# Australian Government Drought Plan Consultation draft









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#### Acknowledgements

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#### Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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# Introduction

Australia is the driest inhabited continent, and drought is a recurring feature of our landscape. The effects of climate change are increasingly felt by the agricultural sector and across regional Australia. Australian farmers must continue to focus on drought management and innovative ways to respond to the challenges of a changing climate.

The Australian Government's approach to drought is built around a 3-stage cycle: preparing, responding and recovering. We are one of many stakeholders who have a role across the drought cycle. This plan details our role in supporting farming businesses and communities to prepare for, manage through and recover from drought.

## **Purpose**

The purpose of this plan is to:

- explain the Australian Government's drought policy
- provide greater transparency about government drought decision-making
- specify key drought-related programs that support farming businesses and communities across the drought cycle
- · show how governments and stakeholders can work together on drought-related issues
- explain the monitoring, evaluation and learning arrangements for drought policy
- show how drought policy links to other government policies.

## Scope

This plan covers the period from 2024 to 2028. It is focused on farming businesses and communities, who are most affected by drought. It identifies Australian Government drought programs available to farming businesses and communities across the drought cycle and describes how they fit within our plan for drought. This plan also recognises the wide-ranging impacts of drought and provides an overview of linked policy issues.

The plan has been developed in parallel with the *National Drought Agreement 2024 to 2029*, the Future Drought Fund *Drought Resilience Funding Plan 2024 to 2028* and the Future Drought Fund *Investment Strategy 2024 to 2028* (in development). Together, these 4 documents demonstrate our proactive approach to drought.

#### **National Drought Agreement**

State and territory governments also provide a range of programs, services and tools to farming businesses and communities. The <u>National Drought Agreement 2024 to 2029</u> is an intergovernmental agreement between the Australian, state and territory governments. It provides a framework for nationally coordinated and complementary drought policy and programs. It also describes the roles and responsibilities of all jurisdictions. This plan outlines the programs and activities that deliver on the Australian Government's responsibilities under the agreement.

#### **Future Drought Fund**

This plan provides a high-level description of the programs and activities delivered through the <u>Future Drought Fund</u>. The Future Drought Fund helps Australian farmers and communities prepare for the effects of drought, allowing them to better manage through drought when it hits and bounce back better when conditions improve. The Future Drought Fund provides \$100 million each year for drought resilience initiatives and investments.

The Future Drought Fund *Drought Resilience Funding Plan 2024 to 2028* outlines the high-level vision, aim and strategic objectives of the Future Drought Fund. It also sets out principles that guide funding decisions. These principles apply to the mix of Future Drought Fund programs at a whole-of-fund level, and each arrangement and grant made to a person or body.

The Future Drought Fund *Investment Strategy for 2024 to 2028* will provide information about the operation of the Future Drought Fund and proposed priority areas of investment over its 4-year funding cycle. The investment strategy is intended to help stakeholders understand the nature and timing of investment opportunities and plan their engagement accordingly.

# **Development process**

This plan has been informed by several streams of consultation and engagement.

In May 2023, we released a review of the 2019 Australian Government Drought Response, Resilience and Preparedness Plan. As part of the review, we consulted 108 stakeholders related to agriculture and regional Australia. The review made 18 recommendations, which informed this plan.

In September 2023, we held the National Drought Forum in partnership with the National Farmers' Federation. The forum featured panel discussions and workshops on building the financial resilience of farmers, improving community engagement, supporting better decision-making by stakeholders and improving information flows. The findings of these sessions informed this plan.

The Department of Agriculture, Fisheries and Forestry is engaging with stakeholders to seek their views on this consultation draft and to inform the final version of the plan, which will be released in late 2024. This engagement will include meetings with stakeholders and opportunities for written submissions and stakeholder surveys.

It is important that we learn from previous approaches to drought. This draft plan has also drawn on past reviews and inquires related to drought response, including the:

- 2019 Coordinator-General for Drought's advice on a Strategy for Drought Preparedness and Resilience
- 2020 National Drought and North Queensland Flood Response and Recovery Agency Review of Australian Government Drought Response
- 2021 Senate Rural and Regional Affairs and Transport References Committee <u>Inquiry into the Federal Government's</u> response to the drought, and the adequacy and appropriateness of policies and measures to support farmers, regional communities and the Australian economy
- 2023 Productivity Commission Review of Part 3 of the Future Drought Fund Act.



# Forward-looking drought policy

# Why drought policy is needed

Agriculture has traditionally underpinned Australia's regional economies and remains important for both regional and national prosperity. In 2021–22, the sector accounted for 11.6% of Australian goods and services exports (ABARES 2023a), and 81% of its workforce lived in regional areas (ABARES 2023b). Agriculture also has linkages through the supply chain and interdependence with other sectors of the economy.

Farm performance depends on many factors, including weather conditions. Drought is a key risk for Australia's farming businesses because it can lead to sharp reductions in agricultural output, productivity and incomes. Drought can also have significant negative effects on the physical and mental health of farmers and the wellbeing of their families and communities.

# Learning from the past

The Australian Government's approach to drought policy has evolved to reflect learnings from past responses. Previous policy responses included attempts to 'drought-proof' agriculture, treating drought as a natural disaster and using drought declarations as an automatic trigger for support.

#### Drought is not a natural disaster

In 1971, our approach shifted from trying to drought-proof agriculture to recognising drought as a natural disaster. This allowed affected people to be helped through joint Commonwealth—state Natural Disaster Relief and Recovery Arrangements. In 1989, drought was removed from these natural disaster arrangements following a review which found that it was poorly targeted, distorted farm input prices, and worked as a disincentive for farmers to prepare for drought.

Drought and natural disasters require different responses. Natural disasters, like floods or fires, are caused by fast-onset, short-duration events that are hard to predict with certainty. They cause large-scale damage to infrastructure and present an immediate threat to human life. Governments generally respond to natural disasters by providing urgent financial assistance to affected communities. Droughts are severe weather events but are slower in their onset, easier to predict and their effects are generally more gradual. These differences provide rationale for our drought policy approach being focused on building resilience and enabling farmers to be prepared.

