industry-NGO Partnerships: Collaborations between private industry institutions and conservation organizations focused on continuous improvement within supply chains or watersheds, utilizing Field to Market's tools and resources.
- Other: Multi-stakeholder collaborations between grower organizations and other supply chain sectors focused on continuous improvement in sustainability outcomes, which utilize Field to Market's tools and resources.

To nominate participating farmers or your project for consideration, please visit: www.fieldtomarket.org/members/farmer-spotlight-series/ or contact Lexi Clark at clark@fieldtomarket.org to request a nomination form.

Keys to Success:

- Public recognition opportunities such as press releases, news articles, awards ceremonies provide a way to spotlight deserving farmers
- Recognizing sustainability leaders can provide inspiration and learning opportunities to encourage other farmers on their respective journeys of continuous improvement
- Recognition can provide an opportunity for farmers to engage the broader public in their sustainability journey

RECOGNITION: OPPORTUNITIES FOR EXPLORATION

- Do you have participating farmers that merit recognition in Field to Market's Farmer Spotlight Series?
- Is there an outstanding farmer in your project that deserves to be recognized for their sustainability leadership?
- What additional opportunities could your project pursue to recognize the conservation and stewardship efforts of your participating farmers?
- How could recognizing the partners involved in your project strengthen your collaboration?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