

Conservation Incentives

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ENVIRONMENTAL DEFENSE

finding the ways that work

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August 2003



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Partners in Restoration furthers conservation by cutting regulatory red tape

Editor's note: *Through this newsletter, the Center intends to provide an opportunity for other organizations pursuing incentive-based conservation to disseminate information about their programs. The accompanying article is the first of what we hope will be many showcasing the incentives work of others.*

Farmers, ranchers and other landowners across the county are struggling to protect their livelihood. A California program helps them retain the economic value of their investment while restoring the environment.

Working lands conservation (conservation on private farms, ranches and forestlands) can produce numerous public benefits, such as cleaner air and water, and more abundant wildlife. Working lands conservation assistance programs

can also help private landowners protect their lands and businesses.

To further these goals, Sustainable Conservation, a San Francisco-based non-profit, has created Partners in Restoration (PIR), a collaborative program with the U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS) and the local Resource Conservation Districts (RCDs). PIR promotes conservation by creating one-stop regulatory shopping for private landowners enrolling in voluntary projects to control erosion and sedimentation, and enhance natural

resource values on their lands.

This innovative program, the first of its kind in the nation, was launched as a pilot project in the 44,000-acre Elkhorn Slough watershed in the summer of 1998. Since PIR's inception, conservation efforts at more than 35 sites on 30 farms have kept 57,000 tons of sediment out of waterways.

The core of Elkhorn Slough PIR is watershed-based agreements entered into

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PIR in California



provided by Sarah Beth Lardie

Wisconsin landowners can now plant for endangered butterflies

A new seed mix offers Wisconsin landowners the opportunity not only to restore native prairie habitat but also help the endangered Karner blue butterfly (*Lycaeides melissa samuelis*) and gain extra ranking points when vying for U.S. Department of Agriculture Conservation Reserve Program (CRP) funding.

The Karner blue is a postage-stamp-sized butterfly that once ranged in a narrow band from the eastern edge of Minnesota, across the Great Lake states, into New England as far as Maine. It has declined by 99%, with 90% vanishing in the last quarter-century, primarily because of the loss of dry prairie, oak savannah, pine and oak barrens, and other prairie habitats. Although the Wisconsin Karner blue butterfly population is the largest of any state in its historic range, the butterfly has lost all but less than 0.02% of its habitat.

Demand for CRP monies regularly exceeds available funding, and the Farm

Service Agency (FSA) ranks and selects potential projects based on conservation practices landowners choose from FSA's list. Landowner applicants who propose CP25 practices, which target rare and declining habitats, gain 50 points. CP25 seed mixes are a way to restore native plants and are now in use in several states.

The Natural Resources Conservation Service (NRCS) state agronomist and the U.S. Fish and Wildlife Service's (FWS) Karner blue butterfly specialist selected 17 grasses and forbs (non-grass herbaceous plants) for the Karner blue mix. A crucial component of the mix is wild lupine (*Lupinus perennis*), the only plant upon which the butterfly's larvae will feed and thus essential for the survival of the species. Other flowering plants in the mix provide nectar for adult Karner blues.

To promote the new seed mix, CCI's wildlife ecologist Regina Hirsch pooled her scientific background with CCI consultant Tom Thrall's expertise from his years as an NRCS employee. The two worked with FSA, NRCS, FWS and the Wisconsin Department of Natural Resources to get the new ranking criteria and Karner blue butterfly information out to the qualifying counties in time for FY2003 CRP sign-up.

The Karner blue butterfly seed mix is now available to landowners in 13 counties of Wisconsin, where native habitats (e.g., oak and pine barrens and oak savannah) and the Karner blue once were part of the landscape. Though



J.&K. Hollingsworth/U.S. Fish and Wildlife Service

In the last quarter-century, the endangered Karner blue butterfly has declined by 90%. Loss of dry prairie, pine and oak barrens, oak savannah and other prairie habitat is the primary cause for its disappearance.

somewhat more expensive than non-CP25 seed mixes, the new mix offers landowners the opportunity to benefit an endangered butterfly and a suite of other grassland birds and reptiles, restore declining habitats and gain extra ranking points for CRP funding.

Though Karner blues are a federally listed endangered species, all Wisconsin agricultural landowners are covered by a state-held permit that ensures they will be free to use their land as they wish for private and agricultural uses when their CRP contract expires. Landowners interested in the Karner blue seed mix for future CRP sign-ups should contact their local FSA office.

