



Building Soil, Building Equity (BSBE) Farmer Incentive Guide

(2023-2028 PILOT)

Summary

Accelerating Appalachia is piloting a 5-year program to encourage farmers to transition from environmentally damaging industrial practices and switch to conservation, climate-smart practices that build more fertile, more resilient soils and reduce greenhouse gas emissions on the farm and in the food supply chain. The benefits to farmers participating in Building Soil, Building Equity (BSBE) include cash-based incentives, free training from industry leaders in regenerative agriculture, building farmer and mentor networks, and marketing assistance for climate-smart commodities.

*In the BSBE program, terms such as climate-smart, conservation, regenerative, and resilient are used interchangeably.

Cash Incentives

Cash incentives are used to offset startup costs, encourage the adoption of regenerative (climate-smart) agricultural practices, and support the continued use of these practices. There are 4 types of cash incentives in BSBE: **Implementation, Drawdown, Participation, and Travel.** Because we know the expense farmers undertake to practice regenerative agriculture and continue to build soil, we have structured these incentives not only to implement regenerative agriculture practices, but to support multi-year participation. This is an acknowledgment of the real-world costs of maintaining and improving approaches to sustainable agriculture, and also allows farmers and our technical support team to gather valuable insights about the impact of those practices. Multiple incentives maximize the value of everyone's investment and hard work.

- **Implementation Incentive** – Implementation is initial funding farmers apply for based on BSBE authorized practices (see page 4 and expenses. This incentive will help cover or offset the cost of implementing new climate-smart farming practices as outlined in the approved Climate-Smart Farm Plan prepared with assistance from NCAT. The incentive amount available per acre depends on the practices you implement. Priority will be given to projects demonstrating significant environmental impact and sustainability. Note that farmer must submit budget to saraday@acceleratingappalachia.org and brittany@acceleratingappalachia.org and receive approval before implementing practices.

- **Drawdown Incentive** – This incentive rewards increases in organic matter and soil carbon based on the documented sequestration from the implementation of the new practice.
- **Participation Incentive** – Participation is annual funding to support soil sampling and continued reporting. This incentive is based on the number of acres involved annually.
- **Travel Incentive** - BSBE participants will receive reimbursements for travel, lodging, and food during attendance at BSBE-sponsored field days and events.

Training From Industry Leaders

Farmers participating in BSBE can enjoy personalized training, advice, and technical assistance provided at no cost to the farmer from The National Center for Appropriate Technology (NCAT). Farmers will learn the latest methods and techniques for determining which regenerative practices are best for their location based on soil type and commodity produced, as well as personalized training and guidance on implementing those practices on their farm. Kentucky State University will provide soil testing and measurements alongside a Stanford startup, Working Trees, whose technology simplifies tree carbon testing and sales. Farmers will be able to see the environmental impact of these new practices.

Marketing Assistance

Farmers enrolled in BSBE will access marketing assistance from industry experts and can benefit from Accelerating Appalachia's connections to buyers, processors, and distributors. We foster farmer inclusivity across local and regional markets to create a more resilient, robust food supply chain.

Incentive Payouts

These figures are intended to represent the eligible payment amounts for each practice and incentive type. These figures are currently subject to change pending further program development or in the case of decreased federal funding or increased program funding.

Implementation Incentives

Implementation Incentive: Up to \$60,000 in year one pilot, increases in funding will be reviewed on a case by case basis. Implementation Incentives are intended to be a one-time payment and will be paid out upon photo verification of practice implementation. Implementation incentive is calculated on a per acre basis. For example, a farmer who has implemented 528: Grazing and Pastures (*See table below*) on 2 acres is eligible for a total of \$600 in implementation incentive. During year one, farmers are eligible for up to \$60,000 for implementation grants. **Additional funding will be evaluated**

on a case-by-case basis. Before you can begin implementing practices, Accelerating Appalachia must review and approve your budget. Any practices implemented before we review and approve your budget will not be eligible for reimbursement. Once your budget has been approved and signed, it will be an addendum to your contract.

Once implementation funds have been issued for a new practice on a designated tract, those practices will need to be continued for the duration of the BSBE project starting with the date the farmer signs on. BSBE farmer participants, regardless of when they sign up, agree to participate until March 31, 2028. Participating for the program’s duration is necessary to collect meaningful soil data on the impact of the practices. The exception to this practice-switching rule is the combination of 328 Conservation crop rotations, 340 Cover crops, and 345 Reduced Tillage. These practices are frequently implemented together on the same area of land at different times during the year as part of a larger climate-smart agriculture technique.

