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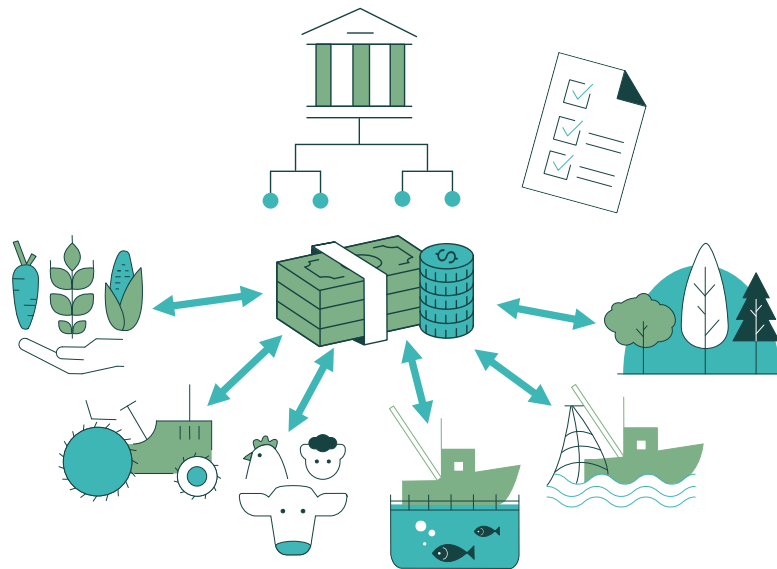
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Report of the

**ASIA PACIFIC RURAL AND AGRICULTURAL CREDIT ASSOCIATION-
FAO EXPERT WORKSHOP ON BROAD-BASED REPORTING
REQUIREMENTS ON CREDIT TO AGRICULTURE, FORESTRY,
FISHERIES AND AQUACULTURE**

Bangkok, Thailand, 25–26 November 2024



**Asia-Pacific Rural and Agricultural
Credit Association (APRACA)**

สมาคมสินเชื่อการเกษตรและชนบทแห่งภาคพื้นเอเชียและแปซิฟิก

Report of the
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PREPARATION OF THIS DOCUMENT

This is the report of the Expert Workshop on Broad-Based Reporting Requirements on Credit to Agriculture, Forestry, Fisheries and Aquaculture, which was held in Bangkok, Thailand, on 25–26 November 2024.

The expert workshop was organized by the Asia Pacific Rural and Agricultural Credit Association (APRACA) and the Food and Agriculture Organization of the United Nations (FAO). The workshop was held to contribute to improving credit reporting on agriculture, forestry, fisheries and aquaculture by the APRACA Member institutions in the Asia-Pacific region.

The workshop aimed to:

1. compile an overview of financial/credit reporting systems used by APRACA Member institutions to report on loans to the agriculture sector, its subsectors and related value chain activities;
2. discuss differences in financial/credit reporting system codes used and identify opportunities for harmonization of codes between APRACA Member institutions and harmonized international minimum reporting standards;
3. discuss a small set of standardized reporting codes to add (as necessary) to the existing reporting systems to track the credit extended to the fishery and aquaculture sectors by financial service providers in the region; and
4. prepare a draft proposal for introducing specific credit reporting codes for fisheries and aquaculture, for review and possible endorsement by APRACA's General Assembly.

Background information and draft guidelines for discussion were prepared by APRACA consultant, Ms Katherine Lo-Gonzales, with technical assistance from Mr Raymon van Anrooy, team leader of the Fishing Technology and Operations Team (NFIFO) of FAO and APRACA's Secretary General, Mr Prasun Kumar Das.

The expert workshop was funded by FAO's Regular Programme under a Letter of Agreement (LOA) with APRACA for the "Development of a reporting system on credit extended to fisheries and aquaculture by the financial service providers in Asia-Pacific region".

The APRACA team assisting with logistical and administrative arrangements for the expert workshop consisted of Mr Kittisak Mom-Moh, Ms Sofia Champanand, and Ms Regina Durst. Formatting and publishing assistance was provided by Ms Maria Eugenia Escobar and Ms Marianne Guyonnet of FAO.

This report contains a record of the expert workshop, including short summaries of presentations and discussions.

ABSTRACT

The APRACA–FAO Expert Workshop on Broad-Based Reporting Requirements on Credit to Agriculture, Forestry, Fisheries and Aquaculture, was held in Bangkok, Thailand, on 25–26 November 2024. Twenty-four agriculture credit experts from Cambodia, India, the Philippines and Thailand participated in the workshop.

The workshop discussed options for harmonizing reporting on credit extended to agriculture, forestry, fisheries and aquaculture. The experts shared information on their data collection and reporting systems on credit. Innovative systems of credit data collection and processing were presented.

The agriculture credit experts worked together on the development of Guidelines on broad-based reporting of credit to agriculture, forestry, fishing and related subsectors. The guidelines encourage financial service providers and business partners to incorporate standard industry classifications in their credit and investment operations and reporting practices.

The guidelines will support the members of the Asia Pacific Rural and Agricultural Credit Association (APRACA). The guidelines will be multipurpose as they: 1) enhance loan portfolio management, 2) improve general reporting on loans to subsectors of the agriculture sector, 3) contribute to environmental, social and governance (ESG) reporting, 4) increase data availability for reporting on the achievement of the UN Sustainable Development Goals (SDGs), and 5) facilitate harmonization of regional credit reporting approaches. The use of compiled subsector credit information would not be limited to these purposes but could also be valuable for designing sectoral credit policies, promoting inclusive finance, sustainable finance and reporting on the Nationally Determined Contributions (NDCs) under the Paris Agreement on climate change.

The experts recommended the use of the United Nations International Standard Industrial Classification (ISIC) of all economic activities in the credit reporting systems of financial service providers to the agriculture, forestry, animal production, fisheries and aquaculture sectors in the Asia Pacific region.

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ABBREVIATIONS

ACPC	Agricultural Credit Policy Council
AFRD	Agriculture, Fisheries and Rural Development
APRACA	Asia-Pacific Rural and Agricultural Credit Association
BAAC	Bank of Agriculture and Agricultural Cooperatives
BOC	Bank of Ceylon
BOT	Bank of Thailand
BSP	Bangko Sentral ng Pilipinas
FAO	Food and Agriculture Organization of the United Nations
ESG	environmental, social and governance
IFRS	International Financial Reporting Standards
ISIC	International Standard Industrial Classification
NABARD	National Bank for Agriculture and Rural Development
OJK	Otoritas Jasa Keuangan (Indonesian Financial Services Authority)
SBLAF	Standard Business Loan Application Form
SDG	Sustainable Development Goal
UN	United Nations

INTRODUCTION

1. The 2030 Agenda for Sustainable Development (UN, 2024a) was adopted by all United Nations Member States in 2015. At the core of this Agenda are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – to end poverty, improve health and education, reduce inequality, and spur economic growth – while tackling climate change and preserve our oceans and forests.
2. The achievement of these SDGs by 2030 will depend on the resources, funding and support from many sectors of society. Financial services provision is one of the key factors in achieving various Sustainable Development Goals (SDGs) such as SDGs 1 (no poverty), 2 (zero hunger), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 12 (responsible consumption and production), 13 (climate action) and 14 (life below water).
3. UN Member States' governments are required to report annually on progress towards the SDGs, for which specific SDG indicators are used. Various UN agencies are assigned SDG indicator custodian tasks (UN, 2024b), to collect and analyze the data and information received from countries. National Central Banks are generally responsible for reporting to the International Monetary Fund (IMF) on finance indicators. The World Bank and the United Nations Industrial Development Organization (UNIDO) compile the data on SDG indicator 9.3.2 “Proportion of small-scale industries with a loan or line of credit”. The World Bank also collects data on SDG indicator 8.10.2 “Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider”. To enable Central Banks or Ministries of Finance to report on these indicators, financial service providers must report to them.
4. Financial service providers (FSPs), including government financial institutions, commercial banks, rural banks and credit organizations, microfinance institutions, international financial institutions, and impact investors, are obliged to report annually to ministries of finance, regulatory authorities and their stakeholders on the financial services they provide. These reports include items such as balance sheet developments, income and profits, loan portfolio, deposits/savings, equity, and debt. The loan portfolio reporting is generally subdivided by sector, to show the exposure/spread of risk among sectors, and comply with national policies and regulations.
5. The monitoring of the funding and financial access through financial or credit (loan) reporting is important for policymakers, regulators, financial controllers and borrowers, for a variety of reasons. Policymakers desire to know whether their policies and strategies have made a difference in investment in a specific sector. Ministries of Finance may have set minimum targets for the percentage of the total loan portfolio going to a specific sector and have provided favorable conditions or subsidies to achieve the target. Regulators look at compliance with their financial regulations and financial controllers are interested in the accounting activities of the institution.
6. The International Standard Industrial Classification of All Economic Activities (ISIC) (UN, 2008) is the international reference classification of productive activities. The United Nations Statistics Division (UNSD) is the custodian for this key international classification, which had its latest revision (number 4) in 2008. The ISIC codes are used by governmental statistical services and by Ministries of Finance and Ministries of Corporate Affairs in many countries in Asia (e.g. India, Indonesia, Pakistan, Thailand). The ISIC codes include codes for agriculture and its subsectors (including aquaculture and fisheries) as well as for credit and other financial services. The UNSD is currently (2024) working on revision number 5, which is expected to be launched in 2025.