## We do not make drought declarations

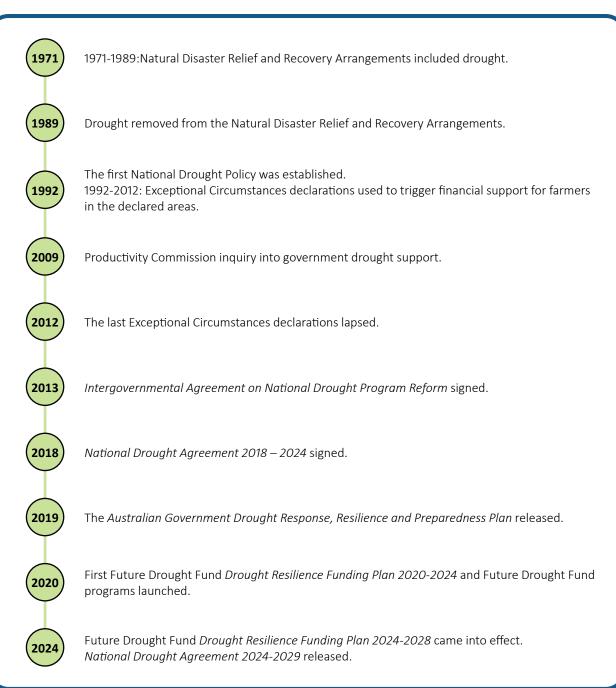
In 1992, the Australian Government introduced a number of financial assistance programs to be rolled out within declared Exceptional Circumstances areas during drought. Drought declarations were made based on criteria, such as the severity of conditions, and triggered financial support for those in the Exceptional Circumstances area.

These arrangements were shown to be inequitable, particularly because eligibility was determined by lines on a map. This meant farmers who were experiencing the same drought circumstances as their neighbours but were located on the other side of a boundary line were not able to access support. Past reviews, including the 2009 Productivity Commission inquiry into government drought support, also found that Exceptional Circumstances declarations and related drought-assistance programs did not help farmers improve their self-reliance, preparedness and climate-change management. These arrangements were the primary mechanism for supporting farmers until 2012 when the last Exceptional Circumstances declaration lapsed. The Australian Government has not made drought declarations since that time.

## **Drought program reform**

In May 2013, the Australian, state and territory primary industries ministers made an *Intergovernmental Agreement on National Drought Program Reform*. This agreement outlined the roles and responsibilities for implementing the new approach to drought planning, resilience and response. It recognised that farm businesses need to prepare for drought, rather than rely on governments' response as an exceptional circumstance. This approach has continued in successive intergovernmental agreements on drought.





# **Current drought policy**

Today, drought policy seeks to build the drought resilience of farmers by enabling preparedness, risk management and financial self-reliance, while at the same time ensuring an appropriate safety net is always available to those experiencing hardship. This approach recognises there can be times when even the most prepared and resilient may need support. Past approaches have demonstrated that this safety net should not be triggered by localised drought declarations, and must not disincentivise preparedness or undermine the efficiency or growth prospects of the agricultural sector.

This policy approach acknowledges that farming is a business, and drought is one of many business risks that should be planned for and managed. It reflects that farmers are responsible for making decisions about how to manage their businesses across the drought cycle.

Climate models predict changes in future rainfall patterns and more severe droughts (ABARES 2022). Focusing drought policy on building resilience through enabling preparedness, risk management and financial self-reliance is key to the agricultural sector adapting to climate change.

Drought is not just an issue for farmers and their communities to deal with. Governments, industry groups, financial and professional services sectors, research organisations, charities and not-for-profit sector also have a role across the drought cycle. Drought policy must reflect the importance of stakeholders working together to address the challenges of drought and our changing climate.

Drought policy should acknowledge First Nations peoples unceded connection to land, sea and community. First Nations peoples have a deep understanding of the land, and their traditional knowledge can contribute to building drought resilience. Our drought policy commits to working in partnership with First Nations stakeholders to identify opportunities they envision for themselves in drought policy and empowering First Nations economic self-determination across Australia's agricultural industries by supporting and facilitating these opportunities.

Drought policy and programs must also evolve and improve to ensure government support remains appropriate and meets the needs of stakeholders. This includes considering the approach to drought policy in the context of a changing climate.

To implement our current policy approach, we are committed to delivering against 4 pillars:



# **Evidence-based** decision-making

Focuses on information and tools to support informed decision-making by farming businesses and communities.

Aims to provide transparency about how the government makes decisions about drought policy and associated programs, including when responding to drought.



# Strategic drought support

Sets expectations about what the government will and will not do across the drought cycle.

Explains the government's approach for providing support that promotes preparedness, addresses hardship and avoids unintended consequences.



# Working together

Establishes structures to help us work together to achieve better outcomes for farming businesses and communities.

Recognises that many stakeholders have a role across the drought cycle, and a shared effort is needed to meet the challenges of a changing climate.



# Learning and improving

Focuses on ensuring drought policy and programs are fit for purpose, incorporate learnings from past experience and consider the changing needs of farming businesses and communities.

Reflects the need for the government's approach to drought to evolve as the climate changes.

# Pillar 1 Evidence-based decision-making

Access to planning information and tools is crucial for making informed decisions about drought and climate risks, and for taking proactive steps to manage drought. A range of information sources are available to assist decision-making.

## Information to support decision-making

The Australian Government is investing in tools that help farming businesses, communities and other stakeholders understand and assess their weather, drought and climate risks.

### Weather information and climate forecasting

Australia's climate can vary greatly from one year to the next. The influences on our climate and their impacts differ and depend on the region and time of year. The Bureau of Meteorology provides high quality forecasts and information to assist farming businesses, communities and government to plan. This information supports short-term operational decisions and long-term tactical decisions and is available through:

- short-term forecasts that provide location specific temperatures and rainfall ranges for the next few days
- now casts that provide current information about rainfall at specific locations
- seasonal forecasts that outline forecasts and climate influences for the next 2 weeks to 3 months.

The Bureau of Meteorology also provides information about past weather, which is also helpful in decision-making. This information includes:

- a monthly drought statement that describes recent rainfall compared to historical records and the effect on soil
  moisture and water resources
- a <u>weekly rainfall update</u> that discusses rainfall for the past week and the effect on areas experiencing a rainfall deficiency.

The Bureau of Meteorology toolbox training course is available on the Bureau's learning platform. This course has been developed in partnership with industry to support the agriculture sector and explores the weather forecasting process along with how to identify and use the Bureau's weather tools to accurately inform on-farm decision-making. The course was developed together with the grains, rice and cotton sectors but is appropriate for any farmer. A series of decision support videos targeted to the grains, sugar and rice sectors can also be viewed on the <a href="Bureau's YouTube">Bureau's YouTube</a> channel.

The Bureau of Meteorology has also completed initial research that could support the development of fit-for-purpose daily weather forecasts that extend beyond 7 days, managing the transition between the short-term 7-day weather forecast and the long-range forecast. The Bureau of Meteorology continue to pursue opportunities to progress research, provide services and develop products that will add value to the agricultural sector.

