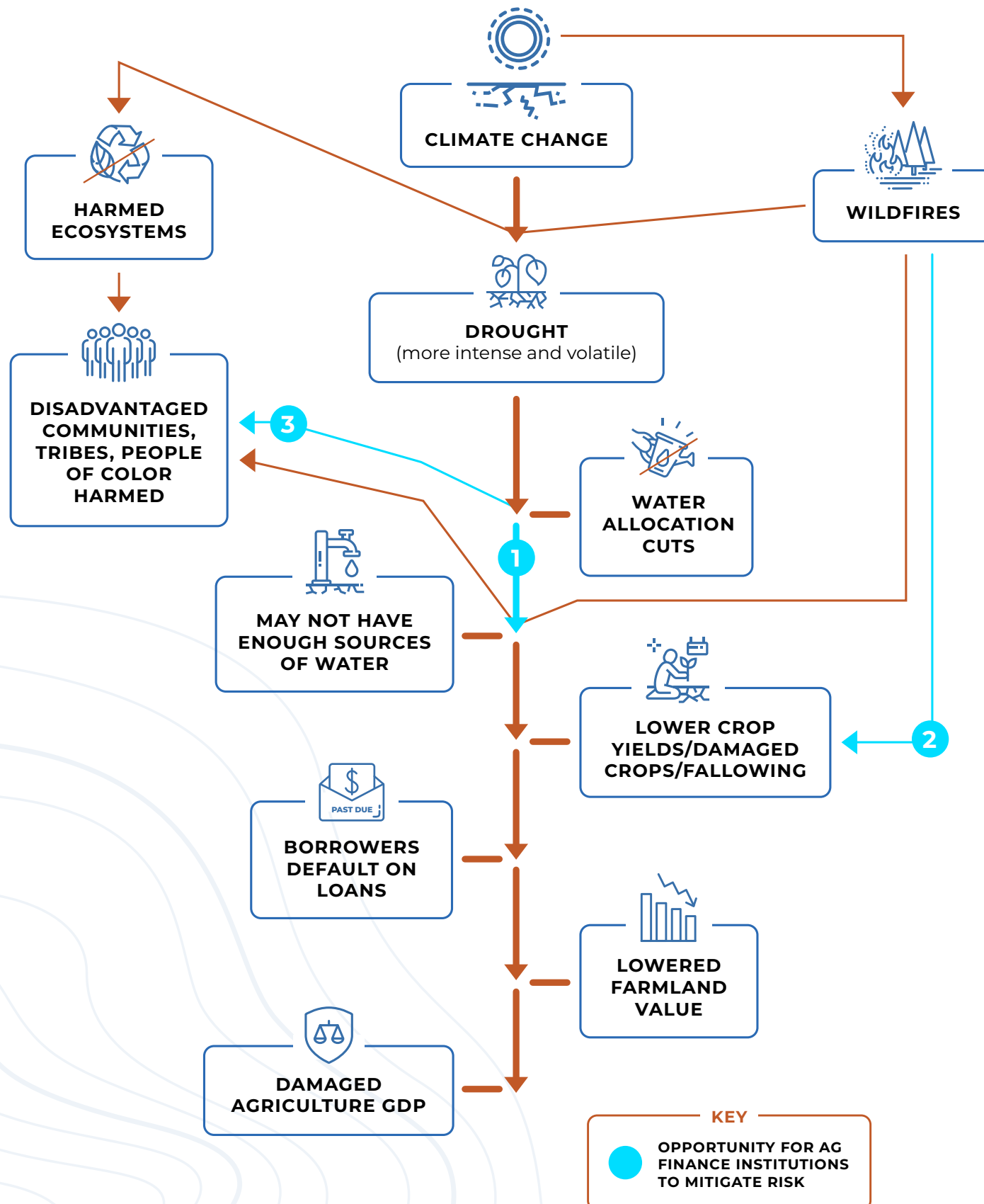


Mitigating the Effects of Drought for Agriculture Finance Institutions



AGRICULTURE FINANCE INSTITUTIONS CAN USE PARCEL-SPECIFIC DATA-DRIVEN INTELLIGENCE TO:

- Factor in viable water sources during due diligence.** Two water sources are no longer sufficient; with regulation and drought, it's far more complicated than that now. [LEARN MORE](#)
- Gain insight into which parcels are put at risk from wildfires.** As certain wildfires progress, having continuously updated intelligence is invaluable to ag finance institutions. Ag finance institutions can pair threats with in-place mitigation strategies, or lack thereof.
- Become more aware of the water allocation dispersion while factoring in disadvantaged communities, tribes, and people of color.** Disadvantaged communities, tribes, and people of color² many times bear the brunt of drought and its impacts. This can be a factor in the "Social" criteria in [ESG reporting](#) requirements that financial institutions will have to be aware of and comply with. Understand how drought, allocations, and lending practices impact DC, T, and POC to lessen ESG risk.

SOLUTIONS:

- Understanding where water deliveries may be delayed, reduced, or canceled given historical drought data
- Investing in sustainable agriculture that is good for the land and ecosystems which, in turn, can provide ecosystem services and substantial financial benefits.
- Understanding where to invest in parcels that exhibit better irrigation systems.

SOURCES

- <https://www.edf.org/ecosystems/how-conservation-delivers-value-farm-and-beyond>
- 1. Information about disadvantaged communities, and BIPOC**
 - https://www.edf.org/sites/default/files/content/Financing_Resilient_Agriculture_Report.pdf
 - <https://calmatters.org/environment/2021/05/drought-rural-latino-communities/>
 - <https://www.drought.gov/drought-information-statements>
- 2. Water allocation cuts**
 - <https://www.usbr.gov/newsroom/#/news-release/3796>
 - <https://mavensnotebook.com/2021/05/05/this-just-in-reclamation-updates-central-valley-project-2021-water-supply/>
- 3. Harmed ecosystems such as wetlands / the benefits that ecosystem services provide**
 - <https://phys-org.cdn.ampproject.org/c/s/phys.org/news/2021-03-economic-benefits-nature-outweigh-exploiting.amp>
- 4. Wildfires**
 - <https://agupubs.onlinelibrary.wiley.com/doi/full/10.1029/2021GL092843>
- 5. Lowered farmland value**
 - <https://info.aquaoso.com/impact-water-stress-regulations-lp-gated-content>