

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

DEPARTMENTAL REGULATION		Number: 5600-003
SUBJECT: USDA Roles in Market-Based Environmental Stewardship	DATE: December 20, 2006	
	OPI: Natural Resources Conservation Service	

1 PURPOSE

This regulation sets forth the policy of the United States Department of Agriculture (USDA) with regard to actions that enable the application of scientifically sound market based environmental stewardship approaches to improve environmental quality at a lower cost to society and to establish a departmental coordination council to facilitate activities necessary to implement this policy.

2 SPECIAL INSTRUCTIONS/CANCELLATIONS

This Departmental Regulation will be in effect until superseded.

3 BACKGROUND

Market-based environmental stewardship approaches provide market participants flexibility to undertake actions that have the lowest cost. Many market-based approaches have been shown to result in more cost-effective achievement of natural resource conservation and environmental goals compared to traditional regulatory approaches and to accelerate the rate of environmental improvements. Market-based approaches and voluntary reporting registries may include many environmental factors including greenhouse gases, water, air, wetlands, and wildlife habitat. Mechanisms may include credit trading, insurance, mitigation banking, competitive offer-based auctioning, and eco-labeling.

4 POLICY

The U.S. Department of Agriculture (USDA) seeks to broaden the use of private sector markets for environmental goods and services through emerging voluntary market mechanisms such as environmental credit trading and voluntary reporting registries. USDA believes market-based environmental stewardship can encourage competition, spur innovation, and achieve environmental benefits, while helping USDA constituents comply with environmental regulations.

Effective private sector markets require consistent, well-defined, and quantifiable environmental goods and services. USDA actions should help to enable the application of scientifically sound market-based environmental stewardship approaches to improve environmental quality at a lower cost to society. This includes developing and evaluating tools and methods to encourage participation. Given this, USDA managers are encouraged to employ flexibility when addressing specific goals and objectives that can facilitate USDA constituents' participation in private sector environmental market initiatives. Accordingly, it is the policy of USDA to:

- a Cooperate with other Federal departments, as well as Tribal, State, and Local government and nongovernmental organizations in:
 - (1) Establishing a role for agriculture and forestry in providing environmental offsets and enhancements; and
 - (2) Developing accounting practices and procedures for quantifying environmental goods and services.
- b Facilitate consistent, efficient, and effective agency level policies, programs, and activities to enable USDA constituents and partners to take advantage and promote awareness of environmental stewardship markets.
- c Promote use of environmental credit trading and voluntary reporting registries, as well as other environmental market-based stewardship approaches, to help fulfill USDA natural resource conservation missions and improve environmental quality within the scope of agency authorities.
- d Develop, test, and evaluate innovative tools and methods, including those for identifying and quantifying environmental impacts, which support market-based environmental stewardship.
- e Encourage and conduct research and technology development to assess and improve the understanding and management of natural resources and conservation practices, and systems, and to ensure that policy and programs have a firm scientific basis.
- f Conduct outreach, education, technology transfer, and partnership building activities with USDA constituents and others, using long established and proven institutional arrangements, as well as establishing new innovative partnerships to enlist the involvement of interested USDA constituents and others in market-based environmental stewardship.
- g Foster knowledge within USDA agencies of environmental stewardship markets.

This policy does not create any right or benefit, or trust responsibility, substantive or procedural, enforceable by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person. This policy does not alter or amend any requirement under statute, regulation, or Executive Order. This policy applies only to USDA

agencies and programs and does not affect State, Local or Tribal laws, procedures, or regulations.

5 USDA MARKET-BASED ENVIRONMENTAL STEWARDSHIP COORDINATION COUNCIL

This policy hereby establishes the USDA Market-Based Environmental Stewardship Coordination Council. The Council will be chaired by the Under Secretary for Natural Resources and Environment. Membership will be comprised of the Under Secretary for Research, Education, and Economics; Under Secretary for Farm and Foreign Agricultural Services; Under Secretary for Rural Development; the Chief Economist; the General Counsel; and other officers as may be deemed appropriate by the Council. The Council will facilitate Departmental activities necessary to implement the Department Policy as established by this memorandum. Council members may identify executive level designees.

To carry out the activities identified and approved by the Council, the Council will establish a work group comprised of appropriate agencies and offices that they determine have roles in implementing this policy. The work group may include, but not be limited to, representatives from the following agencies and offices: Agricultural Research Service; Cooperative State Research, Education, and Extension Service; Economic Research Service; Forest Service; Farm Service Agency; Natural Resources Conservation Service; Office of the Chief Economist; and, Office of General Counsel. The work group will report to leadership within these agencies and offices respectively, as identified by the Council, and this leadership group will report to the Council.

The member Mission Areas, Offices, and Agencies of the Council are to contribute personnel, administrative, and programmatic resources as needed, and determined by them consistent with their delegated authorities and appropriations, to carry out these duties.

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