#### **Australian Agricultural Drought Indicators**

The Australian Agricultural Drought Indicators Project is assisting the Australian Government to plan by improving our understanding of how drought affects the agricultural sector. It is being delivered by ABARES in partnership with CSIRO. It combines weather data and forecasts with agricultural modelling to indicate the impacts on pasture growth, crop yields, soil moisture and farm profits. The Australian Government is using this tool to better understand areas that are being most exposed to drought impacts. However, this tool does not declare regions as being in drought or provide a trigger that activates the provision of support.

#### **Climate Services for Agriculture program**

The national <u>Climate Services for Agriculture</u> program, funded by the Future Drought Fund, provides a free online climate information digital platform called <u>My Climate View</u>. This platform is delivered in partnership between the Bureau of Meteorology and CSIRO to provide accessible climate information to help farming businesses and communities understand the implications of climate change. It combines historical data, seasonal forecasts and future climate projections to give farming businesses and land managers climate information for their local area and commodity to help them better prepare for climate risks. The platform will continue to be improved through co-design with end users, by exploring opportunities to integrate new data sets and information where appropriate; including the Drought Resilience Self-Assessment Tool, ABARES' financial forecast data and First Nations knowledge.

# Helping farming businesses and communities to plan

We are providing farming businesses and communities opportunities to develop the skills they need to plan for and mitigate weather and climate risks.

The Future Drought Fund is investing in 2 programs, Farm Business Resilience and Regional Drought Resilience Planning, to improve the capacity of farming businesses and support regional communities to make decisions that better manage climate risks including drought.

The <u>Farm Business Resilience Program</u> is delivered with state and territory governments. It provides farmers, farm managers and employees with access to subsidised learning and development opportunities in strategic business management, farm risk management and decision-making, natural resource management, and personal and social resilience. The program will include and integrate the Drought Resilience Scholarships initiative, which provides scholars with the opportunity to travel overseas to study drought resilience topics and learn from international leaders in the field – enabling them to better prepare themselves and their communities for drying conditions. Scholars are encouraged to share their knowledge to lift capability in others.

The Australian Government is also working with state and territory governments to deliver the next phase of the Regional Drought Resilience Planning program. Implementation funding will be provided for eligible activities in approved regional drought resilience plans. Regions will be supported to govern and improve their plans and, agricultural regions which don't have plans in place will have an opportunity to develop one. The regional plans developed under this initiative:

- are owned and led by communities, involving local governments, regional organisations, the agricultural sector and local Drought Resilience Adoption and Innovation Hubs
- identify evidence-based actions to prepare for drought
- · build on existing planning
- identify regional needs and priorities to inform future investment.



# **Drought response framework**

The Australian Government is implementing a drought response framework to support its own preparedness, planning and response. The framework will monitor drought conditions and impact to support proactive government decision-making.

The framework draws from the Australian Agricultural Drought Indicators and the Bureau of Meteorology's weather information and forecasts. It also seeks regional and on-ground information through engagement with state and territory governments and other online and on-ground networks (see <u>Information sharing and collaboration</u>).

When drought conditions are developing and intensifying, the framework will consider whether:

- · drought conditions are widespread, severe and forecast to be ongoing
- drought conditions are having a negative impact on farming business outcomes or farming communities, and the extent to which effects are felt across regions or nationally
- farming businesses and communities are drawing on their preparedness and risk-management activities
- recent and concurrent events have affected the capacity of farmers to prepare for drought and are contributing to hardship
- the need and demand for existing measures are high and expected to increase.

When drought conditions are easing, the framework will consider whether:

- drought conditions are no longer severe, widespread and forecast to be ongoing
- improved conditions are leading to sustained improved outcomes for farming businesses and communities.

This approach recognises that each agricultural region and industry is affected by drought differently. It also provides flexibility in decision-making to accommodate the unique nature of each drought.

The Department of Agriculture, Fisheries and Forestry is the primary user of the framework. However, its operation has value to other Australian Government agencies responsible for delivering drought support and services.

Stakeholders have been seeking greater clarity on the government's decision-making during drought. This description of the drought response framework, along with the government's approach to strategic drought support (see <u>Pillar 2</u>), seeks to provide more clarity.



# Pillar 2 Strategic drought support

The Australian Government's drought support is guided by principles that seek to balance our policy objectives of enabling preparedness, risk management and financial self-reliance, with our role in providing an appropriate safety net.

## Principles for strategic drought support

The government provides support that:

- encourages preparedness, risk management and financial self-reliance
- is specific and targeted to identified needs
- where appropriate, is locally led and flexible
- is timely and scalable according to prevailing conditions and other relevant factors
- complements and leverages other support offered by the Australian Government, states and territories, and non-government services
- is consistent with intergovernmental agreements, such as the National Drought Agreement.

The government does not provide support that:

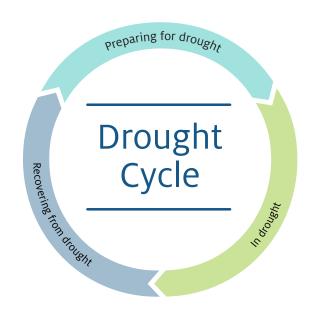
- · undermines the efficiency or growth prospects of the agricultural sector
- disincentivises preparedness
- is unable to demonstrate sufficient public benefits
- undermines Australia's trade law obligations or policy position with respect to tariffs, subsidies and other non-tariff barriers
- spreads the impacts of drought to areas not in drought
- exacerbates the impacts of drought on other sectors
- is likely to make recovery more challenging
- unnecessarily favours certain commodities over others
- · duplicates other support offered by the Australian Government, states and territories, and non-government services.

# Support across the drought cycle

Farming businesses and communities are skilled at adapting to change. We offer tools to help them manage risk in a way that best suits their needs. This plan separates those tools into 3 categories that align with the drought cycle:

- enabling preparedness and risk management
- providing support during drought
- · facilitating recovery.

Learn more about the Australian Government's drought programs.





