

CHALLENGES TO SCALING RCPP

*A review of the Regional Conservation Partnership
Program's 2023 Notice of Funding Opportunity*

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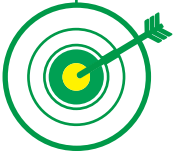
Executive summary



The Regional Conservation Partnership Program (RCPP), administered by the USDA's Natural Resources Conservation Service (NRCS), is a partner-led, region-focused conservation program. Initially established by the 2014 Farm Bill, RCPP was significantly revised in the 2018 Farm Bill into a standalone program. The Inflation Reduction Act of 2022 (IRA) dramatically boosted RCPP funding. The program's detailed policies and changes are often indicated in its annual Notice of Funding Opportunity (NoFO), which guides funding availability, proposal processes, and specific program requirements. Challenges in implementation and coordination have at times jeopardized the program's promise and led NRCS to consider opportunities to administratively optimize RCPP.



The 2023 NoFO (the first with IRA funding) included some changes to improve the program and accommodate the IRA windfall. These include an increase to the maximum award size and lower requirements for matching contributions, more inclusion of tribes and historically underserved producers, and additional flexibilities in how and when technical assistance funds can flow to projects. Increased applications for the program seem to show that partners are supportive of these changes, but the challenge will only increase as IRA funding ramps up and the deadline to expend all of its funds (2031) approaches.



NRCS should continue to think about more improvements in the NoFO, in addition to any changes it might make via improved technology, rulemaking, or statute. These changes should be especially focused on clarity, speed, and flexibility.

Background

The Regional Conservation Partnership Program (RCPP) is one of the US Department of Agriculture's (USDA) "big five" conservation programs administered by the Natural Resources Conservation Service (NRCS). It's defined by its unique partner-led and region-focused approach to on-farm conservation. With its framework for leveraging the collective expertise, resources, and capacities of various stakeholders, RCPP can be a model for collaborative conservation efforts. The program's effectiveness is primarily rooted in its ability to bring together a diverse array of partners, including private companies, non-profit organizations, state and local governments, and agricultural and environmental groups, to implement conservation supported by Farm Bill funding and partner contributions.

The program was first authorized by the 2014 Farm Bill in part to replace myriad geography-based conservation carve-outs with a more comprehensive program to target Farm Bill funding to address local or regional natural resource concerns alongside partners. The first version of RCPP authorized was effectively a way to dedicate funding from NRCS's other Farm Bill programs—EQIP, CSP and ACEP, with watershed/PL-566 program authorities thrown in too—to specific landscapes. The 2018 Farm Bill radically changed RCPP, turning it into a standalone program with its own contractual authorities, new agreement authorities and an expanded Alternative Funding Arrangements (AFAs) component.

RCPP currently operates through two components: RCPP Classic and AFAs. RCPP Classic involves implementing conservation projects through NRCS contracts and easements with producers and landowners, with partners responsible for identifying the project area and resource concern(s). Under a Classic project, partners may also help identify participating producers and landowners and even help provide technical assistance. In contrast, AFA projects empower lead partners to work more directly with agricultural producers on implementation of conservation practices and easements, enabling the use of innovative conservation approaches and methodologies not typically available under RCPP Classic.

In August 2022, the Inflation Reduction Act (IRA) authorized an additional \$4.95 billion for RCPP, starting with \$250 million in 2023 and rising to \$2.4 billion in 2026 (representing an 800% increase in funding above the Farm Bill baseline). NRCS must prioritize climate change mitigation projects using IRA funding, and there is no limit on the number of AFA projects that can be awarded using IRA funding.

Since passage of the 2018 Farm Bill, the slow rollout and uneven implementation of new program policies, guidance, documents and IT tools, as well as unprecedented turnover in the cadre of NRCS State RCPP Coordinators, has led to concern on the part of stakeholders regarding NRCS's ability to successfully award, obligate and expend the IRA windfall. In spring 2023, NRCS leaders established internal RCPP improvement teams charged with soliciting partner and stakeholder feedback and recommending program enhancements and improvements. The first Notice of Funding Opportunity (NoFO) to include some of these program improvements was released in May 2023. The improvement teams' work has continued since then and the agency has previewed further improvements to come in future RCPP competitions.