7. The European Union applies the NACE system, which is the statistical classification of economic activities in the European Community, and is largely harmonized with ISIC (Eurostat, 2008). It contains reporting codes for agriculture and its subsectors (including fisheries and aquaculture) and also on financial services. The latest version is version 2.1 and is used in reporting by financial institutions that operate in Europe.
8. There are also many international financial institutions that use the North American Industry Classification System (NAICS) codes for reporting on loans to different sectors (see USBLS, 2024). The NAICS code system contains codes for all agriculture subsectors, as well as for finance and insurance. Its codes are used by most banks that operate in the United States and Canada.
9. The International Financial Reporting Standards (IFRS) (IFRS Foundation, 2024) refers to the manner the agricultural activities (excluding bearer plants, land, intangible assets and government grants) are financially recorded, presented and disclosed. The specific international accounting standard [IAS] 41 covers agricultural activities. Although IFRS does not mention fisheries or forestry in its taxonomy, infrastructure investment to fisheries may be classified as IAS 16 for property, plant and equipment or part of the IAS 2 for inventories.
10. Most Asia-Pacific Rural and Agricultural Credit Association (APRACA) Member institutions apply credit/loan portfolio reporting codes in their annual reports and in reporting to the Ministries of Finance and Central Banks. They use the international reporting codes above or apply national level codes. Many APRACA Members also report on the sustainability impact of their activities. They use Environmental, Social and Governance (ESG) reporting, which has become mandatory in many countries. Often ESG/sustainability reporting is combined with SDG reporting. A System of Environmental-Economic Accounting for Agriculture, Forestry and Fisheries (SEEA AFF) (FAO and UNSD, 2020) was developed by FAO and UNSD as a tool to support countries in implementing the 2030 Agenda.
11. While many of the APRACA Member institutions have reporting codes for agriculture and some of its subsectors, these reporting codes sometimes do not include subsector codes for fisheries and aquaculture, forestry or dairy farming. The rapid increase in credit supply to a growing aquaculture sector, and the high demand for loans and micro-finance solutions in the small-scale fisheries and industrial fisheries sectors and related value chains, would justify specific reporting codes for these subsectors. Similarly, animal husbandry and specific crop-related codes would be important.
12. With the goal to search deeper into the current credit reporting system and the standard classification standards that are being used by the APRACA member institutions, an online discussion has been conducted prior and after the workshop. It was found that while the fisheries sector is still included under agriculture in their credit reporting, there are some member institutions which have the available data in their system.
13. Many APRACA members, despite their growing loan portfolios that address credit and micro-finance needs of aquaculture and fisheries, do not have disaggregated information available on loans to these subsectors. This makes it difficult to measure the impact that these FSPs are making and the extent of their services and contribution to the sustainable development of fisheries and aquaculture in their countries. Therefore, the investment in fisheries and aquaculture is not visible to policy and decision makers and the importance of these subsectors is not well-understood. A robust reporting system is needed to track the extent of their services to fisheries and aquaculture, similarly to other rural sectors.
14. The workshop was organized by the APRACA Secretariat and FAO to contribute to improving credit reporting on agriculture, forestry, fisheries and aquaculture by the APRACA Member institutions in the Asia-Pacific region.

OPENING OF THE WORKSHOP

15. The participants of the expert workshop were welcomed by Ms Thanid Thitichowtawatthanakul, Executive Vice President, Bank for Agriculture and Agricultural Cooperatives (BAAC), Thailand. She expressed her happiness about the gathering of experts from various fields to share knowledge and experiences, and thanked APRACA and FAO for organizing the workshop. She emphasized the importance of agriculture, forestry, fishery, and aquaculture as vital sectors for the economy and food security in the Asian region. She added that it is crucial that clear guidelines are developed to improve reporting systems, ensuring that financial services providers can support the farmers and producers effectively. She referred to the long history of providing loans to the agricultural sector, the various credit programmes, green financing initiatives and government policy financing. These experiences have taught BAAC the importance of having a strong and efficient reporting system. It not only helps BAAC to track the funds but also enables the bank to see the impact of its loans on the ground.
16. Mr Raymon van Anrooy, team leader of the FAO Fishing Technology and Operations Team (NFIFO) welcomed the participants on behalf of the FAO Assistant Director General for Asia and the Pacific, Mr Jong-Jin Kim. He started by expressing appreciation for the long-term partnership between APRACA and FAO, and recent collaboration with BAAC in supporting financial services provision to small-scale fishers (Gietzen *et al.*, 2022; FAO, 2022). He referred to the importance of fisheries and aquaculture production for food security, nutrition, rural employment and generating export earnings in Asian countries, and that the financial service providers play a key role in sectoral development and a Blue Transformation towards increased sustainability. He mentioned that APRACA developed with FAO in 2019 the Guidelines for micro-finance and credit services in support of small-scale fisheries in Asia (Grace and van Anrooy, 2019), and the Guidelines for increasing access of small-scale fisheries to insurance services in Asia (Tietze and van Anrooy, 2019). The aim of these guidelines was to improve service provision by APRACA members to the fisheries sector. In recent years, various APRACA members have increased their credit and other financial services supply to the fisheries and aquaculture sectors. He welcomed the initiative by APRACA to make the contribution of APRACA members to growth, innovation, investment, blue transformation, climate change adaptation and mitigation, in fisheries, aquaculture, forestry, diary farming and other subsectors of agriculture more visible to the Governments, to bank clients in the subsectors, and to the international community.
17. Mr Prasun Kumar Das, Secretary General of APRACA, thanked the participants for dedicating their precious time to the workshop and contributing to development of credit reporting systems in Asia, and formally opened the workshop.
18. Following a round of self-introduction by the workshop participants, Mr Prasun Kumar Das introduced the agenda and objectives of the workshop.
19. The agenda of the expert workshop and the list of participants are provided in Appendices A and B.

WORKSHOP OBJECTIVES AND CREDIT REPORTING PURPOSES

20. The overarching goal of this expert workshop was to contribute to harmonize a broad-based credit reporting system for agriculture, forestry, fisheries and aquaculture by the APRACA member institutions in the Asia-Pacific region. Its results should be disseminated for discussion to larger platforms for policy level decision making.
21. The specific objectives of the workshop were the following:
 - compile an overview of financial/credit reporting systems used by APRACA member institutions to report on loans to the agriculture sector including its subsectors and the related value chain activities;

- discuss the existing financial/credit reporting systems/codes used and identify opportunities for harmonization of reporting codes within APRACA Member institutions, eventually leading to harmonized international minimum reporting standards;
- discuss a small set of standardized reporting codes to add (as necessary) to the existing reporting systems to track the credit/investments extended to all the sub sectors of agriculture with special reference to fishery and aquaculture subsectors by FSPs in the Asia-Pacific region;
- prepare a draft proposal for introducing harmonized and broad-based credit reporting codes for all the sub sectors, including fisheries and aquaculture, for review and endorsement by APRACA's Executive Committee and General Assembly.

22. Mr Prasun Kumar Das mentioned that credit reporting is a vital part of a country's financial infrastructure and is an activity of public interest. It addresses a fundamental problem of credit markets: asymmetric information between borrowers and lenders, which may lead to adverse selection, credit rationing, and moral hazard problems. Regulators and financial market participants are therefore increasingly recognizing the value of credit reporting systems.

23. He showed two credit reporting models (direct and indirect):

Direct credit reporting model	Indirect credit reporting model
<ul style="list-style-type: none"> • Information is shared directly with the Central Bank by the different financial service providers (this is most common). • No active technological or operational involvement of the Central Bank is required. • The regulators' main responsibilities are confined to the supervision of the FSPs. • This model would most probably not work with lenders that are reluctant to share data with other lenders, other sectors, and particularly other countries. 	<ul style="list-style-type: none"> • With the indirect sharing approach, the Central Bank plays a key role, not limiting itself to licensing and supervising FSPs, but taking a technological intermediary function between the FSPs and other stakeholders. • The regulator's intermediary role reinforces the confidence of data providers and users in the system and allows them to participate more willingly in the credit information sharing model.

24. Mr Van Anrooy (FAO) made a presentation on the purpose of credit reporting by sector. He started by laying out why credit reporting by sector is useful. Financial services providers can benefit from credit reporting in their loan portfolio (risk) management, when they need disaggregated info by sub sector, to compare their loan portfolio with other banks, and to address shareholder and civil society demands for reporting. He added that credit reporting also contributes to the development of sector policies, and that policymakers can use the data to measure impact of their policies and strategies on investment in a specific sector. Ministries of Finance have targets for the percentage of the total funding/investment in a specific sector and can use the data to measure compliance by FSPs with their policies. Finally, also Central Banks can find the information useful for progress monitoring on the UN SDGs.

25. Mr van Anrooy described the international standards and tools for industry reporting, and started with the work of the UN Statistics Division, which developed the International Standard Industrial Classification (ISIC) of all economic activities, which is now at revision 4. The ISIC purpose is to provide a set of activity categories that can be utilized for the collection and presentation of statistics according to such activities. ISIC aims to present this set of activity categories in such a way that entities can be classified according to the economic activity they carry out. ISIC covers productive activities, i.e., economic activities within the production boundary of the System of National Accounts (SNA). The ISIC system is accompanied by the Central Product Classification (CPC) system. He described the ISIC Codes Section A - Agriculture, forestry and fishing, which is available in Annex B of Appendix C to this report.