#### Incentives and tools for farming businesses

- Farm Management Deposit Scheme
- Income tax averaging and taxation incentives
- Regional Investment Corporation concessional loans
- Future Drought Fund programs

#### **Encouraging natural resource management**

- Climate-Smart Agriculture Program Regional Soil Coordinators and Sustainable Agriculture Facilitators
- Resilient Landscapes Program

#### Promoting innovation and adoption

- Drought Resilience, Adoption and Innovation Hubs
- Rural Research and Development Corporations
- Scaling Success program
- Innovation Challenges Pilot
- Long-term Trials program
- Climate-Smart Agriculture Program Partnership and Innovation Grants

#### **Enabling preparedness and risk management**

We invest heavily in preparedness and risk-management measures to manage the financial, environmental, health and social challenges associated with drought. This support includes incentives and tools for farming businesses and communities, and programs to promote innovation and adoption.

Greater preparedness, risk management and financial self-reliance has a positive effect on farming businesses and communities. It facilitates improvements in farm performance and community wellbeing and reduces the need for the government to provide reactionary support during drought.

#### Incentives and tools for farming businesses

The incentives and tools we provide to farming businesses include measures aimed at improving their capacity to manage financial fluctuations caused by environmental and market conditions, such as the <a href="Farm Management Deposit Scheme">Farm Management Deposit Scheme</a>. This scheme allows eligible primary producers to set aside pre-tax income during years of good cash flow, which can be drawn upon when needed, including during drought. Primary producers can also access income tax averaging provisions to even out their income and tax payable from year to year.

Preparing for drought can involve investing in on-farm infrastructure. Tax incentives, such as accelerated depreciation arrangements for water and fodder infrastructure and fencing, are available to primary producers. Loans from the Regional Investment Corporation offer concessional interest rates to farming businesses in financial need and these can be used to support on-farm investments in preparing for drought, such as water-efficient infrastructure.

The <u>Future Drought Fund</u> is a significant government investment in building drought preparedness and resilience. Future Drought Fund programs and tools help farming businesses and communities prepare for drought by building resilience through resources, practices and capabilities. Regardless of conditions, these resources and capabilities can be drawn on throughout the drought cycle to prepare for and build resilience to drought. They also contribute to multiple outcomes, including climate resilience, natural resource management, sustainable agriculture and water management. These programs enable farmers, agribusinesses, communities and others to plan ahead and make decisions about how to best manage the risks and impacts of drought and climate change.



#### **Encouraging natural resource management**

Managing natural resources on-farm can support drought resilience. For example, increasing groundcover can improve soil health and its ability to more effectively capture and store water, making it available to pastures during dry times.

The Natural Heritage Trust is the Australian Government's key investment platform for achieving its natural resource management, sustainable agriculture and environmental protection outcomes. Through the Natural Heritage Trust we have established the <u>Climate-Smart Agriculture Program</u>. It is being delivered through a series of investments that focus on increasing the capacity and capability of the agriculture sector to adopt sustainable and climate-smart agriculture practices. The program is enabling extension and facilitation through national networks of Regional Soil Coordinators and Sustainable Agriculture Facilitators. These networks are:

- connecting farmers, landholders, community groups and the agricultural industry to relevant information and programs on climate-smart, sustainable agricultural practices
- coordinating and supporting soil extension services
- facilitating partnerships and connections
- supporting the delivery of sustainable agriculture projects in their region.

We are also supporting environmental resilience outcomes through a range of Future Drought Fund programs, by supporting the development and adoption of drought-resilient farming and land management practices. A key investment by the Future Drought Fund is the <u>Resilient Landscapes program</u>, which will support projects to demonstrate how practices to manage natural resources contribute to building drought and climate resilience at scale, targeting opportunities for long-term transformational change.

Activities to improve soil health can also support on-farm drought resilience. The <u>National Soil Action Plan 2023 to 2028</u> is the first of 4 action plans to be developed under the National Soil Strategy. As part of the plan, Regional Soil Coordinators are working to identify local soil issues and gaps in knowledge and create networks to facilitate collaboration and knowledge sharing. The coordinators help farmers and land managers improve their soil management and increase productivity, profitability and sustainability.

#### Promoting innovation and adoption

The Australian Government undertakes a range of activities to help drive innovation and adoption.

We have invested in 8 <u>Drought Resilience</u>, <u>Adoption and Innovation Hubs</u> to connect farmers with regional agricultural experts, innovation and new practices. Hub activities have been designed in collaboration with farmers to meet local drought resilience needs. Examples include:

- on-farm trials of transformational technologies and practices
- training farmers in the use of decision-support tools
- upskilling farmers in innovation, entrepreneurship and commercialisation.

Australia's <u>Rural Research and Development Corporations</u> have helped drive agricultural innovation since 1989. They allow the Australian Government and primary producers to co-invest in research, development and extension to improve the profitability, productivity, competitiveness and long term sustainability of Australia's primary industries. Rural Research and Development Corporations invest government and levy-payer funds in diverse research development and extension projects, including projects on water efficiency, improved crop varieties and grazing management.

The Future Drought Fund's new <u>Scaling Success</u> program will deliver broader scale change by extending the reach of projects previously funded by the Future Drought Fund that have proved successful in building drought and climate resilience.

The Future Drought Fund will also deliver the new <u>Innovation Challenges Pilot</u>, which will call for innovative solutions to address complex and multi-dimensional challenges, defined by industry experts, which are imposed by drought and climate impacts on a region, industry or sector.

The Future Drought Fund's <u>Long-term Trials program</u> will be extended and expanded to test and generate evidence of prospective drought and climate resilience farming practices across additional agricultural sectors. Projects supported by the program will use a combination of sites and at least one trial location for scientific evaluation. This evidence-based approach will provide farmers with the information they need to try the practices themselves.

Uptake of innovative practices is also being supported through the <u>Partnership and Innovation Grants of the Climate-Smart Agriculture Program</u>. These grants foster innovation in climate-smart, sustainable agriculture practices, supporting large-scale projects to be delivered across Australia through partnerships. This grant opportunity is providing a valuable opportunity to develop, trial and implement new and innovative tools that lead to practice change.

CSIRO has a mission dedicated to improving drought resilience. It involves partners in government, industry, the research sector and the community working to deliver on-farm innovation, regional resilience and information systems to underpin policy and inform decision-making.



#### Providing support during drought

Drought affects different regions, businesses and communities at different times. It is one of the biggest challenges that farming businesses and communities face, and one of a number of business risks they should actively prepare for and adapt to. Our support focuses on investment in preparedness but recognises there can be times when even those most prepared and resilient may need support. The government does not use drought declarations as a mechanism for providing support. Our drought response package is always available to Australians suffering significant financial, mental health and wellbeing impacts. Access to many of the measures in the package is not limited to hardship resulting from drought. The package aligns with the principles for strategic drought support and includes:

- support for individuals experiencing hardship
- programs and services to enable financial self-reliance
- mental health support
- · programs that promote community wellbeing
- investment in regional infrastructure.