Advocates and researchers who support USDA using more performance-based approaches to conservation payments have paid particular attention to RCPP because of its general programmatic flexibilities but also its clear statutory mandate to scale innovation. The 2018 Farm Bill encourages partners to carry out RCPP "projects that use innovative approaches...such as the provision of performance-based payments to producers and support for an environmental market". The statute also directs USDA to prioritize projects that "provide innovation in conservation methods and delivery, including outcome-based performance measures and methods".

While RCPP is governed by the 2018 Farm Bill statute and subsequent 2021 program rule, much of the program's granular policy is found in annual NoFO releases. These funding announcements outline the availability of program funds, proposal processes, and specific program requirements and guidance. Changes between NoFOs can signal modifications to RCPP's goals and objectives, and in program policy. The NoFO can also provide helpful guidance that partners use in contracting and once they begin to implement their projects.

Key definitions:

- NoFO (Notice of Funding Opportunity): A formal announcement detailing available funding for RCPP. It provides comprehensive information on application procedures, funding limits, and program criteria
- Classic and AFA:
 - RCPP Classic: Projects implemented using NRCS contracts and easements with producers and landowners, in collaboration with partners
 - RCPP AFA (Alternative Funding Arrangements): Projects implemented using the lead partner's (or other collaborating partners') technical assistance and contracting directly with producers and landowners
- Partner Contribution: The combination of cash and in-kind contributions provided by partners to amplify NRCS's RCPP investments, distinct from but similar to grant "match"
- Assistance Funds:
 - Financial Assistance (FA): Funding that goes directly to compensate for execution of conservation, typically to a producer
 - Implementation Technical Assistance (TA-I): Funding for TA activities at the field or farm level—e.g., planning and design of conservation practices and for completion of government-required compliance checks
 - Enhancement Technical Assistance (TA-E): Money for TA activities at the project level—e.g., producer outreach, project management, outcomes reporting
- Structural Practice: A way of addressing a resource concern that requires significant up-front investment, such as a riparian forest buffer or an animal waste management structure
- Management Practice: A way of addressing a resource concern that requires mostly changed behavior, such as reducing tillage or nutrient management



Notable changes

The 2023 RCPP NoFO represents NRCS's first step to incorporate substantive program improvements (based on awardee and stakeholder feedback), while staying within the framework of rulemaking and statutory authorities. The goals of the improvements seem targeted at making the program more appealing and inclusive, streamlining some processes, and enhancing the importance of applicant coordination with State RCPP staff.

Particularly notable is that the NoFO included the first tranche of IRA funding. This integration signifies RCPP's role in addressing climate change and supporting the adoption of climate-smart agricultural practices, in addition to other resource concerns. In many ways, the \$4.95 billion in IRA funding between 2023 and 2026 makes RCPP a successor to USDA's Partnerships for Climate-Smart Commodities (PCSC) initiative, which in 2022 provided close to \$3 billion in awards to entities for climate-smart agriculture and market development activities (though market development is not an authorized RCPP activity). The IRA funding bolsters RCPP's financial resources, enabling it to support more extensive and potentially impactful conservation projects.

Here are some of the most important policy changes made in the NoFO:

- 1. Increase in Award Cap:** One of the most notable changes in the 2023 RCPP NoFO was an increase in the award cap from \$10 million to \$25 million. Early in the history of RCPP, the award cap was \$20 million, but after the program's first year or two, the cap was reduced to \$10 million where it remained until this NoFO. The increase was likely driven by two major factors: the PCSC initiative which funded projects (similar in many ways to RCPP projects) as large as \$90 million over five years, and IRA funding, which will challenge the agency's ability to effectively translate all of the funds into conservation improvements. But the substantial increase in potential project size allows for more ambitious conservation projects, opening the door to larger-scale interventions and more significant environmental impacts.
- 2. Dedicated Tribal AFA Projects:** The NoFO set aside \$50 million specifically for Tribal AFA projects, demonstrating a commitment to supporting conservation efforts led by or benefiting Native American communities. This earmarking of funds acknowledges the unique conservation challenges and opportunities on Tribal lands.