Please see the following table for our current planned implementation Incentive rates:

NRCS Practice Code	Implementation Incentive/Acre
328 Conservation crop rotations	\$75
340 Cover crops	\$75
345 Reduced Tillage	\$75
528 Grazing and pastures	\$300
386 Field Borders	\$400
422 Hedgerow plantings	\$400
379 Forest Farming (Existing Forest)	\$400
381 Silvopasture	\$1000

391 Riparian Buffers	\$1000
311 Alley Cropping	\$1000
612 Tree & Shrub est	\$1000
645 Habitat management	\$1000

Drawdown Incentive

Drawdown Incentive: \$20/ton(CO₂e)

This incentive is payable annually to farmers based on reported carbon sequestration. Farmers will be compensated at \$20 for every ton of CO₂ sequestered per acre, as verified through approved measurement methods. Carbon sequestration amounts must be verified by an accredited third party to ensure accuracy and transparency of the carbon drawdown claims. The maximum outlay for the Drawdown Fund should be calculated based on several factors, including the total acreage eligible for the program, expected rates of carbon sequestration achievable through implemented practices, and the overall budget constraints of the BSBE project.

To propose a maximum outlay, let's assume an average achievable carbon sequestration rate. If we consider that a well-implemented sustainable farming practice can sequester approximately 1 ton of CO₂ per acre per year (a conservative estimate that can vary significantly based on the practice and local conditions), the fund would pay out \$20 per acre per year at this rate.

Assuming the BSBE project aims to support this initiative across a certain number of acres, the maximum outlay can be calculated as:

$$\text{Maximum Outlay} = \text{Total Acreage Supported} \times \text{CO}_2 \text{ Sequestration Rate (tons/acre/year)} \times \$20$$

For instance, if the BSBE project aims to support carbon sequestration efforts across 100 acres:

$$\text{Maximum Outlay} = 100 \text{ acres} \times 1 \text{ ton/acre/year} \times \$20 = \$2000 \text{ per year}$$

Participation Incentive

Participation Incentive: \$60/acre/year

This incentive is designed to support farmers' engagement in bi-annual soil sampling, tree carbon monitoring, reporting, and other BSBE project-related activities, such as workshops, training sessions, and conferences that further their knowledge and implementation of sustainable practices. Coverage may include registration fees, materials, and other participatory expenses.

Travel Incentive

Travel Incentive: This incentive supports travel expenses for authorized BSBE project travel, including but not limited to BSBE site visits, learning exchanges, and meetings with stakeholders. Eligibility is limited to travel deemed essential for the project's success, with prior approval required for all travel plans and budgets.

BSBE Participants can engage in various implementation practices and access multiple incentive funds, enhancing their financial opportunities within the program. **It is important to emphasize that BSBE is looking for long-term commitment from farmers.** This not only promises benefits for farmers (who will receive compensation as previously described) but also ensures that our technical support team has the necessary time to gather

valuable data, showcasing the transparent management of this fund to the public.

Eligibility and Requirements

Eligibility Criteria

Implementation Payment: During the initial pilot, farmers are eligible for up to \$60,000 for implementation grants. Additional funding will be considered on a case-by-case basis based on project impact and available funding.

Allowable Hourly Labor Rates: Farmers can charge up to \$25 per hour for farm labor for climate-smart practice implementation, soil testing and reporting. However, labor costs can only constitute up to 30% of the total eligible amount, which is determined based on the farm's individual climate smart plan.

Project Description and Cost Projection: Applicants must submit a detailed cost projection for the proposed project along with a concise paragraph describing the project's goals, expected outcomes, and relevance to their farming operation.

Advance Payment Eligibility: Producers whose cost projection exceeds 50% of their annual revenue are eligible to apply for an advance payment. This advance must be fully liquidated within 60 days of receipt.

Verification Procedure: To ensure compliance and effectiveness, farmers are required to provide before and after photographs of their implemented practices. These photographs must be sent to ACAP and will be verified by NCAT to confirm adherence to the proposed plan.

Implementation Start: Farmers should not begin implementing their project until an agreement and costs have been signed and approved by ACAP.

Requirements for Funding

Receipts: Applicants must submit invoices. Upon request, farmers must submit all invoices and receipts related to any reimbursements or advances to ACAP for auditing and verification purposes.

Compliance: Farmers must comply with all local, state, and federal regulations applicable to their farming operations and the proposed project.

Reporting: Recipients are required to submit periodic progress reports detailing the implementation of their project, challenges faced, and the impact on their farming operation. The frequency and format of these reports will be specified upon grant approval.

Self-Certify: By signing the contract, farmers self-certify the accuracy of the information provided and agree to all the terms and conditions.

Using Multiple Funding Sources

BSBE does not prohibit farmers from utilizing different funds side-by-side for their new practices. However, farmers must verify with other conservation grants, climate-smart grants, and conservation easements for any restrictions imposed by those programs that could prohibit side-by-side funding/grants from being applied.