26. Reference was made also to regionally harmonized standards for reporting, such as:
- North America: North American Industry Classification system (NAICS) and the Standard Industry Classification (SIC) codes system. The definitions of individual categories of NAIC are similar as ISIC Rev.4, but numbering is different. Comparability of data is possible up to the two-digit divisions.
 - Europe: Statistical classification of economic activities in the European Community (NACE). The ISIC Rev.4 and NACE are identical up to the two-digit level (divisions) of the classification. NACE has more detailed/subcategories.
 - Oceania: The Australian and New Zealand Standard Industrial Classification (ANZSIC) is harmonized with ISIC rev.4.
27. The benefits for FSPs of using subsectoral codes for credit reporting were discussed. Industry specific codes are important for loan portfolio management, to track exposure to industries/sectors, for risk analysis (as sub sectors have their own risk profile), for pricing and managing risks associated with loans to clients in a specific sub sector/industry, and for comparison of loan performance between industries/sectors. Industry specific codes can support the development of sector specific policies of FSPs (e.g. see Rabobank example), to measure progress towards FSP sustainability objectives, to improve communication with (potential) clients, and for targeted promotional campaigns for FSP products/services. FSPs can also find the codes useful for internal planning – monitoring/control processes – and internal reporting to management, as well as for setting and monitoring industry specific key performance indicators (KPIs).
28. Industry/sector classification contributes to reporting by FSPs on environmental, social, and governance (ESG) approaches when making investment decisions in the financial sector and leads to long term investments in sustainable economic activities and projects. Thus, the reporting helps FSPs to provide sustainable finance, and their work on financial inclusion. It was noted that shareholders and investors (e.g. pension funds) are increasingly demanding ESG reporting by FSPs. In the United States of America, the NAICS codes are mandatory for tax reporting by all companies. Moreover, in the European Union NACE codes are mandatory for reporting on the European Union Taxonomy (which is a classification system that helps companies and investors identify “environmentally sustainable” economic activities to make sustainable investment decisions). Reporting under the European Union Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR) also involves NACE codes use.
29. The reporting classifications and related numbering (codes) are commonly used by credit registries of Central Banks, financial market supervisors and in national credit reporting systems. The reporting classifications are also used by national statistical offices and Central Banks for production, trade and employment statistics, estimation of the gross value added by sector/industry and the contribution of the sector/industry to the GDP, and for estimating energy consumption by sector/industry. The reporting classifications are also useful for monitoring the implementation of national policies, such as pro-poor policies that promote subsidized interest rates for poorer segments in the population, and green policies that promote a transition of a sector/industry towards more sustainability, e.g. through credit guarantee funds, agriculture/value chain investment funds.
30. Finally, sector/industry specific classification can also be useful for FSPs in their harmonized reporting on implementation and progress towards international agreements and principles, such as:
- United Nations Sustainable Development Goals (SDGs) – Agenda 2030.
 - UN Principles for Responsible Banking.
 - UNEP Finance Initiative.
 - Finance for Biodiversity Pledge.
 - Natural Capital Declaration.

- UN Global Compact activities.
- Equator Principles.
- Global Reporting Initiative (GRI) Standards.
- World Bank – General Principles for Credit Reporting.
- System of Environmental-Economic Accounting Central framework (SEAA CF).

31. Following the presentation, the workshop participants discussed the industry classification and related codes. Various experts mentioned that their institutions are using the ISIC system and related codes, sometimes up to 14 digits, making reporting highly detailed. They mentioned that the FSPs are also used to report quarterly to the Central banks and do so in general at higher level, thus not so detailed. Regarding tracking progress on the implementation of SDGs, guidance should be sought from the World Bank and UNIDO.

DRAFTING OF GUIDELINES ON BROAD-BASED CREDIT REPORTING

32. Ms Katherine Gonzales of the Asian Institute of Technology (AIT), Bangkok, and APRACA consultant made a presentation on the draft ‘Guidelines on broad-based reporting requirements on credit for agriculture, forestry, fisheries and aquaculture’. She described the purpose of credit reporting, and the challenges associated with reporting and with the development of voluntary guidelines on credit reporting. She referred to reporting tasks under the 2030 Agenda for Sustainable Development, which was adopted by the member states of the United Nations in 2015, and noted that the guidelines that are being developed will be a voluntary instrument that will be applicable to all APRACA Members, their clients and business partners that are active in the agriculture sector (including crop production, animal production, forestry, fisheries and aquaculture) and related value chains.
33. Ms Gonzales provided then an overview of current reporting system used by APRACA member institutions:

Indicators	Information gathered
Line department of the national government reporting to	<ul style="list-style-type: none"> • Central Bank • Ministry of Agriculture • Ministry of Finance
Frequency of reporting	<ul style="list-style-type: none"> • Monthly • Quarterly • Annually • Ad-hoc
Reporting system used	<ul style="list-style-type: none"> • Core Banking System • Management Information System • Developed digital platform or application programming interface (API)
Mandatory lending to agriculture and/or fisheries sector	<ul style="list-style-type: none"> • Government imposes a mandatory percentage on the total loan portfolio to be granted to the agriculture and/or fisheries sector
Sector codes (Classification)	<ul style="list-style-type: none"> • Sector codes are assigned for Agriculture • Fisheries sector is classified as sub-sector of Agriculture.
Financial (Accounting) Reporting Standard used and reporting structures	<ul style="list-style-type: none"> • National reporting standard • Some national reporting standards are aligned with the IFRS • Other national reporting standards differs with IFRS in terms of economic and legal environment. • Reporting structure and mechanism are structured by central bank who issues policies, guidelines and/or circulars

34. She gave examples of loan circulars and loan portfolio overview that demonstrated the use for sector classification and related codes. She ended her presentation by outlining the guidelines development process.

35. The expert meeting participants appreciated the presentation and shared information about the reporting systems they use in their FSPs and what information is submitted to the Central Bank and the frequency of reporting. It was noted that the FSPs follow the instruction of their Central Banks and regulatory institutions. ISIC codes are commonly used. It was also noted that the guidelines would become a voluntary APRACA tool, under which the APRACA members could report credit data and information by sub sector to APRACA. The APRACA Secretariat or a dedicated member would then analyze it and report to the APRACA General Assembly, at a frequency to be decided by the membership.
36. The participants saw benefits in a harmonized system of credit reporting and discussed whether their national systems would fit with regional reporting solutions proposed. They looked at the adjustments to made and whether it would be easy to adjust their numbering/reporting codes to those internationally applied.
37. The issue of data sharing was discussed, and it was mentioned that high level approval may be required within each APRACA member institution. To get a real national overview of credit extended to specific subsectors of agriculture, it would however be required that the Central Banks make such reporting mandatory. Otherwise, non-APRACA members will not join in the reporting. Some participants proposed to have at national level a cooperation agreement with the bankers' association. It was noted that APRACA will need to have a data sharing and privacy policy and system in place.
38. The APRACA regulations provide a cooperation agreement between the APRACA members under which data and information sharing is foreseen. The credit data collected from members will be analyzed within APRACA and only aggregated information will be published/disseminated, that would not identify individual members of APRACA. Collaboration at technical level between the APRACA members is thus possible without any additional agreement. It could start as soon as the APRACA Executive Committee has decided. Nevertheless, it could be useful to work in parallel with the Central Bank members of APRACA on solutions that will involve also collection of aggregated credit data and information from other FSPs that are not member of APRACA.
39. It was also mentioned that the credit reporting would be useful in the national reporting duties under the United Nations Framework Convention on Climate Change (UNFCCC), and particularly in the preparation of Nationally Determined Contributions (NDCs) reports.

EXPERIENCE SHARING BY APRACA MEMBERS

40. Mr Suthee Visitwarakorn, Senior Vice President of Risk Management Department, Bank for Agriculture and Agricultural Cooperatives (BAAC), Thailand, made a presentation on "Reporting system/guidelines for credit extended to agriculture, forestry, fisheries and aquaculture in Thailand". He started with discussing the significance of credit reporting, followed by an overview of the organizational structure and reporting lines of BAAC. He then explained that BAAC loan reporting is designed to align with standards and stakeholder requirements. Stakeholders include regulators and shareholders, employees, customers, partners, suppliers of goods and services, and the surrounding communities.
41. Mr Visitwarakorn continued with outlining the BAAC loan classification and showed that 91 percent of BAAC loans are for agriculture sector purposes. He mentioned about the data by type of customer and type of loan and how BAAC applies the ISIC classification system. Approximately 2 percent of the BAAC loans are supporting fishing and aquaculture businesses. He ended his presentation by showing reporting channels, internally, to the public and to the regulatory authorities.
42. The experts discussed that the detail of loan reporting applied by BAAC will help in reducing credit risks. For instance, repayment schedules for loans can be adjusted for seasonality of income and cash flow of farmers and fishers. It was noted that classification of loans by loan type and by region are also useful tools for loan portfolio management.