3. **Lowered Partner Contributions:** Prior to the 2023 competition, NRCS had always publicized a 1:1 goal for partner contributions overall for RCPP. This led to a proposal-by-proposal expectation that partners would propose contributions that at least match the NRCS investment. NRCS removed the 1:1 goal language and made clear through training to its coordinators that proposals with less (potentially even substantially less) than a 1:1 contribution ratio would be considered for an award, particularly for projects benefiting historically underserved producers. Reducing the emphasis on the 1:1 contribution ratio at the project level will likely make the program more accessible to a broader range of partners.
4. **Adjustments in Priority Points:** The 2023 NoFO adjusted the priority points allocation in the evaluation criteria, with a decrease in points for partner contributions and the removal of priority points for innovation. Instead, there was an increased emphasis on impact, which now counts for 50 points. Partner Contributions and Partnerships and Management are allocated 15 and 35 points, respectively. This change signals a shift in focus toward the tangible outcomes and collaborative management of conservation projects, as well as general streamlining.
5. **Advance Funding for AFA Projects:** A significant flexibility introduced in the 2023 NoFO is the provision for AFA project funds to be provided to partners in advance. This upfront funding could help alleviate financial pressures on partners, especially in the initial stages of project implementation. Even though the NoFO included this provision, it's unclear if and when NRCS will make advances available because all payments are currently processed manually.
6. **Removal of Reserved TA Funding:** The 2023 NoFO removed the Technical Assistance (TA) funding previously reserved by NRCS for project management. In prior years, projects were required to allocate at least 5% of their award back to NRCS for inherently governmental functions of managing the project; In 2023, NRCS modified its approach and now provides RCPP project management funding to its State offices off the top of each year's available program funding. While this shift has no impact on the total amount of funding available, it reduces complexity for partners and streamlines the process.
7. **More Flexibility in TA Limits:** Standard RCPP project funding allocates 25% of a proposal request to technical assistance (TA), the funding that goes to activities supporting implementation at the field or project level. Historically, NRCS has further enforced TA limits. No more than 7% of overall project funding could be used for project-level Enhancement TA activities such as project management and producer outreach. The remaining 18% was reserved for field- or farm-level Implementation TA activities. The 2023 NoFO removed these limits and allows for higher levels of Enhancement TA if a project warrants it. This change reduces complexity so partners do not have to specifically request a waiver.

8. **Enhanced Coordination with NRCS State Staff:** The 2023 NoFO emphasized the need for potential applicants to discuss proposal ideas with relevant NRCS state RCPP staff at least four weeks before the proposal deadline. This emphasis on coordination aims to align projects with local and state conservation priorities, as well as NRCS's existing capacity and processes.
9. **Increased Easement Funding for Historically Underserved Landowners:** The NoFO increased the funding cap for entity-held easements from 50% to 75% of the easement's value, but only if the easement involves a Historically Underserved (HU) producer and includes a government right of enforcement. This change could incentivize more easements involving HU producers by making such projects more attractive and financially viable for entities.
10. **Additional Flexibility for Easements:** The NoFO introduced more flexibility in easement terms by allowing partners to use existing U.S.-held Wetland Reserve Easement (WRE) and Healthy Forest Reserve Program (HFRP) deed templates, along with entity-held Agricultural Conservation Easement Program-Agricultural Land Easement (ACEP-ALE) deed terms. While these existing deed templates and terms must be adjusted with RCPP-specific language, this new flexibility allows partners with already approved deed templates and terms to more easily participate in RCPP easements projects.

These program improvements seem to have had the desired effect of increasing demand and interest in the program. 163 proposals were submitted, second only to 2019 (185 proposals) under the 2018 Farm Bill. This positive applicant response enabled the agency to push forward \$500 million in FY 24 IRA funding and award a billion dollars to a slate of 81 selected projects. The mean 2023 award size, around \$13 million, indicates that partners were attracted to the higher award cap. But NRCS's changes clearly also made it easier for under-resourced applicants to participate. In addition to some coming in well above, submitted proposals came in with contribution ratios well below the 1:1 ratio, and at least one proposal was offered an award even though its partner contributions only totaled a tenth of the RCPP funding request.



Opportunities for further improvements

While the 2023 RCPP competition represented a step forward with program improvements, the agency could take additional steps in the next NoFO, slated for posting in early 2024. NRCS has already identified some future improvements it would like to make, many of which require technological or training changes. This additional, non-exhaustive list of recommendations specifically for the next NoFO spans three major categories that could make the program work even better.

Clarity

Without directly making policy changes, NRCS staff could reduce friction and streamline contracting by providing more clear definitions for certain terminology. For instance, greater written delineation of what are and are not “administrative expenses” would help partners better understand what they can be reimbursed for. While the NoFO does have a short section on this, there have been edge cases that could use further clarity, such as is provided in the “Potentially Eligible Partner Contributions” table, along with a contrasting table to show what is ineligible. However, this would be most effective if paired with allowing partners to self-certify that their requests do not include any administrative expenses, while preserving their audit-level documentation. This would take the burden of scrutinizing payment requests off NRCS staff but is only possible once everyone has a totally clear understanding of the terminology.