-Regina Hirsch
Wildlife Ecologist
Environmental Defense

-Tom Thrall
Conservation Consultant
Center for Conservation Incentives

-Margaret McMillan
Endangered Species Specialist
Environmental Defense



Wild lupine (*Lupinus perennis*)

Interior Department programs offer landowners financial and regulatory incentives

Five Department of Interior (DOI) programs offer incentives to non-federal landowners who agree to perform voluntary actions to improve or preserve wildlife habitat on their property. Incentives offered are regulatory assurances, cost-share money and in some cases technical assistance. Not all the programs specifically target rare wildlife, but all of them provide that opportunity. Further information is available from local U.S. Fish and Wildlife Service (FWS) offices, at

<http://endangered.fws.gov/landowner/index.html> or other web addresses below.

Partners for Fish and Wildlife (PFW). The PFW program establishes voluntary agreements with private landowners and tribes willing to restore wetlands, native grasslands, riparian areas, in-stream habitats and other habitat relied upon by "federal trust species," which are defined as migratory birds; threatened or endangered species; fish that are anadromous or inter-jurisdictional (i.e., overseen by both FWS and the National Marine Fisheries Service (NMFS)) and some marine mammals. For more information, go to <http://partners.fws.gov>. FY2003 funding for habitat restoration work is approximately \$26.5 million.

Landowner Incentive Program (LIP). LIP awards financial incentives based on a two-tier system. Tier One grants fund states to establish landowner incentive programs, while Tier Two grants provide monies to landowners through established state incentive programs. FY2003 funding is \$6.8 million for Tier One grants; \$27.9 million for Tier Two grants. See sidebar article for an analysis of the FY2003 LIP program.

Private Stewardship Grant Program (PSGP). This program offers financial incentives to individuals and groups undertaking efforts that benefit federally endangered, threatened, proposed or candidate species, as well as other at-risk species. After proposals are solicited from landowners through a notice published in the Federal Register, regional panels review applications and submit recommendations to the Secretary of the Interior, who awards the PSGP grants. Panels include representatives from state and federal government agencies, conservation organizations, agricultural and industrial interests and the scientific community. FY 2003 funding is \$9.4 million. More information is posted at http://endangered.fws.gov/grants/private_stewardship.html.

Safe Harbor Agreements. A Safe Harbor Agreement is a voluntary agreement between a non-federal landowner and the FWS or NMFS. The landowner commits to management actions to benefit an endangered or threatened species, and in return FWS (or NMFS) absolves the landowner of any increased restrictions should the landowner's management actions bring endangered species to his or her land. The landowner is only responsible for protecting "the baseline"-the endangered species population or habitat present at the time the agreement was signed. Some Safe Harbor Agreements are umbrella agreements in which a permit is issued to an intermediary, such as a state agency or conservation organization. Individual landowners are then enrolled under the umbrella permit. Though Safe Harbor Agreements offer regulatory, not financial, incentives, the plans are sometimes accompanied with cost-share funding. More information is available at <http://www.environmentaldefense.org/go/incentiveslibrary>.

Candidate Conservation Agreements with Assurances (CCAAs). As with the Safe Harbor Program, CCAAs offer regulatory, not financial,

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U.S. Fish and Wildlife Service



U.S. Fish and Wildlife Service

Left: Drained wetland in Pennsylvania before restoration.

Right: The same land after wetland restoration funded by the Partners for Fish and Wildlife program.

DOI programs offer landowners incentives

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incentives to landowners willing to take voluntary efforts to benefit rare species. A CCAA covers a candidate species, one that the U.S. Fish and Wildlife Service is likely to list in the future. Though the goal of a CCAA is to benefit a species early and thus make listing unnecessary, if the species is listed in the future, the

landowner is absolved of any obligations beyond what he or she committed to in the CCAA. For more information, go to <http://endangered.fws.gov/listing/cca.pdf>.

*-Margaret McMillan
Endangered Species Specialist
Environmental Defense*

The U.S. Fish and Wildlife Service published a request to state fish and wildlife agencies for 2004 LIP proposals in the August 15 *Federal Register*. That notice is at <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-20717.pdf>

What makes a successful Landowner Incentive Program proposal?