43. Mr Sumit Kumar Singh, Deputy General Manager, National Bank for Agriculture and Rural Development (NABARD), India, made a presentation on ‘Reporting system/guidelines for credit extended to agriculture, forestry, fisheries and aquaculture in India’. He started with the vision and mission of NABARD and describing the large banking system in India and the role of NABARD in the system. He referred to the major functions of NABARD, which include credit planning and monitoring; financing rural infrastructure; financing agriculture; supporting rural livelihoods and climate change interventions and the rural sector; supervision of cooperatives; strengthening rural financial institutions; and supporting financial inclusion, research & development.
44. Mr Singh described the functioning of the institutional agriculture credit system in India, the lead bank scheme, with its objective to enhance the flow of bank finance to priority sector and other sectors, and the monitoring of priority sector lending targets. He presented some information on the status of credit disbursement to allied sectors and related issues, showing that the shares of Livestock, Forestry and Fishing subsectorss in value of output are increasing. The latest information is that of the total loan portfolio some 7 percent of credit is supplied to fishing and aquaculture businesses, 8 percent to forestry, 31 percent for livestock farming, and 54 percent to crop farming. He also provided information on the fishing and aquaculture sector in India and said that the average annual growth of the fisheries sector in value of output (2014–2015 to 2022–2023) was 9 percent, which is the highest of all agriculture and allied sectors.
45. In the subsequent discussion, the experts discussed the length of the crop loan (one year) and the difference with investment loans for the longer term. Equipment loans are considered primary sector short term loans, while infrastructure loans are regarded as long-term loans. They also discussed the frequency of loan reporting by various levels in the banking system, such as block, district and state level financial institutions. It was noted that banks at different levels can insert their credit data themselves in the required formats in the reporting system used in India, which facilitates the reporting process and contributes to compliance.
46. Mr Phon Eng, Deputy Director of Credit Department, Agricultural and Rural Development Bank of Cambodia (ARDB), shared information on the ‘Reporting system/guidelines for credit extended to agriculture, forestry, fisheries and aquaculture in Cambodia’. He mentioned that for his bank credit reporting to the National Bank of Cambodia (the central bank) is mandatory and is done monthly. He also informed the experts about the role of the Ministry of Economy and Finance in Cambodia in terms of policy setting. He shared information about the loans provided by the bank, such as short -term loans for working capital, long-term loans, and wholesale lending to micro-finance institutions in Cambodia. The bank has information on credit by industry and type of loan available, which can be shared in aggregated form.
47. The discussion that followed the short overview provided, acknowledged the value of collecting credit data and reporting on the contribution of the financial sector to the UN SDGs, and that information on loan distribution by subsectors of agriculture and number of borrowers by subsector is important to collect for portfolio management and to report on. It was also noted that the National Bank of Cambodia currently only collects the aggregate loan portfolio information to the agriculture sector as a whole and does not require reporting on agriculture subsector loans.

STATUTORY REPORTING REQUIREMENTS BY CENTRAL BANKS

48. Mr Jayson Oliveros Iran, Bank Officer II, Banko Sentral ng Pilipinas (BSP), made a presentation on the ‘Statutory reporting requirements for credit extended to agriculture, forestry, fisheries and aquaculture in the Philippines’. He started with outlining the credit reporting systems used in collecting data from FSPs in the Philippines, and that the BSP uses the Prudential Reporting Innovation and Monitoring Engine (PRIME) for this reporting. PRIME is the BSP’s initiative through the Financial Supervision Sector to redefine and transform data aggregation and validation by combining the capabilities of the Application

Programming Interface (API) and the Extensible Markup Language (XML) approach. The API is a set of defined rules that enable different applications to communicate with each other. With PRIME, reporting compliance has become easier. The flexibility, accuracy, and efficiency of this system's features support future reporting enhancements and transformations. This machine-to-machine setup ensures that business systems communicate autonomously without manual intervention, thereby reducing or eliminating data breaches and leakage caused by human errors. Security layers were added, such as the use of digital certificates, to ensure protection and confidentiality of data (BSP, 2023a). The frequency of report submission depends on the type of report and the type of financial institutions that are submitting the report. Reports can be submitted monthly, quarterly, semestral, and annually (BSP, 2019).

Box 1. BSP loan application and reporting system

Mr Oliveros Iran informed the workshop that on 30 September 2022, the BSP issued Circular No. 1156 (BSP, 2022), which effectively mandates the adoption of the Standard Business Loan Application Form (SBLAF) among covered entities (CEs). Covered entities include banks and their subsidiary/affiliate financing and leasing companies; government non-bank financial institutions (NBFIs); financing/leasing companies with quasi-banking (QB) license that are not subsidiary of banks. The primary objective of the SBLAF initiative is to make the loan application process simpler and borrower-friendly for our target users - the micro small and medium enterprises (MSMEs). Furthermore, as articulated in the Circular, the SBLAF shall be used for covered loan applications that meet the following criteria: (1) Applicant-Borrower; (2) Loan Purpose; and (3) Loan Security. He noted that under the SBLAF, the following data points related to "Agriculture, Forestry and Fishing" industry are required: Number of loan applications received, approved (both secured and unsecured), rejected, and under evaluation; and amount of approved loans. In terms of reporting, covered entities are required to submit quarterly reports using the prescribed formats to the BSP. The reporting templates capture disaggregated data in terms of firm size, industry classification, based on the information received from the financial institutions on a regular interval.

49. Under the total Priority Sector, Banks are required to lend 40 percent of Annual Net bank credit (ANBC). Further, under Agriculture, the target for bank is 18 percent of ANBC. Sub-targets for lending to Small and Marginal farmers is 10 percent. gender, loan size, and collateral presented, among others.
50. Another example of credit reports required from FSPs is the Report on compliance with the mandatory Agriculture, Fisheries and Rural Development (AFRD) Financing Enhancement Act of 2022 under R.A. No. 11901 (BSP, 2023b). Banks are required to report their compliance with the mandatory AFRD Financing Enhancement Act. The Act mandates banks to allocate 25 percent of their total loanable funds to AFRD-related financing, and the eligible modes of compliance of banks have the form of loans, investments and/or deposits. AFRD reports are submitted quarterly. The AFRD Financing Enhancement Act aim to achieve that loans and investments will increase (the) income of an agricultural and fisheries household, thereby promoting agricultural sector productivity and competitiveness, as well as sustainable development of rural communities.
51. At the end of his presentation, Mr Oliveros Iran informed the workshop about the Financial Inclusion Steering Committee (FISC) website (<https://financialinclusion.gov.ph/>), which is a one-stop website for financial inclusion. The FISC website is a dedicated space that will serve as the information hub for all updates, data, and relevant information anchored on the Philippine national strategy. The website aims to increase awareness and promote greater appreciation for financial inclusion as a national development agenda subject and to mobilize widespread endorsement for its priority initiatives.

52. In the discussion following the presentation, it was mentioned that the PSIC follows the ISIC classification system and codes. It was also noted that the Philippine Agricultural Credit Policy Council (ACPC) collects and analyzes granular credit data by subsectors, using the ISIC categories, and that loans are labelled by type of crop or commodity, and fish cultured by species and whether the aquaculture is in a marine- or in freshwater environment. Credit/borrower related data that are collected and are available also include the number of borrowers by loan type and industry category, borrowers and loans by region and average loan sizes, as well as gender and age information of the borrowers. Similar as in other countries, the FSPs are required to only report aggregated credit data to the central bank (BSP) under the AFRD Financing Enhancement Act.

WORKING GROUP DISCUSSIONS AND PRESENTATIONS

53. The workshop participants were asked to discuss in two working groups the draft APRACA Guidelines on broad-based reporting of credit to agriculture, forestry, fisheries and aquaculture.
54. Working Group 1 (WG1) discussed the benefits and challenges of implementation of the draft APRACA Guidelines on broad-based reporting of credit to agriculture, forestry, fisheries and aquaculture and provided specific recommendations to ensure that the guidelines are practical, easy to implement, and effectively support the work of APRACA Members. WG1 noted that the ISIC rev.4 classification is suitable for the collection of harmonized credit reports. The level of data to be collected for regional level would be “class” level, which means that major classes are reported on (such as growing of vegetables, raising of cattle and buffaloes, marine fishing). It was noted however, that further details are available within most banks.
55. WG1 suggested that other data and information should also be collected, analyzed and reported at national level, and possibly be used for regional level analysis as well by the APRACA Secretariat. Examples provided include data on credit to indigenous/ethnic groups, data by gender (man/women borrowers), and data by age group of borrowers. For the latter, three age categories are often used: 18–30 years, >30 to 60, and >60 years. Loans to the age group up to 30 were considered as loans to the youth. It was noted that narrative information reporting on geographical distribution of loans within a country and trends in loan supply and repayment by class level would be useful information for FSPs.
56. In terms of challenges related to implementing the guidelines for the APRACA Members the absence of an instruction or regulation from the central bank to the FSPs on reporting of credit by “class” was mentioned most. It was argued that credit reporting data by subsectors is more useful if all FSPs must comply. Voluntary reporting will be a good start, until a policy or regulation by the central bank is issued. The need for a data sharing and protection policy for APRACA was mentioned as well. Finally, the reporting timeframe should be agreed upon, as financial years applied by APRACA members are from January to December, but also from April to March.
57. WG1 recommended that at the start the most suitable reporting format for credit reporting to APRACA’s Secretariat would be the use of reporting tables in MS Excel, as all FSPs know how to use this software and have access to it. It was also recommended that APRACA develops a database, hosted by the Secretariat or one of the Members. If the database could be compatible with MS Excel and if individual Members could have an interface for uploading and reviewing their data, that would be most preferred. APRACA should develop an “intranet” for database management and the capacity of its staff to collect, review, analyze and report on the credit data and information.
58. In the discussion of the WG1 presentation, it was mentioned that alignment/compatibility of IT systems would be key to make the reporting plans successful. To introduce and implement a nationwide system of reporting, the central banks should have a system that can accept the data provided by the FSPs, so that the demand side (central banks) can receive the data from the FSPs (supply side) and handle the data. It was also noted that it would be useful for the regional level credit reporting to split working capital loans

(demand loans) from investment loans (for assets and infrastructure). Loans of 3 years or more should be labelled as investment loans. Finally, the experts recommended adding a glossary of terms/definitions to the draft guidelines.