The government employs a strategic approach to drought support, which involves encouraging farming businesses to draw on their preparedness activities, and available information and tools, to support their own financial self-reliance. However, we continually monitor drought conditions and impacts and will remain flexible in our response (see <a href="Drought response framework">Drought response framework</a>). If drought conditions and their effects are prolonged and severe, we may consider additional support needs.

Additional support must align with the principles for strategic drought support described in this pillar. Existing measures under the drought response package may also need adjustments or require additional funding to keep up with increased demand due to drought. Any additional support would not be provided at the first sign of drought conditions, which reflects our expectation that farming businesses will be drawing on their preparedness activities.

#### Supporting individuals in hardship

Australia's social security system has evolved to meet challenges facing Australians. Droughts can cause affected farming businesses to have significantly limited or no financial return from impacted seasons. The <a href="Farm Household Allowance">Farm Household Allowance</a> is a program of support for farmers and their partners running commercial operations that are experiencing low cash flow. There are 4 financial components, underpinned by practical support to help people examine their business and make sustainable changes.

Individuals working on-farm or in communities and businesses reliant on agriculture may also lose their employment. JobSeeker, and Youth Allowance for those aged 16 to 21, supports people who are unemployed and looking for work. We also provide emergency relief, which is delivered by community organisations. Although not targeted at drought, these services can help individuals



#### Supporting individuals in hardship

- Farm Household Allowance
- JobSeeker and Youth Allowance
- Emergency relief
- Choice Affordability Fund
- Community Child Care Fund

#### **Enabling financial self-reliance**

- Regional Investment Corporation concessional loans
- Farm Management Deposit Scheme
- Rural Financial Counselling Service
- Small Business Debt Helpline
- Ahead for Business

#### **Providing mental health support**

- Primary Health Networks
- Head to Health, Headspace, 13YARN
- Medicare Mental heath Centres

## **Promoting community wellbeing**

• Future Drought Fund communities initiatives

#### **Investing in regional Australia**

• Growing Regions Program

experiencing financial distress or hardship with limited means or resources to help them alleviate their financial crisis. Emergency relief providers can also assist eligible clients to meet short-term immediate needs, such as food, clothing and part-payment of utility bills.

The financial hardship impacts of drought can affect the ability for children to access non government education services. During drought, it is important that critical education services remain available. The Choice and Affordability Fund provides funding to the non-government school sector to assist schools affected by unexpected special circumstances, including drought, particularly where this creates short-term financial difficulty for the school. The <a href="Community Child Care Fund">Community Child Care Fund</a> is available to help eligible child care services address barriers to participation, including due to drought. The Temporary Financial Hardship element of the Additional Childcare Subsidy helps families experiencing temporary financial hardship due to a range of circumstance, including drought. This assistance is designed to ensure continuity of care and support the physical safety, health and wellbeing of children.

#### **Enabling financial self-reliance**

The Australian Government will only provide measures that meet our principles for strategic drought support. In the context of drought, we will not provide businesses with:

- · programs that subsidise employee costs
- programs that subsidise purchasing fodder or water, or its transport
- payments that subsidise interest costs
- disaster payments or grants.

Our support during drought includes a focus on enabling financial self-reliance. For example, we provide concessional loans via the <u>Regional Investment Corporation</u> that allow farming businesses to refinance existing debt and help reduce costs as they manage through drought.

The <u>Farm Management Deposit Scheme</u> incentivises financial self-reliance by providing a tax concession to primary producers to encourage them to build cash reserves in high-income years for drawing on in low-income years. Taxation measures are also available for primary producers who experience abnormal income, including where income is affected by drought. These include favourable taxation arrangements for profits from the forced disposal of livestock or when wool growers undertake 2 wool clips in a season.

The <u>Rural Financial Counselling Service</u> is available to farming businesses and small related businesses experiencing, or at risk of, financial hardship. The service aims to help clients out of financial crisis, improve their financial wellbeing and resilience, and improve the profitability of their business or facilitate a dignified exit through sale or succession.

Drought can lead to a reduction in spending in farming communities, which can expose non-farming businesses to financial downturns. We fund a range of measures that can support business owners through these difficult times, such as the Small Business Debt Helpline and targeted mental health and wellbeing support via Ahead for Business.





#### **Providing mental health support**

Drought is known to affect the mental health and wellbeing of individuals, both on-farm and in farming communities. Financial and work-related stress are some of the many factors that can create or exacerbate mental health concerns.

We fund a range of initiatives to improve the lives of people living with mental ill-health. This includes 31 independent, not-for-profit Primary Health Networks. The networks use a people centred approach to assess and commission health services to meet the needs of their region. Based on their integral role in primary health care and their established relationships and ongoing engagement, the networks gather, share and distribute information and resources, commission services, and are well placed to support emergency planning, response and recovery activities.

Mental health information and services are available over the phone or online. Free or low-cost services include <u>Head</u> <u>to Health</u>, <u>Headspace</u> for people aged 12 to 25 years with or at risk of developing mental illness, and <u>13YARN</u> for First Nations people. Medicare rebates are available for clinical mental health services, and Medicare Mental Health Centres are available across Australia providing free mental health care for adults, without needing a referral. <u>Lifeline</u>, <u>Kids</u> <u>Helpline</u>, <u>Beyond Blue</u> and other non-government services are also available.

#### **Promoting community wellbeing**

Droughts can be protracted events that come with uncertainty and an unknown end date. They impact social connectedness and community wellbeing, including through reduced participation in community activities and higher incidence of volunteer fatigue.

We are investing to build and maintain community cohesion before drought, so that farming communities are able to access established support networks during times of hardship. The Future Drought Fund's communities initiatives are establishing and supporting a national cohort of community leaders, networks, mentors and organisations to drive local action to prepare for drought – enabling agriculture-dependent communities, including First Nations communities, to draw on these networks and support established ahead of drought, during times of hardship.

#### **Investing in regional Australia**

Drought can result in reduced local spending, employment and investment. Non-drought specific programs contributing to regional community infrastructure can support communities in drought by providing economic stimulus. One such example is the <u>Growing Regions Program</u>, which provides grants of between \$500,000 and \$15 million to local government entities and not-for-profit organisations for capital works projects that deliver community and economic infrastructure projects across regional and rural Australia. This community-focused infrastructure revitalises regions and enhances amenity and liveability throughout regional Australia.