The Department of Interior's national Landowner Incentive Program (LIP) has grown rapidly from a humble beginning in 1997. That year it made \$100,000 available to Texas landowners; this year, it has provided \$35 million to 42 states. This funding allows states to create their own state landowner assistance programs and give grants to private landowners to restore, enhance or manage rare species habitat on private land. The program recognizes explicitly the importance of private lands to biodiversity and the need to work cooperatively with landowners.

In 2004, an additional \$35 million is expected to be available. In anticipation of this future funding, Center for Conservation Incentives staff issued a paper highlighting some of the best funding proposal approaches submitted by states in 2003. In addition, the paper recommends ways the U.S. Fish and Wildlife Service can improve LIP structure and implementation. Here are some key findings on successful proposals.

The Landowner Incentive Program:

Model State Approaches and Recommendations to the U.S. Fish & Wildlife Service



DISCUSSION PAPER

Timothy Male, PhD. and Marybeth Bauer, M.S.
Environmental Defense
Center for Conservation Incentives
July 2003

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Create broad outreach and competitive granting: The best state landowner assistance programs offer opportunities for many landowners to enroll and use many different forms of outreach (e.g., web sites) to make sure landowners hear about the program. By soliciting more proposals, states are more likely to have worthwhile projects to fund and to be able to argue for increased future funding.

Develop a program niche: Successful proposals target conservation outcomes not possible through existing programs like those available through Farm Bill conservation programs.

Set achievable goals: The best 2003 proposals focused on species or habitats where projects would produce significant results in a reasonable time period. The species and habitat rarity was important, but so was the degree to which they would respond to project actions.

Address regulatory concerns: Recognizing that landowners might be concerned about the regulatory consequences of creating or enhancing habitat for federally listed species, many states developed an explicit strategy for dealing with such concerns (e.g. Safe Harbor agreements).

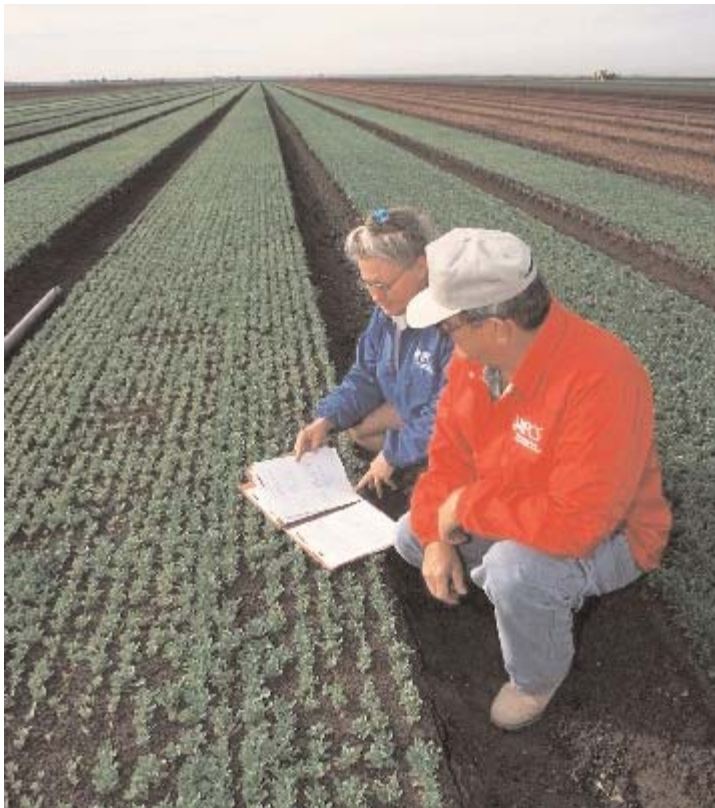
*-Tim Male
Senior Ecologist
Environmental Defense*

The full text of the LIP paper can be found at <http://www.environmentaldefense.org/pdf.cfm?ContentID=2937&FileName=LIPreport%2Epdf>

New Environmental Quality Incentives Program rules establish conservation priorities as FY2003 funding begins

Fiscal year 2003 funding for one of the U.S. Department of Agriculture's most far-reaching conservation programs is underway. On May 30, the Natural Resources Conservation Service (NRCS) published the final rule for the Environmental Quality Incentives Program (EQIP), which provides cost-share funding, incentive payments and technical assistance for conservation practices on agricultural lands. In April \$626.7 million was allocated to states, which are now accepting, ranking and funding EQIP project applications.

