



Soil and Water Outcomes Fund Transparency

Last Updated: June 30, 2022

Transparency is one of the core operating tenets of the Soil and Water Outcomes Fund. We are committed to sharing details about the structure of our program to advance trust in agricultural climate and ecosystem services markets and to help growers and outcome buyers more clearly understand our operations and the market in general.

As part of this commitment, we are publishing key elements of the Soil and Water Outcomes Fund program structure in this SWOF Original and will keep our website up-to-date with transparency information.

The Soil and Water Outcomes Fund also endorses the [principles of transparency developed by the Keystone Policy Center Agricultural Climate Markets Collaborative](#) as best practices for program developers.

As our Managing Director Adam Kiel said at the release of the of the Keystone principles of transparency: *“Global demand for climate action has increasingly focused on the potential of agriculture to be a part of the solution. Many actors have emerged in the space to realize this value for growers who implement practices that increase soil carbon storage and reduce greenhouse gas emissions, among other ecosystem services. The variety of such offerings has resulted in a need for transparency in order for growers to make informed choices. These principles for transparency are a step towards this much-needed clarity, a step that the industry has taken together to speed climate action on farms.”*

Soil and Water Outcomes Fund Program Structure Details

- **Eligibility:** The Soil and Water Outcomes Fund (SWOF) operates in select areas of the United States. Specific enrollment areas and statuses can be found on the [SWOF website](#). Eligible land includes croplands, including row crops, hay, and pasture. Eligible entities include farmers and landowners who have decision making power over the farming practices implemented on enrolled fields. Common practices generating environmental outcomes include in-field practices such as reduced or no-till, fertilizer management, cover crops, crop rotations, and conversion to perennial cover.
- **Contract obligations:** The SWOF provides a [summary of farmer contract terms on our website](#). The contract term is annual and expires on June 1.
- **Asset types:** Via a contract with farmer participants, the SWOF procures the following assets:
 - o Total Nitrogen (TN) improvements in water quality measured in pounds
 - o Total Phosphorus (TP) improvements in water quality measured in pounds
 - o Nitrous Oxide reductions measured in metric tons of CO₂e
 - o Soil Carbon Sequestration measured in metric tons of CO₂e
 - o Emissions Reductions measured in metric tons of CO₂e

CO₂e outcomes procured from participants are transferred to SWOF partner customers and used as inset credits.



Water quality outcomes procured from participants are used by SWOF partner customers to augment practice-based conservation programs. Water quality outcomes are used by some municipalities to improve water quality in their watersheds. In some instances, municipalities who procure water quality outcomes from SWOF receive benefits related to their water quality permits.

- **Standards:** The outcomes generated through the SWOF are not currently being tracked via a third-party registry nor does SWOF follow a third-party protocol. The SWOF has protocols, standard operating procedures, and an internal registry. All outcomes procured from farmer participants are being transacted to SWOF partner customers via purchase agreements which define the means by which the outcomes are produced, quantified, tracked, and transacted.
- **Models, data requirements and uncertainty:** The SWOF requires at least 3 years, or a full rotation (whichever is longer) of baseline field operational data as well as a full rotation of proposed future operational data. Operational data includes tillage, planting, fertilizer, harvest, cover crops and irrigation. Additional data requirements include field boundaries, soil tests (optional), and drainage tile. The water quality outcomes are quantified using the Nutrient Tracking Tool. Maximum TN and TP reduction caps are applied to the results to account for outliers and uncertainty. Nitrous oxide reductions and soil carbon sequestration are calculated using the Soil Metric Greenhouse Gas Inventory Tool (GGIT) a commercial access point to COMET-Farm model. The SWOF applies a 10% buffer to all CO₂e outcomes. 10% of fields are selected for both water and soil carbon sampling. All fields are visited annually to ensure contract compliance. All quantification, verification, and sampling expenses are covered by the SWOF.
- **Ownership of credits:** All ecosystem service credits purchased from farmer participants are backed by purchase agreements between the SWOF and partner customers. Meaning, if farmer participants follow through with their contract, yearly payments will be made. The SWOF offers a combined ecosystem service payment for all the benefits produced. The exact amount of payment is calibrated to the outcomes produced. Current partner customers of the SWOF are all listed on the SWOF website.
- **Grower financial obligations and payments:** There are no fees, membership requirements, customer requirements, or other participation requirements. All costs of program administration are built into the agreements and pricing with outcome partners. There are multiple outcome variables determining the payment amount. Here is an *example using hypothetical outcomes*:
 - o 15 pounds of TN improvement in water quality
 - o 1 pound of TP improvement in water quality
 - o 0.75 CO₂e reductions and removals
 - o \$31 average payment per acre in 2021

Two payments are made to farmer participants during the contract term. An initial payment is made to participants at the time of contract signing. The remaining payment is made after annual verification is completed, around May 15. Payment is made via check or direct deposit.

- **Data ownership and privacy provisions:** SWOF believes growers are the owner of the Data that originates from their farms, devices, and equipment. The [SWOF data ownership and privacy policy](#) is available on our website to enable growers to review the full details.



- **Contractual noncompliance:** If the farmer participant fails to comply with the terms of the contract, the contract may be terminated, and future payments may be canceled. The Soil and Water Outcomes Fund reserves the right to request repayment from the farmer participant for failure to comply with terms of the contract. If repayment is requested, payment must be made within 30 days.
- **Acts of God:** The farmer participant contract contains a force majeure clause in which neither party shall be held liable due to Acts of God and other listed occurrences that delay or prevent the contract terms from being implemented.
- **Program developer disclosure:** There are no fees, membership requirements, customer requirements, or other participation requirements for farmers. Farmer participants are not required to sell commodities or other goods or services to SWOF. There will be instances where a farmer participant must produce a crop within a SWOF enrollment area to participate, in those cases the enrollment requirements will be made clear to all potential enrollees.

If you have questions about this document or other SWOF transparency practices, please [contact us via our online form](#) or contactus@theoutcomesfund.com.