# Supporting the capacity of farm businesses, communities and individuals to recover

- Farm Business Resilience Program
- Farm Management Deposit Scheme
- Regional Investment Corporation concessional loans
- Future Drought Fund's communities initiatives
- Primary Health Networks
- Head to Health, Headspace, 13YARN
- Medicare Mental Health Centres
- Medicare rebates for clinical mental health services

# **Facilitating recovery**

Drought recovery does not happen immediately after climatic conditions improve. Farming businesses and communities will start their recovery at different times based on local conditions and their unique business or community characteristics. Mental health and wellbeing effects can linger, and the land takes time to recover before it is ready to support full farm productivity. Recovery requires strategic management decisions by businesses that may have experienced financial downturn.

Preparing for drought, and making sound business decisions during drought, can lead to improved recovery outcomes. Our investments in enabling preparedness and risk management also support the capacity of farming businesses to recover. For example, the <a href="Farm Business Resilience Program">Farm Business Resilience Program</a> provides subsidised learning and development opportunities in strategic business management, farm risk management and decision-making, all of which are important for recovery.

The ongoing and accessible programs that assist individuals and farming businesses during drought are also available to support recovery. Farming businesses and individuals can choose how and when to use that support to best meet their needs.

Support that can assist recovery includes concessional loans via the Regional Investment Corporation, and drawing down on existing Farm Management Deposits to restock or replant when conditions improve. The Farm Household Allowance and the Rural Financial Counselling Service can help farming businesses out of financial difficulty. Income tax averaging provisions can also be used by primary producers to smooth fluctuating incomes so that their tax liability is not greater than taxpayers on similar but steadier incomes.

Mental health and wellbeing support remains available to support individuals and communities recovering from drought. This includes Primary Health Networks' face-to-face support and referrals to local support, online and telephone support and information, and Medicare rebates for clinical mental health services.

Supporting strong farming community networks and local leadership ahead of drought plays an important role in drought recovery. Our investment to support community cohesion will continue and enable drought recovery – for example, through the Future Drought Fund's communities initiatives.

The wide-ranging effects of drought will test the planning and preparations of all stakeholders. Following recovery, all stakeholders should consider opportunities to share their experiences and learnings to improve drought policy in the long term (see Pillar 3 and Pillar 4).

# Pillar 3 Working together

Drought is a shared issue among all stakeholders. Working together is essential for formulating cohesive drought policy, providing consistent messaging, delivering aligned services and achieving better outcomes.

# **Shared responsibilities**

We have worked with stakeholders to identify responsibilities that are shared.

The shared responsibilities are:

- · Collaborate on approaches and strategies to prepare for, manage through and recover from drought.
- Reflect on experiences across the drought cycle and share learning and improvement opportunities between stakeholder groups.
- · Provide clear and coordinated responses to drought and communicate those responses appropriately.
- Assess and share regional drought, climatic and hardship conditions, including support requirements, to inform timely responses to drought and hardship.
- Understand the drought-related risks that farming businesses and communities face (e.g. climate change) and the opportunities to mitigate these risks.
- Proactively seek practical solutions for working together to maintain relationships between stakeholder groups and stay connected across the drought cycle.

## Information sharing and collaboration

The timely sharing of knowledge, experience and ideas allows stakeholders to make informed and clear decisions. It also enables drought policy and response to continue to improve. Several mechanisms are in place to help stakeholders remain connected and foster collaboration. These mechanisms will also be used to inform our <u>drought</u> response framework.

## **National Drought Network**

The National Drought Network is a forum for stakeholders to share information and improve understanding about drought conditions and drought initiatives, and to facilitate complementary and coordinated efforts across the drought cycle. The network includes representatives from the Australian, state, territory and local governments, industry, the financial sector and the not-for-profit sector. Membership is flexible to ensure appropriate representation over time. Meetings are held regularly, and their frequency can vary in response to changing conditions.





#### **National Drought Forum**

The Australian Government holds the National Drought Forum every 2 years to bring together representatives from the Australian, state, territory and local governments, industry, the financial sector, First Nations communities and the not-for-profit sector. The forum provides a platform for drought policy engagement, collaboration and co-design. The topics discussed at the forum are tailored to current events, stakeholder interest and relevant policy initiatives.

#### Other online and on-ground networks

We provide consistent national information about drought policy and support across different platforms, including websites, social media and mainstream media outlets. We also ensure that on-ground networks and trusted sources embedded within communities are informed and can provide localised and tailored information. Examples of on-ground networks include the rural financial counsellors and the Drought Resilience Adoption and Innovation Hubs. These networks are well placed to inform the government about regional drought conditions and impacts.

#### **Partnering with First Nations Australians**

We commit to partnering with First Nations stakeholders in the development and implementation of drought policy and programs. We acknowledge that partnering with First Nations stakeholders is essential in ensuring that policies are culturally inclusive and responsive to the specific needs and priorities of First Nations communities. We commit to addressing this in the first principle of the National Drought Agreement, with a continued focus on this throughout the life of this plan.

A First Nations Advisory Group is being established to provide advice to the department on issues relating to drought and climate resilience. Terms of reference for the advisory group will be developed in partnership between the advisory group and the department. These will be culturally safe and support self-determination.

Under the Future Drought Fund, we are also establishing a new pilot program to facilitate place based and First Nations—led activities. The pilot will support First Nations individuals, businesses and communities to build drought and climate resilience. Funding will also be provided to seek to improve participation of First Nations people in Future Drought Fund activities.

### Working with the states and territories

The Agriculture Ministers' Meeting Working Group on Drought is a forum for National Drought Agreement parties (the Australian, state and territory governments). The working group shares information about drought conditions and activities, works together and makes decisions on priorities under the National Drought Agreement. Meetings are held regularly, and their frequency can vary in response to changing conditions.

#### International partnerships

We look internationally to facilitate new ideas, innovations and policies to support farming businesses and communities who face drought. Australia's expertise in drought resilience is also highly sought after. We are progressing international relationships on drought to assist us in learning how other countries manage drought and increase drought resilience, as well as sharing Australia's valuable experience.

Australia is a member of the United Nations Convention to Combat Desertification (UNCCD). This multilateral commitment unites governments, scientists, policymakers, the private sector and communities around a shared vision to restore and manage the world's land. Australia also participates in the UNCCD Intergovernmental Working Group on Drought, which supports countries to manage drought and shift from a reactive to proactive approach.

In October 2023, Australia joined the International Drought Resilience Alliance. This network of countries is focused on making drought resilience a priority and provides a global platform for collaboration. It aims to catalyse political momentum and action to shift from disaster responses towards reducing the vulnerability of countries and communities to drought through preparedness and adaptation measures. The alliance was launched at the 2022 Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27).