59. Working Group 2 (WG2) reviewed the draft APRACA Guidelines on broad-based reporting of credit to agriculture, forestry, fisheries and aquaculture and provided specific recommendations to ensure that the guidelines are practical, easy to implement, and effectively support the work of APRACA Members. The edits made by WG2 have been incorporated in the updated draft guidelines (see Appendix C). Points raised were that agro-industries should be added, annual reporting should follow the financial year, and that the above-mentioned distinction between working capital and investment loans.
60. In the ISIC revision 4 classification, bee keeping and silkworm growing are included under 149 “raising of other animals”. In view of the economic importance of these agriculture subsectorss, it was proposed to include reporting on these sub-classes as well. Reference was also made to the ISIC revision 5, which is forthcoming and could be adopted internationally in 2025. For more information, please visit: <https://unstats.un.org/unsd/classifications/Econ/>.
61. In the discussion about the WG2 edits to the draft guidelines, it was emphasized that the guidelines will be a voluntary instrument and that FSPs have their own standards and should follow national standards, policies and rules.
62. The draft reporting format in Annex B of the guidelines was also discussed. It was recommended that working capital and investment loans be split, and to include the gender and age group of the borrowers, to suit SDG-related reporting purposes. Options for revised reporting formats are included in the updated Annex B (in Appendix C of this report).

NEXT STEPS AND WORKSHOP CLOSURE

63. Ms Gonzales presented the next steps in the development and finalization of the Guidelines on broad-based reporting of credit to agriculture, forestry, fisheries and aquaculture.
64. The workshop agreed with the following next steps:

Plan of action	Responsible person/organization	Deadline
Submission of the revised draft guidelines for review by the experts	FAO/APRACA Secretariat	15 December 2024
Expert’s feedback and confirmation on the revised draft guidelines	Participants of the expert workshop (25–26 November 2024)	15 January 2025
Finalization of the draft guidelines for sharing with the Membership (online) and presentation to the APRACA Executive Committee	APRACA Secretariat	30 March 2025
Review and endorsement of the guidelines by the Executive Committee	APRACA Secretariat/ Executive Committee	30 April 2025
Publication of the guidelines and submission to the APRACA General Assembly for endorsement	APRACA Secretariat/ General Assembly	4th Quarter 2025
Implementation of the voluntary broad-based credit reporting system on period covering 2025	APRACA Secretariat/APRACA Members	4th Quarter 2025

65. Mr Van Anrooy informed the expert Workshop participants that FAO would publish the report of the workshop in the FAO Fisheries and Aquaculture Report series in March 2025 and would ensure that it will be made available on the Rural Finance and Investment Learning Centre (RFILC) library (<https://www.rfilc.org/>) and disseminated through the CAFI-SSF Network. Mr Prasun Kumar Das said that the report would also be made available on the APRACA website (<https://www.apraca.org/>) and distributed to the APRACA Membership.
66. Moreover, it was noted that the guidelines could be presented to the 8th World Congress on Rural and Agricultural Finance (27–31 October 2025), for scaling-up their implementation at global level.
67. Mr Prasun Kumar Das thanked the experts for their active participation in the workshop and their valuable contributions to the development of the APRACA regional credit reporting guidelines. He mentioned that the implementation of the guidelines will demonstrate that the credit and investment by banks to agriculture and its subsectors add up to billions of USD annually. He expressed appreciation to the APRACA Membership for starting a new journey of credit reporting.
68. Mr Das thanked FAO for its support in the development of the guidelines and the organization of the expert workshop. He looked forward to continuing technical assistance from FAO in the analysis and reporting on global trends in credit and investment supplied by FSPs to agriculture, forestry, fisheries and related subsectors, and further collaboration in tracking of progress in the implementation of SDGs that are relevant to the financial and agriculture sectors. He thanked APRACA's secretariat staff for their efficient organization of the event and officially closed the expert workshop at 12.30 on 26 November 2024.

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EXPERT WORKSHOP AGENDA

DAY 1: Monday, 25 November 2024

08.30–09.00	Registration of participants
09.00–10.00	Opening session
09.00–09.15	☛ <i>Welcome address: Ms Thanid Thitichowtwatthanakul, Executive Vice President, Bank for Agriculture and Agricultural Cooperatives (BAAC), Thailand.</i>
09.15–09.30	☛ <i>Keynote address: Mr Raymon Van Anrooy, Senior Officer, Food and Agriculture Organization of the United Nations (FAO), Rome.</i>
09.30–09.40	☛ <i>Vote of thanks: Mr Prasun Kumar Das, Secretary General, APRACA, Bangkok [online].</i>
9.40–11.00	Technical Session 1: Broad-Based Credit Reporting system and its purpose.
9.40–10.00	☛ <i>Speaker 1: Mr Prasun Kumar Das. Presentation on ‘Broad Objectives of the workshop on developing a broad-based reporting system’ [online].</i>
10.00–10.20	☛ <i>Speaker 2: Mr Raymon Van Anrooy. Presentation on ‘The purposes of credit reporting by sector’.</i>
10.20–10.45	☛ <i>Questions and Answers.</i> ☛ <i>Group Photo.</i>
10.45–11.15	Tea/Coffee/Health break
11.15–12.30	Technical Session 2: Drafting of Guidelines on Broad-Based Credit Reporting
11.15–11.45	☛ <i>Speaker: Ms Katherine Gonzales, Asian Institute of Technology, Bangkok and APRACA consultant: Presentation of draft ‘Guidelines on broad-based reporting requirements on credit for agriculture, forestry, fisheries and aquaculture’.</i>
11.45–12.30	☛ <i>Plenary discussions on the areas need to be included in the draft guidelines (Moderated by Mr Raymon Van Anrooy).</i>
12.30–13.30	Lunch Break
13.30–15.15	Technical Session 3: Experience Sharing by APRACA members on existing Credit Reporting system/guidelines.
13.30–13.50	☛ <i>Speaker 1: Mr Suthee Visitwarakorn, Senior Vice President of Risk Management Department, Bank for Agriculture and Agricultural Cooperatives (BAAC) Thailand, ‘Reporting system/guidelines for credit extended to agriculture, forestry, fisheries and aquaculture in Thailand’.</i>
13.50–14.10	☛ <i>Speaker 2: Mr Sumit Kumar Singh, Deputy General Manager, National Bank for Agriculture and Rural Development (NABARD) India, ‘Reporting system/guidelines for credit extended to agriculture, forestry, fisheries and aquaculture in India’.</i>
14.10–14.30	☛ <i>Speaker 3: Mr Phon Eng, Deputy Director of Credit Department, Agricultural and Rural Development Bank of Cambodia (ARDB), ‘Reporting system/guidelines for credit extended to agriculture, forestry, fisheries and aquaculture in Cambodia’.</i>
14.30–15.00	☛ <i>Question and Answer session (Moderated by Ms Katherine Gonzales).</i>
15.00–15.30	Tea/Coffee/Health break
15.30–17.00	Technical Session 4: Statutory reporting requirements by the central banks on credit extended to agriculture, forestry, fisheries and aquaculture.

15.30–16.00	☛ Speaker1: Mr Md. Faridul Islam Khan, Joint Director, Bangladesh Bank, ‘Statutory reporting requirements for credit extended to agriculture, forestry, fisheries and aquaculture in Bangladesh’.
16.00–16.30	☛ Speaker 2: Mr Jayson Oliveros Iran, Bank Officer II, Banko Sentral ng Pilipinas, ‘‘Statutory reporting requirements for credit extended to agriculture, forestry, fisheries and aquaculture in the Philippines’.
16.30–17.00	☛ Question and Answer session (Moderated by Mr Aziz Arya, FAO).

DAY 2: Tuesday, 26 November 2024

09.00–09.15	Recap of Day 1 discussions. Moderated by Mr Raymon Van Anrooy.
09.15–11.00	Working Group discussions and presentation.
09.15–10.15	Working Group 1: discuss the following subjects: <ul style="list-style-type: none"> a) Existing system of credit reporting internally used and at national level. b) Efficiency of the reporting system to track finance and investment in the agricultural sector, including forestry, fisheries and aquaculture. c) Potential improvements in credit reporting parameters. d) Key considerations to consider when harmonizing credit reporting systems in the Asia Pacific. Working Group 2: review the draft ‘Guidelines on broad-based reporting requirements on credit for agriculture, forestry, fisheries and aquaculture’.
10.15–10.30	Presentation by <u>Working group 1</u> + Q & A.
10.30–10.45	Presentation by <u>Working group 2</u> + Q & A.
10.45–11.15	Tea/Coffee/Health break
11.15–11.45	Concluding Session
11.15–11.45	Ms Katherine Gonzales, Next steps & way forward.
11.45–12.00	Closing remarks by Mr Prasun Kumar Das [online].

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**APRACA VOLUNTARY GUIDELINES ON BROAD-BASED REPORTING OF CREDIT TO
AGRICULTURE, FORESTRY, FISHING, AND RELATED SUBSECTORSS**

(Developed by APRACA based on the expert consultation held in
Bangkok, Thailand during 25–26 November 2024)

Asia-Pacific Rural and Agricultural Credit Association (APRACA)

in collaboration with the

Food and Agriculture Organization of the United Nations

I. BACKGROUND

The agricultural sector plays an essential role in feeding the world population as well as contributing to agro-based industries. In 2023, the global population rose to around 8 billion and more than 60 percent or around 4.7 billion people lives in the Asia-Pacific Region¹ which covers 22 percent of 2.8 billion hectares² of the world's land area. The Asia Pacific Rural and Agricultural Credit Association (APRACA) promotes the efficiency and effectiveness of rural finance and improves access to financial services for agriculture development and the population in the Asia-Pacific region.