Application and Enrollment

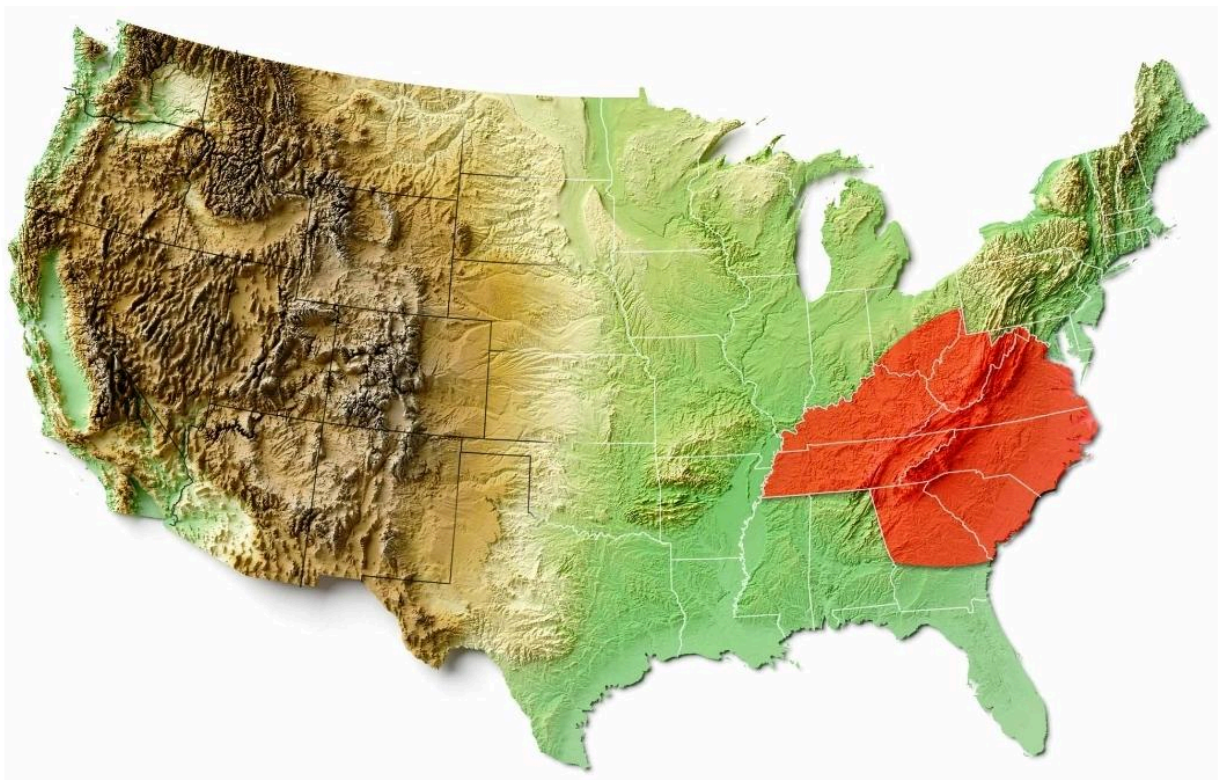
Interested farmers should submit their application through the BSBE application form on the Accelerating Appalachia website (acceleratingappalachia.org). If approved, farmers will be asked to sign a contract and be connected with our BSBE partner NCAT (National Center for Appropriate Technology.) The contract is a commitment to program participation, and the adoption of at least one of the twelve BSBE approved practices. NCAT will work with farmers to assess environmental concerns for their farms and create a Climate-Smart Farm Plan to help address those concerns. Farmers will receive training from NCAT in recommended practices. Adopted practices will ultimately be the decision of farmers.

Once the farmer's farm has been assessed and the farmer has been trained, they will be asked to submit a form detailing the commodities they plan to produce and the practices they intend to implement. Farmers will also be asked to submit a budget outlining their anticipated implementation cost and photos of the fields that clearly show the enrolled fields before practice implementation. Accelerating Appalachia must review and approve your cost projection budget. Any practices implemented before we review and approve your budget will not be eligible for reimbursement. Farmers can implement more than one practice alongside one another. However, it should be noted that only cover cropping, conservation crop rotation, and reduced tillage practices can be implemented together on the same piece of land.

After implementation, the farmer is expected to remain enrolled in BSBE for the contract term to report soil health data to Accelerating Appalachia. Farmers will receive an annual participation incentive based on acres involved in the program as compensation for continued reporting. Farmers may also

be paid a fixed rate per ton of carbon drawdown. The farmer does not forfeit ownership of said carbon by receiving their Carbon Drawdown (GHG) Incentive and may still sell their carbon if desired.

Program Coverage Area



Kentucky

West Virginia

North Carolina

Virginia

Tennessee

Southern Ohio

South Carolina

Northern Georgia