The 2003 EQIP rule includes several significant changes. First, at-risk species habitat restoration and air quality improvement practices joined water quality and soil health protection as EQIP national priorities. Second, the rule added a Performance Holdback provision to reward additional funding to states that do a superior job in implementing EQIP. Third, a new provision requires all states to post their EQIP allocation and ranking processes on the web before accepting or funding FY03 applications. That information is available at http://www.nrcs.usda.gov/programs/eqip/EQIP_signup/2003%20EQIP%20Signup/2003_EQIP.html or USDA offices.



Natural Resources Conservation Service

District Conservationist Bobbi McDermott and technician Neal Hoy review a conservation plan in a leaf lettuce field in Yuma, Arizona. EQIP provides valuable financial and technical assistance for agriculture best management practices to protect water quality, soil health, air quality, and wildlife habitat.

The EQIP rule also provides states with criteria for two of the core processes for implementing EQIP: (1) allocating EQIP dollars within a state (either to specific resource concerns or to geographic regions) and (2) ranking EQIP applications. These two processes will determine how effectively each state addresses national, state and local priority resource concerns and how efficiently it spends its limited EQIP resources.

In allocating funds, each state must consider

- The nature and extent of natural resource concerns at the state and local level;
- Goals and solutions, quantified when possible, for the natural resource concerns, in order to optimize the environmental benefits from federal dollars;
- Science-based background data, quantified when possible, on environmental status and needs, soils information, demographic information and other issues that illustrate the nature and extent of natural resource concerns;
- The availability of human resources, incentive programs, education programs and on-farm research programs from federal, state, Indian tribal and local entities, both public and private, to assist with the activities related to the priority natural resource concerns;
- The existence of multi-county or multi-state collaborative efforts to address regional priority natural resource concerns;
- Means of measuring performance and success;
- The degree of difficulty that producers face in complying with environmental laws.

When ranking applications, states are required to give higher priority to applications that

- Address national EQIP priorities in conjunction with state, tribal and local resource concerns;
- Optimize environmental benefits. This may be accomplished by
 - Identifying priority resource concerns based on national priorities;
 - Developing an evaluation tool that considers the effectiveness of proposed conservation activities. This requires an assessment of trade-offs and consideration of multiple resource treatment and benefits;
 - Providing bonus points to applicants willing to participate in cooperative arrangements and install a contiguous grouping of practices, such as a stream buffer;
 - Limiting eligible practices, limiting cost-shares for eligible practices, using a variable cost-share rate to encourage cost-effective practices that achieve the desired results;
 - Providing the public with a concise description of objectives, methodologies and limitations;

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Partners in Restoration streamlines regulatory process

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by local, state and federal regulatory agencies and the NRCS and the RCD of Monterey County (RCDMC). These agreements create "one-stop permit shopping" for landowners working with the NRCS and RCDMC on conservation projects. Previously, the landowner had to go to each agency involved in permitting (five to eight, depending on the project)—a process that could take well over a year and cost thousands of dollars, if the landowner tried to get the permits at all. Better coordination among agencies encourages landowner participation and reduces costs, thus promoting conservation goals.

The watershed-based agreements for the Elkhorn Slough cover 10 different conservation practices and management measures. Under PIR, a landowner receiving technical or cost-share assistance from the NRCS or RCDMC under the program is allowed to implement the associated conservation practices without seeking individual permits, provided the agreement terms are carefully followed. The NRCS and RCD assist in project design and monitor implementation and maintenance of the conser-

vation practices to ensure compliance.

To develop the program, Sustainable Conservation helps the NRCS and RCD select from a package of commonly used conservation practices, often known as best management practices, to control erosion and otherwise improve habitat. Regulators review the package in advance.

Working with the regulators, Sustainable Conservation negotiates protection measures, procedures and agreements to ensure that projects meet both NRCS standards

and environmental regulations. Once PIR has been established in an area, landowners can participate by simply partnering with the NRCS and RCD, often receiving valuable technical and cost-sharing assistance as well.