APRACA Members provide and facilitate sustainable rural finance, contributing to the long-term sustainability of economic activities in agriculture, forestry and fishing, its subsectors (such as growing crops, vegetables, animal production and aquaculture), and related value chains.

The financial services supplied through APRACA Members to farmers, foresters and fishers and those working in the related value chains contribute to the implementation of national development, food security and economic growth objectives.

Financial service providers are required by government authorities, Central Banks, development financial institutions (DFIs) and other regulating bodies, to report on the financial services they provide, their financial statements and their compliance with finance policies and regulations. Some APRACA Members use the International Financial Reporting Standards (IFRS) for financial reporting purposes, which include an accounting standard that covers agriculture at an aggregate level. This means that credit and investment supplied to agriculture subsectorss is lumped together under the heading, "agriculture", in their report. Other APRACA Members have national reporting systems that address the needs of certain sectors, but do not include the other agriculture subsectors.

The consequences of this lack of detail and limited coherence in credit reporting are that the contributions by APRACA Members to sustainable growth in food production, innovation, infrastructure investment, nature- and biodiversity conservation, climate change adaptation and mitigation, in agriculture, forestry, fishing and related subsectorss often go unnoticed. The important work of APRACA Members in support of these subsectors is thus not visible to policy makers, clients, the general public and the international community.

The gap in sector-specific information also hampers reporting on environmental, social and governance (ESG) performance, and the reporting on achievements towards the United Nations Sustainable Development Goals (SDGs).

II. PURPOSE

The purpose of these guidelines is to encourage the APRACA Members, their clients and business partners to incorporate standard industry classifications in their credit and investment operations and reporting practices.

It is foreseen that these guidelines contribute to:

- Alignment with credit portfolio reporting by industry/economic activity used by financial service providers in other regions, notably Europe, Oceania and North America.
- Enhanced loan portfolio (risk) management of APRACA Members, through better analysis and comparison of credit performance by agriculture subsectors.

¹ Asia-Pacific Population and Development Report 2023. UN.
https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/undesa_pd_2024_escap-report-population-development-17.pdf

² Overview of the Asia-Pacific Region. FAO.
<https://www.fao.org/4/w4388e/w4388e03.htm#population%20and%20socio%20economic%20status>

- Improvement of general reporting on credit extended to crop production, animal production, forestry, fishing, aquaculture and related subsectors. Regional harmonization of credit reporting practices used by APRACA Members and readily available information/data (e.g., trends, risks and exposure) for development of investment strategies, policies and programmes/product design.
- Progress monitoring on the achievements towards the United Nations Sustainable Development Goals (SDGs) by APRACA Members.
- Environmental, social and governance (ESG) reporting and other sustainable finance related reporting requirements.
- Development of subsectors specific credit programmes, policies, communication and marketing plans by APRACA Members.

These guidelines are also intended to provide a basis for future data and information sharing within the APRACA framework about credit programme performance by agriculture subsectors, to facilitate improvements and encourage best practices where possible.

III. SCOPE

These guidelines are applicable to APRACA Members, their clients and business partners that are active in the agriculture sector (including crop production, animal production, forestry, fisheries and aquaculture) and related value chains.

The guidelines are a voluntary instrument and have no legally binding implications to the financial institutions.

IV. CREDIT REPORTING CLASSIFICATION

APRACA Members generally use the International Standard Industrial Classification of all economic activities (ISIC)³ in their credit reporting systems. The classification of ISIC Section A “Agriculture, forestry and fishing” will be applied⁴ to compile the reports related to extending finance to agriculture sector. A broad reporting classification is provided in Table 1 and further details are provided in Table 2.

³ Available at: https://unstats.un.org/unsd/publication/seriesm/seriesm_4rev4e.pdf

⁴ Note: The classification in the table contains 2 levels of ISIC classification (division and group level). This classification would be the minimum standard to apply regionally. However, many APRACA members have available data at the 3rd level (class). The complete table can be found in Annex A.

Table 1. Broad credit reporting classifications in agriculture sector

Divisions	Number Code	Classification
Division 01	Crop and animal production, hunting and related service activities	
	11	Growing of non-perennial crops
	12	Growing of perennial crops
	13	Plant propagation
	14	Animal production
	15	Mixed farming
	16	Support activities to agriculture and post-harvest crop activities
	17	Hunting, trapping and related service activities
Division 02	Forestry and logging	
	21	Silviculture and other forestry activities
	22	Logging
	23	Gathering of non-wood forest products
	24	Support services to forestry
Division 03	Fishing and aquaculture	
	31	Fishing
	32	Aquaculture

Table 2: Descriptive reporting classification for Section A - Agriculture, forestry, and fishing (including class)

Division	Group	Class	Description
Division 01			Crop and animal production, hunting and related service activities
	11		Growing of non-perennial crops
		111	Growing of cereals (except rice), leguminous crops and oil seeds
		112	Growing of rice
		113	Growing of vegetables and melons, roots and tubers
		114	Growing of sugar cane
		115	Growing of tobacco
		116	Growing of fibre crops
		119	Growing of other non-perennial crops
	12		Growing of perennial crops
		121	Growing of grapes
		122	Growing of tropical and subtropical fruits
		123	Growing of citrus fruits
		124	Growing of pome fruits and stone fruits
		125	Growing of other tree and bush fruits and nuts
		126	Growing of oleaginous fruits
		127	Growing of beverage crops
		128	Growing of spices, aromatic, drug and pharmaceutical crops
		129	Growing of other perennial crops
	13	130	Plant propagation
	14		Animal production
		141	Raising of cattle and buffaloes
		142	Raising of horses and other equines
		143	Raising of camels and camelids
		144	Raising of sheep and goats
		145	Raising of swine/pigs
		146	Raising of poultry
		149	Raising of other animals
	15	150	Mixed farming
	16		Support activities to agriculture and post-harvest crop activities
		161	Support activities for crop production
		162	Support activities for animal production
		163	Post-harvest crop activities
		164	Seed processing for propagation
	17	170	Hunting, trapping and related service activities

Division	Group	Class	Description
Division 01			Crop and animal production, hunting and related service activities
Division 02			Forestry and logging
	21	210	Silviculture and other forestry activities
	22	220	Logging
	23	230	Gathering of non-wood forest products
	24	240	Support services to forestry
Division 03			Fishing and aquaculture
	31		Fishing
		311	Marine fishing
		312	Freshwater fishing
	32		Aquaculture
		321	Marine aquaculture
		322	Freshwater aquaculture

The above classification is aligned with the System of National Accounts (SNA) which is the internationally agreed standard set of recommendations on how to compile measures of economic activity. The classification is also utilized by the United Nations and its specialized agencies and development finance institutions. By adopting similar classifications for reporting purposes, the APRACA Members will follow internationally accepted and agreed standards.

A brief result of the discussions with APRACA members present in the workshop held in Bangkok and online engagements are provided in Table 3 and 4 below:

Table 3: Existing reporting system by the banks (Commercial/specialized and national development banks)

Topic	Bank of Ceylon (BOC)	Bank of Agriculture and Agricultural Cooperatives (BAAC)	National Bank for Agriculture and Rural Development (NABARD)
Category of Institution	<ul style="list-style-type: none"> Commercial Bank. 	<ul style="list-style-type: none"> Commercial Specialized Bank. 	<ul style="list-style-type: none"> National Development Bank.
Reporting to whom	<ul style="list-style-type: none"> Central Bank of Sri Lanka. Ministry of Agriculture. Ministry of Finance. 	<ul style="list-style-type: none"> Ministry of Finance for credit reporting Board of Thailand (BOT). 	<ul style="list-style-type: none"> Ministry of Finance through the Department of Financial Services (DFS), specifically to the Agricultural Credit section.
Frequency of reporting	<ul style="list-style-type: none"> Monthly, quarterly, annually, ad-hoc. 	<ul style="list-style-type: none"> Quarterly, Ad-hoc (as needed). 	<ul style="list-style-type: none"> Monthly, Quarterly and Annually.
Reporting system used	<ul style="list-style-type: none"> Bank of Ceylon is using the Core Banking System. Data is extracted from such a system to prepare necessary reports for submission. 	<ul style="list-style-type: none"> BAAC has a Management Information System (MIS) in which they store all data that they have collected from various sources. Information submitted for the Ministry of Finance and the Internal Management Report can be generated from this system. BAAC also has a core banking system in which banking transactions and financial records are maintained. 	<ul style="list-style-type: none"> Reporting is done through the digital platform called ENSURE developed by NABARD.
Information on loans to the agricultural sector and/or the fisheries and aquatic resources sector	<ul style="list-style-type: none"> As per the directions issued by the Central Bank of Sri Lanka: <ul style="list-style-type: none"> Priority Sector Lending - All the licensed banks shall ensure that not less than 20% p.a. growth, on year on basis on the following main sectors. Agriculture, Forestry & Fishing / Industry/ Services and others. Mandatory Sector Lending - All the licensed banks shall have an exposure of 10% to the agriculture sector out of the total domestic advances. 	<ul style="list-style-type: none"> Report submitted to Ministry of Finance are of 2 types: <ul style="list-style-type: none"> Types of loan which are mainly categorized as agricultural loan, cooperative loan, institutional loan, loan for government, retail loan, village fund and community village. Credit line or amount of loan, the outstanding loan and the non-performing loan. Other data generated depends on the report that is needed by the BOT or the management for internal use. 	<ul style="list-style-type: none"> The Central Bank of India have classified the sectors as non-priority and priority sector. Agriculture belongs to the priority sector. Under the total Priority Sector, Banks are required to lend 40% of Annual Net bank credit (ANBC). Further, under Agriculture the target for banks is 18% of ANBC. Sub-targets for lending to Small and Marginal farmers is 10%.