Performance-based payments and outcomes-based conservation are referenced repeatedly in RCPP statute and rules as program priorities but are relatively absent from this NoFO. Because this method has been used only sparingly by RCPP partners, a dedicated section explaining this concept would be highly valuable to state coordinators who have likely otherwise not used this method before. That should include a definition of “performance-based payments,” more information on how to meet the “credible” standard for performance-based payments that was established in the 2022 NoFO, and suggested options for quantifying performance. This is particularly important because moving towards an outcomes-based approach to conservation via AFAs can reach producers that would not otherwise participate, guarantee cost effective results, and encourage innovation.

Speed

IRA funds by statute must be fully expended by September 2031, so speed of implementation should (and seems to) be a priority of NRCS. One way to do that is by saying explicitly in the “Partnerships and Management” section of the proposal criteria that projects will receive additional priority if they have not just a reasonable timeline but a fast timeline on which they can execute. Also in that section, there could be a question to ascertain that the partnership is already existing and just needs RCPP to scale up; these kinds of projects are more likely to hit the ground running and quickly deliver results.

In line with this understanding, NRCS could put aside some of the funds for renewals of existing projects. While this would help spend funds, it doesn't really incentivize partners to get funds out as fast as possible. To do that, NRCS should explicitly state that it's dedicating a portion of funds announced in the next NoFO for projects that spend at least 90% of their FA within the first three or fewer years. Such projects, upon reaching the 90% obligation milestone, would be eligible to receive additional funding without having to apply nor develop a new PPA (the existing one could simply be amended). Not only would this speed up processes for the highest performing projects, but it would also encourage other projects to try to meet this goal.

Additionally, there may be some changes NRCS could make to multi-state projects that encourage greater deference by partner states to the lead state, which would streamline decision-making and expedite agreement execution and project implementation.

Flexibility

RCPP's flexibility is one of its greatest strengths and something that NRCS should continue to expand as it gets the program's core functions operating more efficiently. Much of this will happen for AFAs. As partners create more in-office innovations with AFAs, NRCS will be able to keep updating the NoFO to relay that those options are permissible. For instance, more flexibilities will likely be necessary as pay for performance projects become more common, especially in emerging environmental markets like biodiversity.

While NRCS did a great job breaking down the barriers between TA-E and TA-I in this NoFO, more can be done to allow the real costs of RCPP implementation to be borne without worrying too much about what category they have to fit in. For instance, the next NoFO could clearly allow easement due-diligence (such as appraisals, surveys, and hazardous materials search) to be paid for with TA. While historically, NRCS has opposed efforts to allow technical assistance funding to cover entities' due diligence responsibilities for the ACEP-Agriculture Lands Easement program, RCPP is unique and has TA funds already included in each project. Entity-held easement programs typically have limited TA activities so there would be funding available to cover due diligence activities. In addition, this would serve as a welcomed "carrot" for the easement community at a time when NRCS needs all of the quality RCPP proposals it can get.

The idea of providing advance payments to partners is an attractive flexibility, but it's contingent upon the ability of the portal to enable automatic, non-manual payments. Currently, the reimbursement process involves state coordinators manually completing payment checklist forms, which are then sent to the business center for review and eventual payment processing. Automating more of this process would make it easier for there to be more flexibilities, like providing advances. But this is outside the scope of the NoFO.

Conclusion

NRCS has already made significant strides towards improving RCPP, which are especially crucial given its influx of IRA funding. Key changes in the most recent NoFO, such as increased award caps, dedicated funds for tribal projects, reduced partner contributions, and enhanced flexibility in technical assistance allocations, represent a progressive shift towards a more inclusive, impactful, and streamlined program. These modifications have already resulted in heightened interest and participation, as evidenced by the substantial number of under the 2023 NoFO. However, as IRA funding continues to ramp up, NRCS faces the ongoing challenge of maintaining this momentum. To ensure the long-term success and impact of RCPP, it is imperative that NRCS continue making improvements to the program through its funding announcements, particularly focusing on clarity of terms, acceleration of project timelines, and greater flexibility for a variety of projects. These improvements, if effectively executed, will not only facilitate the rapid deployment of IRA funds but also solidify RCPP's role as the pivotal mechanism for advancing innovative conservation strategies that address critical environmental challenges at scale.



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