

Feedback on Future Drought Fund Future Drought Fund Investment Strategy 2024 to 2028

Professor David Lindenmayer and Michelle Young

Sustainable Farms, Fenner School of Environment and Society,

The Australian National University

Canberra, ACT, 2601

We have anchored the Sustainable Farms project, at the Fenner School of Environment and Society at The Australian National University. The Sustainable Farms project is a multi-disciplinary initiative. The project's work spans key topics in the environmental, financial and social research, monitoring and outreach arenas of agricultural Australia. Our comments on the Future Drought Fund Investment Strategy 2024 to 2028 relate to key areas of concern with the structure of the program and how it might be improved. They are based on our perspectives from 25 years of work on farms in south-eastern Australia (across 8.2 million hectares). One of the aims of that work was to develop a body of robust scientific evidence for guiding farmland biodiversity conservation and informing evidence-based management interventions for enhancing environmental condition and improving financial outcomes.

A major concern from our perspective is that while the proposed investment strategy acknowledges the need for investment in natural capital in agricultural landscapes, it falls far short of ensuring that the fund will invest and achieve environmental outcomes. We have the following suggestions to bolster the investment strategy in the natural capital of our agricultural landscapes.

- **Dedicated Funding Allocations:** Specify clear and dedicated funding allocations for each of the three strategic objectives within the investment fund. Allocate a proportion or specific amount explicitly directed towards improving environmental outcomes and enhancing natural capital. Whether it's a percentage or a fixed amount, having a defined allocation will assist with prioritising and measuring progress towards these objectives.
- **Comprehensive Coverage of Natural Capital:** Explicitly mention in the strategy that the improvement of natural capital encompasses all its forms, including biodiversity. Acknowledge the essential role that diverse ecosystem, encompassing plants, animals, and microorganisms, play in sustaining agricultural productivity.
- **Place-based action partnerships:** Emphasize collaboration with stakeholders who specialize in biodiversity conservation and sustainable agricultural practices to enrich and validate the strategy.
- **Measurable Targets:** Incorporate measurable targets for environmental outcomes within the strategy. These could include metrics related to biodiversity conservation, on-farm water management, or ecosystem restoration. Regular reporting on progress against targets for natural asset management will enhance accountability and transparency.

Parts of the funding regime in the Future Drought Fund was designed to support the gathering of an evidence base to support evidence-based management and evidence-based policy. This included funding to support long-term trials. This is an important objective, given the paucity of credible long-term datasets in the agricultural sector in Australia (especially on biodiversity and environmental condition). Yet, many of the funding outcomes did not appear to actually support

projects with either a robust approach to long-term data collection or projects with a past record of such data collection and associated robust scientific reporting. This would likely compromise the ability of the FDF to claim they have delivered on some of their program objectives.

We argue that any review of future funding applications (once they are submitted) needs to determine whether there is a strong record of scientific excellence and, in turn, the capacity of a project proposal to actually deliver long-term insights, long-term data and robust evidence-based advice of value in a drought resilience capacity.

This could be achieved by adding ‘Scientific Robustness’ as an additional ‘Core Concept’ in the Future Drought Fund Investment Strategy, which could require:

- **Evaluation Criteria:** Develop stringent evaluation criteria for funding applications that prioritize scientific excellence and a track record of successful long-term data collection and reporting. This might involve pre-screening applications based on the proposed methodology and the scientific rigor demonstrated by the applicants.
- **Guidelines for Expert Review Panels.** Include scientists and researchers experienced in long-term data collection and analysis. Their expertise can help assess the feasibility and potential of proposed projects to generate valuable long-term insights.
- **Encouraging Collaboration and Prior Experience:** Encourage collaborative efforts between organizations with a proven history of successful long-term data collection and newer applicants to enhance knowledge transfer and ensure the quality of data collection

We believe that the FDF needs to examine the concept of resilience in the way that funding is granted. That is, to engage in a considered and structured risk-spreading approach in funding. We would urge the FDF to rethink the way to impact in investing, much in the way that some of the nation’s and the world’s leading philanthropic organizations have done. This may include a mix of “safe” outcomes and some “blue sky” initiatives (some of which may fail). Highly successful past R+D Corporations such as Land and Water Australia employed this strategy in their funding. It is notable from our own experience in scientific impact, that major discoveries (such as in farm dams and water management and also in wildfire research) – have not come from large organizations. Rather they have come from smaller, and often more innovative and more creative entities.

Given the long-term funding model the Future Drought Fund Investment Strategy could introduce funding portfolio model that specifically includes a mix of established methods with predictable outcomes and innovative, high-risk-high-reward initiatives. This could also be paired with an evaluation framework to track the effectiveness and impact of funded initiatives across various risk profiles. This would help in refining future investment strategies, and provide the opportunity to learn from unsuccessful projects to refine future investment strategies.