In December 2023, Australia endorsed the Emirates Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action at the United Nations Climate Change Conference (COP28). The declaration commits countries to scale up adaptation and resilience activities in the agricultural sector, and to maximise the climate and environmental benefits associated with agricultural and food systems. Endorsing the Emirates Declaration strengthens and deepens our relationships with more than 150 countries that have joined the call.



# Pillar 4 Learning and improving

This plan has explained our drought policy and identified the programs and activities that deliver it. As the climate changes, managing drought will become more challenging. All stakeholders, including government, must learn from previous responses and improve their approach to preparing for, managing through and recovering from drought.

## A framework for monitoring, evaluation and learning

Effective monitoring, evaluation and learning (MEL) is critical for ensuring drought policy and the programs and activities that deliver it are fit for purpose and responsive to the changing needs of farming businesses and communities. Existing MEL activities for drought programs consider the outcomes being sought at the program level only. To supplement this, we are developing an overarching MEL framework for drought policy.

This framework will consider the wider impacts of drought policy, beyond individual program activities. It will allow the government and stakeholders to identify the elements of drought policy that are working well and the areas that can be improved. The framework will be developed in 2024–25 and made available on the Department of Agriculture, Fisheries and Forestry website.

## Articulating a pathway for change

The MEL framework will articulate the policy problem that government is trying to address and the change that government is striving to achieve. This will be captured in a theory of change. To complement this work, a theory of action will be used to demonstrate which initiatives government will use to deliver the desired changes.



## Monitoring

We will monitor drought policy by tracking information that demonstrates progress against desired outcomes, including at the program level. For example, data on the number of farmers accessing drought planning workshops, and case studies of how the workshops helped them, are indicators of how well we are delivering on our policy objective to enable preparedness and risk management.



## **Evaluation**

An evaluation of drought policy is important for ensuring the desired outcomes and policy delivery are appropriate, effective and efficient. The MEL framework will detail the arrangements for such an evaluation, including guiding questions and timing of activities.



#### Learning

The monitoring of progress and an evaluation of impacts are vital for assessing drought policy. However, these activities are only successful if the findings are incorporated into future work and shared with stakeholders. The MEL framework will detail a learning strategy that outlines how we will action and share the results of monitoring and evaluation.

# Preparing the next Drought Plan

This plan will be reviewed in 2027. The review will seek stakeholders' feedback on whether the plan has delivered on its purpose and whether improvements can be made. The findings of this review will inform the next Drought Plan.

# Links to other government policy

Drought is a far-reaching phenomenon that cuts across many areas of government policy. These connected issues have distinct policies, and feature programs that are complementary to those targeting drought. Many of these issues involve differing responsibilities between the Australian, and state and territory governments.

#### Water

Australia faces challenges associated with climate variability, water scarcity and increasing demand for water. Agencies at different levels of government have a role in managing water resources to ensure a sustainable water supply for industry, the environment and communities. State and territory governments are primarily responsible for managing water within their jurisdictions. The Australian Government provides national coordination and leadership to drive reforms to manage water resources sustainably and productively, achieve water security for future generations and build preparedness for a range of climate risks, including drought.

We are committed to safeguarding the Murray–Darling Basin for future generations through the implementation of the <u>Basin Plan 2012</u>. The Basin Plan aims to bring the Basin back to a healthier and sustainable state by ensuring enough water is available to support the rivers, lakes and wetlands, and the plants and animals that depend on them, while also continuing to support the communities that rely on the Basin. A review of the Basin Plan will be completed in 2026 with climate change a key consideration.

We have committed to work with states and territories to renew the National Water Initiative. Renewing the initiative offers the opportunity to better reflect climate change, provide for increased First Nations influence in water resource management, ensure access to safe and secure drinking water and take a strategic approach to groundwater management.

We are working with state and territory governments to invest in water projects that ensure the long-term viability of our communities and economy. The National Water Grid Fund investment program aims to improve water access and security by delivering nationally important water infrastructure projects that unlock potential, build resilience, and promote growth and sustainability.

We also provide interjurisdictional leadership by working across state boundaries to implement Great Artesian Basin and Lake Eyre Basin programs that help achieve water security for industries, communities and the environment. This includes continuing to explore opportunities to build on existing programs in the Great Artesian Basin that support drought resilience. We also undertake work to meet the Commonwealth's responsibilities under the Lake Eyre Basin Intergovernmental Agreement by working with states to address matters of national interest within the Basin that relate to sustainable agriculture and water resource management.

Our Resourcing Australia's Prosperity initiative is comprehensively mapping Australia's natural resources. This includes the mapping of the groundwater resource potential to strengthen climate resilience, help grow Australia's regions, increase agricultural output and support water security for communities.





# Climate adaptation and mitigation

Even with strong global action to reduce emissions, the effects of climate change will continue to increase over the coming decades due to past greenhouse gas emissions. Practical action is needed to adapt to climate change to protect individuals, communities, organisations and natural systems. Australians must anticipate, manage and invest in adapting to climate risks and impacts. State and territory governments deliver adaptation responses in their areas of policy and regulation, such as emergency services, health, the natural environment, planning and transport.

The Australian Government provides leadership on national adaptation reform. We are strengthening adaptation policy to ensure that action is well-targeted and effective through the delivery of the <u>National Climate Risk Assessment</u> and <u>National Adaptation Plan</u>. Together with the states and territories, we are a signatory to the <u>National Statement on Climate Change and Agriculture</u>. The statement presents a unified vision and a shared commitment by ministers to work in partnerships with the sector to ensure Australia continues to lead the world in climate-smart practices.

This work will complement a range of initiatives across all levels of government, as well as the private sector and community organisations, that strengthen adaptation. This includes delivering science, research, and evidence-based tools. It also includes climate projections and scenarios and supporting nationally consistent approaches to the development of next generation climate projections through the <u>National Partnership for Climate Projections</u>.

Each of the state and territory governments have undertaken various levels of climate risk assessment and adaptation planning for their jurisdictions. Local governments are similarly instrumental in adaptation, including in developing local adaptation plans and managing local level assets.

Agriculture and land will have an important role to play in helping Australia mitigate the impacts of climate change. The government has signed up to the Paris Agreement and committed to ambitious emission reduction goals, including reaching net zero by 2050. Six sectoral plans will support this work, including the <u>Agriculture and Land Sectoral Plan</u>. These plans will explore ways to contribute to economy-wide goals to reduce emissions.