In addition to providing landowners with an incentive to begin restoration projects, PIR participation offers several advantages to both landowners and agencies: First, better coordination between local, state and federal conservation agencies reduces the contradictions or redundancies of program requirements.

Second, increased coordination cuts time and money state and local governments spend reviewing these kinds of environmentally beneficial projects. Third, simplifying the regulatory process for the landowner

reduces the time and cost required for conservation work. Removing a huge regulatory barrier for landowners directs more money to conservation work instead of the bureaucratic process.

As its name indicates, Partners in Restoration's goal is to protect the environment by developing landowner relationships and collaborations. While the NRCS and regulatory agencies share the goal of a sustainable, healthy community, they approach it from completely different angles—the former through scientific and financial assistance to landowners, the latter through regulation and environmental review. The PIR program joins these groups for the first time to work collaboratively on restoration projects. With PIR, everyone wins: The landowner benefits from the streamlined regulatory process; the under-staffed NRCS and regulatory agencies can more readily achieve their conservation objectives; and, most importantly, riparian habitats and watersheds are protected and enhanced.

For more information on the Elkhorn Slough project and other PIR projects now underway around the state, visit Sustainable Conservation's web site: www.suscon.org or contact Bob Neale, Director, Partners in Restoration, at (415) 977-0380.

—Sarah Beth Lardie
Development and Communications Director
Sustainable Conservation

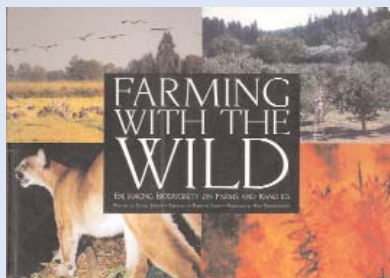
Since PIR's inception,
conservation efforts at more
than 35 sites on 30 farms
have kept 57,000 tons of
sediment out of waterways



Natural Resources Conservation Service

Site of the Partners in Restoration pilot program, Elkhorn Slough is one of California's last remaining coastal marshes. The 44,000-acre watershed is located in Monterey and San Benito counties and encompasses varied habitats, including tidal marsh, mixed oak woodlands and strawberry fields.

RELATED RESOURCES



Farming with the Wild: Enhancing Biodiversity on Farms and Ranches. Daniel Imhoff, foreword by Fred Kirschenmann. A Watershed Media book, published by Sierra Club Books,

182 pp. Drawing on Aldo Leopold's legacy, the author advocates abandoning the "dualistic mentality" that separates working farms from natural ecosystems. The large-format paperback profiles over three dozen farms and ranches that follow innovative conservation practices. Abundantly illustrated with beautiful color photographs. Ordering information at 707-431-2936 or www.watershedmedia.org.

Texas Plant Rare Plant Conference 2003. Sept. 17-19, Lady Bird Johnson Wildflower Center in Austin, TX. The center, U.S. Fish and Wildlife Service, Texas Parks & Wildlife Department and Texas Department of Transportation bring together private landowners, botanists, academics and other professionals. For more information, call Anne Tiedt or F.M. Oxley at the Lady Bird Johnson Wildflower Center, 512-292-4200, or Charmaine Delmatier, USFWS, 512-490-0057.

"A Cure for what ails wild creatures? New incentives enhance federal protections." *Nature Conservancy*, Summer 2003: p. 16. A brief article describes TNC incentives programs to aid rare cave creatures in Tennessee and the imperiled Amargosa toad in Nevada. Published by The Nature Conservancy, 703-841-5300 or <http://nature.org>.

"Concerning the Endangered Species Act and Its Impact on Small Landowners and Small Businesses."

Testimony by Michael J. Bean, Environmental Defense and Center for Conservation Incentives. July 17, 2003. Before the Subcommittee on Rural Enterprises, Agriculture and Technology of the Small Business Committee of the U.S. House of Representatives. 4 pp. This testimony includes a self-described "gun-toting, redneck Texas Republican" and several other landowners using incentive-based approaches to make the Endangered Species Act work on private lands. http://www.environmentaldefense.org/pdf.cfm?ContentID=2890&FileName=ESA_Bean.pdf or 202-387-3500.