Topic	Bank of Ceylon (BOC)	Bank of Agriculture and Agricultural Cooperatives (BAAC)	National Bank for Agriculture and Rural Development (NABARD)
			<ul style="list-style-type: none"> • Agriculture loans are classified as short-term (1 year or less) and long-term loan (more than 1 year) • Data are also identified by states (32 states), District-wise and block-wise.
Reporting Codes/ Industry classification codes	<ul style="list-style-type: none"> • Reports to the Central Bank include type of sector, lending amount, outstanding amount, and other details that are required. • BOC has a Core Banking System, through which data can be extracted and reports can be prepared accordingly. • There are sector codes, purpose codes and other codes are available in the system to extract data. 	<ul style="list-style-type: none"> • Codes are assigned for agriculture and fisheries. • Codes are also assigned by category, crop, customer, loan size, market and other data, which can be used to generate data for the agriculture and fisheries sector. • BAAC is using the ISIC code up to the ISIC Code 4 as confirmed during the workshop. 	<ul style="list-style-type: none"> • Codes are assigned to agriculture with the subsectorss like crop, animal production, fisheries, poultry, dairying, animal husbandry, etc. • Although fisheries sector in broader sense is classified under agriculture, India has separate Ministry for Agriculture and Ministry of Fisheries, Husbandry and Ministry of Fisheries, Animal Husbandry and Dairying. • India is currently using the Indian National Industrial Classification (NIC) 2008, adapted from the UN's ISC Rev. 4⁵. • Reserve Bank of India published a code list with activities under list E, a separate coding has been assigned to Agriculture under and Forestry Group A, and Fishing under Group B⁶.

⁵ National Industrial Classification. NCS. https://www.ncs.gov.in/Documents/NIC_Sector.pdf

⁶ Handbook of Instructions Basic Statistical Returns 1 and 2. Code Lists. RBI. <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/83855.pdf>

Topic	Bank of Ceylon (BOC)	Bank of Agriculture and Agricultural Cooperatives (BAAC)	National Bank for Agriculture and Rural Development (NABARD)
Financial (Accounting) Reporting Standard used	<ul style="list-style-type: none"> National reporting standard based on IFRS. 	<ul style="list-style-type: none"> BAAC is currently using Thai Financial Reporting Standard (TFRS) in which they are given until 2028 to fully comply with the requirements. 	<ul style="list-style-type: none"> India uses Indian Accounting Standards (Ind AS) for financial reporting, but the credit reporting mechanism and structure was devised by the Central Bank of India.
Do you see scope or opportunity in using a standardized credit reporting system in the region and why?	<ul style="list-style-type: none"> BOC is in favor of a standardized credit reporting system. 	<ul style="list-style-type: none"> The fisheries sector is categorized as part of agriculture. BAAC believe that report should be presented separately for the Fisheries without affecting the fishery sector's access to Finance. The system of BAAC, however, can identify the agriculture from fisheries sector, if needed. 	<ul style="list-style-type: none"> It will be a good initiative. Through the standardized or harmonized system, NABARD will be able to identify what are the other data which they may need to add in their system. Likewise, NABARD will also be able to share with other Institutions what type of data they are collection. It will encourage cooperation among the members of APRACA. Having a separate standardized reporting system will also be good as fisheries is one of the important sectors in India.

Table 4: Reports required by the central banks/national agencies

Topic	Bangko Sentral ng Pilipinas (BSP)	Indonesian Financial Services Authority (Otoritas Jasa Keuangan)	Agricultural Credit Policy Council (ACPC)
Category of Institution	<ul style="list-style-type: none"> Central Bank. 	<ul style="list-style-type: none"> Financial Service Regulator. 	<ul style="list-style-type: none"> Department of Agriculture.
Reporting to whom	<ul style="list-style-type: none"> BSP-supervised financial institutions (BSFIs) submit to Central bank. 	<ul style="list-style-type: none"> OJK, as the financial regulator is the one collecting reports. The banks, financing companies, credit insurance companies and other financial institutions) report to the OJK. 	<ul style="list-style-type: none"> ACPC's Governing Council. Congress (Senate and House of Representatives). Department of Agriculture (DA). Department of Budget and Management (DBM). National Economic Development Authority (NEDA). Office of the President. Philippine Statistics Authority (PSA) Other government offices.
Frequency of reporting	<ul style="list-style-type: none"> Monthly, quarterly and annually, depends on the type of the financial institutions that are submitting the report. 	<ul style="list-style-type: none"> Monthly through the SLIK system. 	<ul style="list-style-type: none"> Quarterly, annually and ad hoc.
Reporting system used	<ul style="list-style-type: none"> BSP-supervised financial institutions (BSFIs) utilize the Prudential Reporting Innovation and Monitoring Engine (PRIME), an application programming interface (API)-based reporting system, in the submission of prudential reports to the BSP. 	<ul style="list-style-type: none"> OJK is using the information system called Sistem Layanan Informasi Keuangan (SLIK). It is a means of exchanging information between the regulator and the financial institutions. SLIK is debtor information system used for easy access to the funding facilities. 	<ul style="list-style-type: none"> The ACPC utilizes a web-based reporting platform known as the Agri-Credit Electronic Portal (ACE Portal). This system allows ACPC's partner lending conduits to submit their reports online. The platform captures critical data, such as borrower profiles, loan disbursements, and loan collection details.
Information on loans to the agricultural sector and/or the	<ul style="list-style-type: none"> There are some specific reports related to Agriculture and Fisheries such as those for the Standard Business Loan 	<ul style="list-style-type: none"> Information includes debtor, loan, LC, guarantee and other important information. Loan portfolios are classified into three 	<ul style="list-style-type: none"> Credit program implementation updates are reported regularly. These include details such as the amount of loans

Topic	Bangko Sentral ng Pilipinas (BSP)	Indonesian Financial Services Authority (Otoritas Jasa Keuangan)	Agricultural Credit Policy Council (ACPC)
fisheries and aquatic resources sector	<p>Application Form (SBLAF) for MSMEs under BSP Circular No. 1156⁷ and Agriculture, Fisheries and Rural Development (AFRD) Financing under R.A. No. 11901. These reports are submitted via PRIME.</p> <ul style="list-style-type: none"> • For SBLAF, data related to the “Agriculture, Forestry and Fishing” industry are part of the reporting templates. Reports are done quarterly⁸ and annually⁹. 	<p>categories: Investment, capital and consumption.</p> <ul style="list-style-type: none"> • Central bank and other ministries can request report it needed from OJK as long as it is covered by the Memorandum of Understanding or Agreement. 	<p>granted and the number of SFF, and MSE borrowers, categorized by credit program, loan purpose, commodity, type of partner lending conduit, and region, as well as the collective repayment rate. Additionally, for specific purposes, reports may include data on the amount of loans granted and the number of borrowers categorized by gender and ethnolinguistic group affiliation.</p>
	<ul style="list-style-type: none"> • For AFRD, financial institutions are mandated to provide at least 25% of the total loanable funds to AFRD financing.¹⁰ • Others: <ul style="list-style-type: none"> ○ BSP also publishes reports on Compliance with the Mandatory Agri-Agra Credit (total and percentage of compliance). It is noted however, that the Report on Compliance with the Mandatory Agri-Agra Credit (Agri-Agra) was no longer submitted since the reporting period ending 30 September 2022 		<ul style="list-style-type: none"> • Loans granted under the ACPC credit programs are solely for agriculture/fishery purposes and are usually classified as production, acquisition of equipment/machinery, agricultural marketing, and agro-processing and value-adding.