To support initial emissions reduction efforts in the agricultural sector, the Australian Government is providing investment to help build the capacity of Australian farmers and trusted advisers, improve greenhouse gas accounting at national and farm levels, and drive emissions reduction and carbon sequestration in the sector. It will also contribute to the new Zero Net Emissions Agriculture Cooperative Research Centre to support long-term research into emission reductions from Australian agriculture.

#### Health

Environmental hazards such as extreme heat, floods, fires and drought have negative effects on human health and wellbeing. Our <u>National Health and Climate Strategy</u> sets out actions that will build healthy, climate-resilient communities, and a sustainable, resilient, high-quality, net-zero health system.

As climate changes, more communities are being affected by concurrent and compounding drought and disaster events. Mental health support for people in affected communities, emergency service workers and volunteers is a priority for government. The <u>National Disaster Mental Health and Wellbeing Framework</u> provides guidance to governments and recovery partners to support disaster-affected communities' mental health and wellbeing. The Australian, state and territory governments are collaborating to implement this framework.

State and territory governments also provide funding for public sector services and set legislative, regulatory and policy frameworks for mental health service delivery within their jurisdictions.

#### **Animal welfare**

Animal welfare is a major concern during drought. Scarce food or water and temperature extremes that often accompany drought can have direct and indirect effects. Stressed animals are at increased risk of injury, infection and disease. State and territory governments, as the primary regulators for animal welfare, support farming businesses to prepare for dry times and meet their legal obligation to care for their stock. The Australian Government is responsible for trade and international agreements relating to animal welfare. We are strengthening animal welfare by renewing the <u>Australian Animal Welfare Strategy</u>, which will confirm Australia's commitment to a modern, sustainable and evidence-based approach to animal welfare.

# Biosecurity, pests and weeds

Biosecurity risk factors are increasing as a result of climate change, which is altering the habitat, range and distribution of many pests, weeds and diseases, as well as increasing their ability to spread and establish in new areas. The growth in biosecurity risk factors was a key driver for the development of Australia's <a href="National Biosecurity Strategy">National Biosecurity Strategy</a>, which provides a shared vision for a strengthened national biosecurity system and strategic roadmap for its evolution over the next 10 years.

Established pest animals and weeds pose a significant threat to Australian agriculture, productivity and natural assets, including exacerbating the effects of drought and hindering drought recovery. Pest animals can damage crops, compete with livestock for pastures and reduce ground cover. Diseases can attack drought-stressed plants and animals, and weeds may outcompete pasture and crop species. Pest and weed management is primarily the responsibility of state and territory governments and land owners. The Australian Government contributes to pest and weed management through national strategies and action plans, such as the Australian Weed Strategy 2017–2027, Australian Pest Animal Strategy 2017–2027 and National Feral Deer Action Plan 2023–2028. This includes through investing in research, development and innovation, national coordination, supporting capability and capacity building and some priority on-ground control activities.



# **Regional investment**

Drought can reduce local employment, spending and investment in regional communities. The Australian Government's Regional Investment Framework sets out an approach to delivering regional investment, coordinating across governments to make investment work better for regions, and placing regions and their people at the centre of decision-making. Under this framework, government investment will be targeted and support better outcomes for regional people, the places they live in, the communities and services they rely on, and the regional industries and economies that are core to Australia's prosperity.

# Natural resource management and biodiversity

Australian agriculture depends on a biodiverse and well-managed natural resource base. During drought, natural resources, including soil, water, native vegetation and wildlife, are all at heightened risk of degradation. Sound on-farm natural resource management practices can help mitigate these risks and build a more resilient landscape across the drought cycle, benefiting agriculture and the environment. State and territory governments are responsible for managing natural resource issues during drought.

The Australian Government is partnering with industry, the community sector, academia and First Nations organisations to enhance the natural resource base we all rely on, including through the Natural Heritage Trust.

Soil provides essential ecosystem services that support and contribute to Australia's economic, environmental and social wellbeing – including food and fibre production, water storage, filtration and nutrient cycling, and carbon storage. The National Soil Strategy sets out how Australia will value, manage and improve its soil for the next 20 years. The National Soil Action Plan 2023–2028 sets priority actions that have been committed to by the Australian, state and territory governments and partner organisations that contribute National Soil Strategy objectives.

Drought can also affect natural ecosystems and harm fish, wildlife and plant species. We recognise the importance of biodiversity conservation and, in collaboration with states and territories, have set a national framework for biodiversity conservation over the next decade. Australia's Strategy for Nature 2019 to 2030 guides how governments, the community, industry and scientists manage and protect Australia's plants, animals and ecosystems. We have also released the 2022–2032 Threatened Species Action Plan, which maps a pathway to protect, manage and restore Australia's threatened species and important natural places.

Private investment has a role to play in enhancing Australia's environment. The <u>Nature Repair Act 2023</u> establishes a transparent framework for a legislated, national, voluntary, biodiversity market, whereby landholders can be issued with biodiversity certificates for projects that enhance, protect manage or restore biodiversity in native species. The Nature Repair Market will mobilise private finance to help to repair and protect our unique natural environment and will provide income to landholders for protecting biodiversity.

## Disaster response and resilience

Drought is not considered a natural disaster, but there are similarities between drought and disaster management that provide opportunities for identifying good practice and ways to improve – for example, through sharing lessons and insights across resilience building, risk reduction, preparation and recovery.

The <u>National Disaster Risk Reduction Framework</u> was released in April 2019. It sets out the foundational work required nationally, across all sectors, to reduce existing disaster risk, minimise new disaster risk, and deliver better climate and disaster risk information.

Recovery for communities is lengthy and complex, involving many stakeholders and all levels of government. Each state and territory have their own disaster-recovery policies, but often large-scale disasters happen across jurisdictions. The <u>Australian Disaster Recovery Framework</u> provides a common understanding of the approach to disaster recovery.

Australia's exposure to disaster risk continues to increase, with new risks emerging at an accelerated pace. The Australian Government has announced up to \$1 billion for the <u>Disaster Ready Fund</u> over 5 years from 1 July 2023. The fund is the Australian Government's flagship disaster resilience and risk reduction initiative. It will deliver projects that support Australians to manage the physical and social impacts of disasters caused by climate change and other natural hazards.

# Glossary

Term	Definition
agricultural sector	Refers to the 3 portfolio industries of agriculture, fisheries and forestry.
agricultural industry	Refers to enterprises including cropping, livestock, horticulture or wool production.
The alliance	International Drought Resilience Alliance
MEL	Monitoring, Evaluation and Learning

# References

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