

Prospectus

Expert workshop on broad-based reporting requirements on credit to agriculture, forestry, fisheries and aquaculture

Amari Watergate Hotel, Bangkok, Thailand
25-26 November 2024

Asia-Pacific Rural and Agricultural Credit Association (APRACA)



in collaboration with the

Food and Agriculture Organization of the United Nations (FAO)



Food and Agriculture
Organization of the
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1. Background and Context

The [2030 Agenda for Sustainable Development](#) 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.

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).

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, to collect and analyse 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 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.

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.

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 favourable 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.

The [International Standard Industrial Classification of All Economic Activities \(ISIC\)](#) 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.

Associated with the ISIC there is also a system of [Central Product Classification \(CPC\)](#) established by the UNSD. The CPC constitutes a complete product classification covering all goods and services¹. It serves as an international standard for assembling and tabulating all kinds of data requiring product detail, including statistics on industrial production, domestic and foreign commodity trade, international trade in services, balance of payments, consumption and price statistics and other data used within the national accounts. It provides a framework for international comparison and promotes harmonization of various types of statistics related to goods and services.

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 and the CPC. 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.

There are also many international financial institutions that use the [North American Industry Classification System \(NAICS\)](#) codes for reporting on loans to different sectors. 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.

The [International Financial Reporting Standards \(IFRS\)](#) refers to the manner the agricultural activities (*excluding bearer plants, land, intangible assets and government grants related to bearer plants*) are financially recorded, presented and disclosed (the specific international accounting standard [IAS] [41](#) covers agricultural activities. Although IFRS does not mention fisheries 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.

Most 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](#)) was developed by FAO and UNDS in 2016 as a tool to support countries in implementing the 2030 Agenda.

While many of the APRACA Member institutions have reporting codes for agriculture and some of its sub-sectors, these reporting codes often do not include fisheries and aquaculture codes. 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 sub-sectors.

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 sub-sectors. 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 sub-sectors is not well-understood. A robust reporting system is needed to track the extent of their services to fisheries and aquaculture, similarly as to other rural sectors.

The current agricultural and rural credit reporting systems are largely harmonized in the Asia-Pacific, to enable comparison of loan portfolios and to track the trends in loans to the agriculture sector. APRACA Members do so successfully and APRACA's Secretariat is supporting harmonization of approaches. However, improvements could also be made in this respect.

APRACA, in close collaboration with FAO, is organizing an **Expert workshop on broad-based reporting requirements on credit for agriculture, forestry, fisheries and aquaculture**, which is scheduled to take place in Bangkok, Thailand, on Tuesday 26 and Wednesday 27 November 2024.

2. Workshop objectives

The overarching goal of the Expert workshop is to contribute to improving credit reporting on agriculture, forestry, fisheries and aquaculture by the APRACA Member institutions in the Asia-Pacific region.

The specific objectives of the workshop are the following:

1. Compile an overview of financial/credit reporting systems used by APRACA Member institutions to report on loans to the agriculture sector, its sub-sectors 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 FSPs in the region.
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.

3. Expected outcomes

- The workshop is expected to realize the following outcomes:
 1. An overview of financial/credit reporting systems used by APRACA Member institutions to report on loans to the agriculture sector, its sub-sectors and related value chain activities.
 2. A small set of standardized reporting codes to track credit extended to the fishery and aquaculture sectors by FSPs in the region.
 3. A draft proposal for introducing reporting specific credit codes for fisheries and aquaculture, for review and possible endorsement by APRACA's General Assembly.
- A workshop report, including a summary of presentations and discussions, conclusions and a way forward.
- The workshop is also expected to contribute to ESG reporting and reporting on SDGs by APRACA Member institutions.

4. Workshop participants

The workshop participants will be representatives from APRACA Member institutions working with credit/financial reporting systems, interested to share knowledge with others and to discuss possibilities for further harmonization and standardization of credit reporting for agriculture and its sub-sectors with special reference to fisheries and aquaculture.

A Draft Programme and information note are attached as Annexure