"Renewal at Bird Creek Ranch: Upper Missouri River Partnerships." Dan Casey. *Bird Conservation*, April 2003, pp 8-9. This article on the Madison/Missouri Conservation Reserve Enhancement Program features a Montana ranch, where cottonwood forest restoration and erosion control are creating important bird habitat. *Bird Conservation* is published by American Bird Conservancy, 1-888-BIRD-MAG or www.abcbirds.org.

"Taking the bite out of wildlife damage: The challenges of wildlife compensation schemes." Philip Nyhus, Hank Fischer, Francine Madden and Steve Osofsky. *Conservation Biology in Practice*, Spring 2003, pp. 37-40. The authors examine problems with wildlife compensation programs and determine that the most effective are fair, fast, well-funded and follow clear guidelines. Sidebar article describes Defenders of Wildlife's wolf compensation program. *Conservation Biology in Practice* is published by the Society for Conservation Biology, 703-276-2384 or www.conservationbiology.org.

"Making Conservation Profitable." Katherine Ellison & Gretchen C. Daily. *Conservation Biology in Practice*, Spring 2003, pp. 12-19. The authors argue that market-based approaches, as well as philanthropy, can make important contributions to conservation. The article features several U.S. and international examples using wetland and species conservation banking, carbon trading and other approaches. *Conservation Biology in Practice* is published by the Society for Conservation Biology, 703-276-2384 or www.conservationbiology.org.

Conservation Incentives Library. Part of Environmental Defense's web site, the Conservation Incentives Library is a comprehensive source of information about federal, state and private incentives programs. Safe Harbor and conservation banking are covered in depth, with full text of current Safe Harbor agreements posted. www.environmentaldefense.org/go/incentiveslibrary.

Farm Bill Toolkit. The electronic toolkit provides comprehensive information about agricultural conservation program implementation and policy on Environmental Defense's web site. Those wanting to take an activist role can learn about current policy issues and how to join a Natural Resources Conservation Service state technical committee. www.privatelandstewardship.org.

EQIP rules provide for conservation practices

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- Use cost-effective conservation practices;
- Address multiple resource concerns;
- Comply with federal, state, tribal or local regulatory requirements concerning soil, water and air quality, wildlife habitat and ground and surface water conservation;
- Make beneficial, cost-effective changes to cropping systems, grazing management, nutrient management associated with livestock, pest or irrigation management or other practices on agricultural land.

The new allocation and ranking requirements can enhance the effectiveness of EQIP dollars by enabling states to better target resource needs, link to other projects and sources of expertise, promote much-needed collaborative and multi-farmer projects, which often have a greater impact than individual projects, and reward higher levels of performance. With demand for EQIP dollars continuing to exceed supply, NRCS must ensure that program funds are used as effectively as possible.

One of the best ways to get involved in EQIP—whether to help identify priorities at the state and local level, assess how dollars are spent or develop an EQIP project—is to participate in your State Technical Committee. This group advises the NRCS State Conservationist, who is responsible for final decisions on state-level NRCS matters. For more information on getting involved, contact Suzy Friedman at sfriedman@environmentaldefense.org or 202-387-3500, visit our Farm Bill Conservation Toolbox at <http://www.privatelandstewardship.org> or contact your state NRCS office.

To learn more about the distribution of EQIP dollars to



Natural Resources Conservation Service

EQIP can help a producer install terracing on fields to protect from erosion, like on this farm in Missouri.

states, recommendations for improving EQIP ranking processes to better address conservation goals and related information, visit <http://www.privatelandstewardship.org> and click on the Farm Bill Conservation Toolbox. Full text of the new EQIP rule is available at <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-13024.pdf>

*-Suzy Friedman
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Environmental Defense*



ENVIRONMENTAL DEFENSE

finding the ways that work

The Environmental Defense Center for Conservation Incentives

The Environmental Defense Center for Conservation Incentives was launched in 2003 with major support from the Doris Duke Charitable Foundation to further the conservation of biodiversity on U.S. private lands through the use of incentives. The Center works with landowners, conservation organizations, and government agencies to develop place-based projects that demonstrate the utility of incentives in conserving habitats on private lands. The Center also works to influence the development and implementation of national and state incentive programs and policies. Headquartered in the Washington, DC office of Environmental Defense, the Center also has staff in all of the regional offices. We thank the Doris Duke Charitable Foundation and Robert Wilson for their generosity in funding this work.

www.environmentaldefense.org/go/conservationincentives

Conservation Incentives

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