

## Resources:

### *Designing performance-based incentives for your watershed*

The National Facilitation Project offers the following materials and services to those interested in improving the cost-effectiveness of agricultural pollution control.

- Concise documentation on the background, underlying theory, benefits, and challenges of performance-based incentives.
- A website portal for downloading relevant materials, discovering watersheds that are actively pursuing this approach, and communicating through an email discussion group.
- Presentations and planning for local watershed groups and regional organizations.
- A national advisory team of leading scholars on the use of performance-based incentives.

## For further information:

- ▶ Visit the project website at [www.flexincentives.com](http://www.flexincentives.com)
- ▶ Contact the project director at  
Jonathan R. Winsten, Ph.D.  
208-G Morrill Hall,  
University of Vermont  
Burlington, VT 05405  
Tel: 802-656-0036  
Fax: 802-656-4975  
Email: [jwinsten@winrock.org](mailto:jwinsten@winrock.org)

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## Can We Improve Environmental Quality, Farm Viability, and the Cost-Effectiveness of Agricultural Pollution Control?

Developing Stakeholder-driven,  
Performance-based Incentives  
for Agricultural Pollution Control

implemented by:



with support from:



## The Challenge:

*Agriculture remains the leading contributor of nonpoint source pollution (NSP) to U.S. waterways*

Current programs for controlling agricultural NSP are focused on cost-sharing best management practices and compensating farmers for idling selected tracks of working land. Although current efforts, such as the Environmental Quality Incentives Program and the Conservation Reserve Program, have been important and valuable policy tools, they:

- Limit flexibility by only funding a partial set of options to control agricultural pollution;
- Do not encourage farmers to utilize the most cost-effective actions or create innovative new solutions for their farming operations; and
- May not always provide a strong link between farm management and environmental outcomes.

## An Opportunity:

*Linking farm management decision-making to environmental outcomes*

The primary goal of this project is to help improve environmental quality and the cost-effectiveness of agricultural NSP control. Our aim is to facilitate the development and use of performance-based incentives.

Performance-based incentives:

- Are payments for achieving specific environmental performance targets, often measured at the farm level;
- Allow farmers to achieve specified environmental performance targets in any way they choose;
- Incentivize farmers to choose the most cost-effective actions to meet the performance targets;
- Allow farmers to earn additional income by reducing costs for NSP control; and
- May provide a cleaner environment and greater accountability for tax payers.

## Our Approach:

*Two projects for developing performance-based incentives*

### **National Facilitation Project**

- Conducting education and outreach on the concept of performance-based incentives to watershed stakeholders and other groups around the U.S.
- Providing resources and facilitation to watershed groups to develop plans for using performance-based incentives.

### **Pilot-Testing Project**

- Providing performance-based incentive payments to farmers in Iowa and Vermont for meeting specific environmental performance targets.
- Assessing implementation strategies and cost-effectiveness of performance-based incentive programs.