⁷ Circular 1156. BSP. <https://www.bsp.gov.ph/Regulations/Issuances/2022/1156.pdf>

⁸ SBLAF TEMPLATES(Quarterly). [https://www.bsp.gov.ph/Regulations/Issuances/2022/Annex%20B-1%20\(Quarterly\).pdf](https://www.bsp.gov.ph/Regulations/Issuances/2022/Annex%20B-1%20(Quarterly).pdf)

⁹ SBLAF TEMPLATES(Annually). [https://www.bsp.gov.ph/Regulations/Issuances/2022/Annex%20B-2%20\(Annual\).pdf](https://www.bsp.gov.ph/Regulations/Issuances/2022/Annex%20B-2%20(Annual).pdf)

¹⁰ AFRD Financing Enhancement Act of 2022 (with reporting templates). BSP. <https://www.bsp.gov.ph/Regulations/Issuances/2023/1174.pdf>

Topic	Bangko Sentral ng Pilipinas (BSP)	Indonesian Financial Services Authority (Otoritas Jasa Keuangan)	Agricultural Credit Policy Council (ACPC)
	<p>(Circular No. 1159 Series of 2022.¹¹</p> <ul style="list-style-type: none"> ○ Loans Outstanding for Production and Household Consumption (including data on Agriculture, Forestry and Fishing)¹². ● Report on Philippine Financial System¹³. 		
Reporting Codes/ Industry classification codes	<ul style="list-style-type: none"> ● There are no specific codes assigned by sector but instead identified from the title of the report. ● BSP is using Philippine Standard Industrial Classification (PSIC) based after the UN International Standard Industrial Classification (ISIC) Rev. 4. Some revisions have been made to the original ISIC to reflect compatibility with the national situation and requirements¹⁴. ● Any amendments or changes to the information requirements on the existing reports to be submitted to BSP will require approval by the appropriate authority within the BSP. 	<ul style="list-style-type: none"> ● The OJK are using classification codes for its sectors and is using the Indonesian Standard of Classification for Business Fields or Klasifikasi Baku Lapangan Usaha Indonesia (KBLI)¹⁵. ● KBLI has been originally developed through the Central Statistics Agency (BPS) based on the International Standard Industrial Classification of All Economic Activities (ISIC) created by the United Nations up to 4 digits and attuned with ASEAN Common Industrial Classification (ACIC) and East Asia Manufacturing Statistics (EAMS)¹⁶. 	<ul style="list-style-type: none"> ● No credit reporting codes, and sub-codes are being used for sector and subsector. ● ACPC does not follow any industrial classification standard as they report more data fields than what can be found in any existing ones. ● When specific information is identified as necessary for monitoring, evaluation, or decision-making—or when requested by oversight offices—the ACPC incorporates it into the system. The inclusion of such information is coordinated through discussions within the management committee, the

¹¹ Statistics - Mandated Credit. BSP. <https://www.bsp.gov.ph/SitePages/Statistics/MandatedCredit.aspx>

¹² Statistics - Loan Accounts. BSP. <https://www.bsp.gov.ph/SitePages/Statistics/BSLoanAccounts.aspx?TabId=1>

¹³ Media and Research - Report on the Philippine Financial System. BSP. <https://www.bsp.gov.ph/SitePages/MediaAndResearch/Report%20on%20the%20Philippine%20Financial%20System.aspx>

¹⁴ Philippine Standard Industrial Classification. PSA. <https://psa.gov.ph/classification/psic>.

¹⁵ Indonesian business classifications. KBLI. <https://kbli.co.id/>

¹⁶ Standard Indonesian Business Field Classifications. <https://www.ahrplaw.com/iblg-chap4-standardindonesianbusinessfieldclassifications>

Topic	Bangko Sentral ng Pilipinas (BSP)	Indonesian Financial Services Authority (Otoritas Jasa Keuangan)	Agricultural Credit Policy Council (ACPC)
	<ul style="list-style-type: none"> BSP issuances can be in the form of a Memorandum to all BSFIs, or it can be in the form of a Circular duly approved by the Monetary Board. Should there be any changes in the existing template/report as reflected in the Circular, prior approval from the Monetary Board is needed before a template/report can be revised. 	<ul style="list-style-type: none"> To be compatible with the economic activities in Indonesia, KBLI 2020 has been developed to update the classifications up to 5 digits to replace the KBLI 2017. Currently, it has 1,790 codes.¹⁷ 	<p>program data management committee, or between the requesting division and the ACPC Monitoring Division and Information Systems Management Division, which oversee the ACE Portal. Credit-related information added to the reporting system typically originates from the ACPC Policy and Planning Division.</p>
Financial (Accounting) Reporting Standard used	<ul style="list-style-type: none"> BSP is adopting the Philippine Accounting Standard (PAS) and Philippine Financial Reporting Standards (PFRSs) which are based on the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). 	<ul style="list-style-type: none"> Indonesia uses Indonesian Financial Accounting Standards (IFAS) framework for financial reporting, which was adopted from the International Financial Reporting Standards (IFRS) with some deviations to be compatible with its national/local set-up. 	<ul style="list-style-type: none"> The ACPC follows reporting standard required by oversight offices. For instance, the report submitted to the Department of Budget and Management (DBM) may differ from that of the report submitted to other offices.
Do you see scope or opportunity in using a standardized credit reporting system in the region and why?	<ul style="list-style-type: none"> BSP supports harmonization of the credit reporting system as it will be easier for the financial institutions to submit reports. However, it is important to balance the data requirements of BSP and existing capacity of BSFIs, especially the smaller players. The regulator's reporting requirements should be 		<ul style="list-style-type: none"> A standardized credit reporting system ensures consistency and accuracy in the way credit histories are compiled, reducing errors and discrepancies. This promotes transparency, allowing lenders to make more informed and fair lending decisions based on reliable data. For

¹⁷ Standard Classification of Indonesian Business Fields (KBLI) 2020. OSS.

<https://oss.go.id/en/informasi/kbli-berbasis-risiko>

Topic	Bangko Sentral ng Pilipinas (BSP)	Indonesian Financial Services Authority (Otoritas Jasa Keuangan)	Agricultural Credit Policy Council (ACPC)
	<p>commensurate with the size and complexity of operations of the regulated entities.</p> <ul style="list-style-type: none"> • Facilitates cross-border information sharing. • It will be easier to consolidate information and compare reports with other countries. • However, challenges might be encountered at times due to some factors and differences like in the type of loan or market. 		<p>consumers, the system creates a level playing field, ensuring that all financial behaviors are reported according to the same standards, which fosters fairness and equal access to credit. It also enhances access to financial products by providing a clearer assessment of creditworthiness, enabling lenders to offer tailored loan terms that reflect an individual's financial behavior. Additionally, a standardized system helps reduce the risk of over-lending or poor lending practices, as it allows for more accurate risk assessment and promotes healthier financial practices across the country. Ultimately, it enhances competition in the financial sector by making it easier for consumers to compare different credit offers, supporting a more dynamic and efficient economy.</p>

V. REGIONAL IMPLEMENTATION OF CREDIT REPORTING

In conformity with the objectives of APRACA and the provisions in article II paragraph 2 of its Regulations, APRACA shall: c) facilitate the collection, collation, publication and dissemination of information relevant to the objectives and functions of the Association.

The APRACA Secretariat will annually collect and compile information on the credit portfolio of its members, using the ISIC classification and reporting format in Annexure B.

The APRACA will produce annually a “Report on the status and trends of credit extended to Agriculture, Forestry and Fishing in the Asia-Pacific” for presentation to the Executive Committee and General Assembly. APRACA will apply the data protection and privacy policies of the Food and Agriculture Organization of the United Nations (FAO), which means that it will present data in aggregated format only¹⁸. Publication of the report for the general public will only take place after endorsement of the report by the Executive Committee or General Assembly of APRACA.

Collaboration will be sought from APEX banks, credit policy and regulatory authorities, and Ministries or Departments of Agriculture among the Members of APRACA, for the collection of data and information on credit extended to agriculture, forestry and fisheries by non-APRACA members.

VI. LOAN PORTFOLIO OVERVIEW

The following tables (Table 5 and Table 6) provides an overview of on-balance loans to business clients in agriculture, forestry and fishing based on the International Standard Industrial Classification (ISIC) of all economic activities system¹⁹.

¹⁸ FAO Data protection and privacy notice, available at: <https://www.fao.org/contact-us/data-protection-and-privacy/en/>. The contact for any request for access, correction, deletion, or to object to the use of your personal data, is: apraca@apraca.org.

¹⁹ Working capital loans are short-term loans of 12 months or less. Investment loans are longer-term loans for assets (e.g. equipment, vehicles, vessels and infrastructure).

Table 5: Loan portfolio for working capital

Name of APRACA member									
Country									
Reporting Period									
codes	classification	Working Capital							
		Amount (USD,000)	No. of Borrowers		Age Group			Ethnic Group	
			Male	Female	18-29 Years (Youth)	30-59 years (Adult)	60 years and above (Retirees)	Whether borrower belongs to indigenous group	Please fill in name of Group
Crop and animal production, hunting and related service activities									
11	Growing of non-perennial crops								
12	Growing of perennial crops								
13	Plant propagation								
14	Animal production								
15	Mixed farming								
16	Support activities to agriculture and post-harvest crop activities								
17	Hunting, trapping and related service activities								
Forestry and logging									
21	Silviculture and other forestry activities								
22	Logging								
23	Gathering of non-wood forest products								
24	Support services to forestry								
Fishing and aquaculture									
31	Fishing								
32	Aquaculture								

The Asia Pacific Rural and Agricultural Credit Association (APRACA)–FAO Expert workshop on broad-based reporting requirements on credit to agriculture, forestry, fisheries and aquaculture, was held in Bangkok, Thailand, on 25–26 November 2024. Twenty-four agriculture credit experts from Cambodia, India, Philippines and Thailand participated in the workshop.

The workshop discussed options for harmonizing reporting on credit extended to agriculture, forestry, fisheries and aquaculture. The experts shared information on their data collection and reporting systems on credit. Innovative systems of credit data collection and processing were presented.

The agriculture credit experts worked together on the development of Guidelines on broad-based reporting of credit to agriculture, forestry, fishing and related subsectors. The guidelines encourage financial service providers and business partners to incorporate the United Nations International Standard Industrial Classification (ISIC) of all economic activities in their credit and investment operations and reporting practices.

The guidelines will be multipurpose as they: 1) enhance loan portfolio management, 2) improve general reporting on loans to subsectors of the agriculture sector, 3) contribute to environmental, social and governance (ESG) reporting, 4) increase data availability for reporting on the achievement of the UN Sustainable Development Goals (SDGs), and 5) facilitate harmonization of regional credit reporting approaches.

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