



Asia-Pacific Rural and Agricultural Credit Association (APRACA)

Summary of responses to COVID-19 pandemic by APRACA member institutions
(reported as on 20 April 2020)

APRACA during the last 4 weeks conducted a survey to understand the preparedness and responses of APRACA members across the region to understand the followings:

1. What is the impact of COVID-19 that you are expecting on the agricultural sector in your country (macro level)?
2. How the supply of finance to agriculture and allied sectors are being impacted due to COVID-19 (both Macro and micro level)?
3. What are the responses by your organization to reach out to your customers engaged in agriculture and allied business?
4. What are the policy measures taken by the national government and central banks to ease the impact of COVID-19 on agricultural finance?

We received responses from 14 Institutions from 9 countries which are compiled and presented below:

South Asia: India (NABARD and State Bank of India), Nepal (ADBL and NCBL) and Pakistan (State Bank of Pakistan)

Southeast Asia: Philippines (ACPC, KMBI), Thailand (BAAC), Laos (APB) and Vietnam (VBARD, VBSP)

East Asia: Japan (JFC) and China (ADBC and HTRCB)

The details of the observations from financial institutions are provided below:

The farming communities all across the countries in Asia-Pacific region continues to deal with the impacts of the ongoing coronavirus pandemic (COVID-19). The farm labourers and others have already lost their regular incomes as a result of the crisis and the agricultural inputs are in high demand. The current crisis also impacting the small businesses in the downstream of the value chains and it is expected that there will be unprecedented increase in agricultural commodity prices eventually lead to food security concerns for the country. The government and private sectors are responding through various disaster relief programme and providing support to the smallholder producers impacted directly or indirectly by this global pandemic which however are not sustainable for long term agricultural development and achieving the food security.

The current situation needs specific provisions of investment targeting the farming community who are playing important roles in the local food systems and to ensure emergency supply. The investments may target initially for the (a) all smallholder farmers by providing necessary inputs, provisioning of markets (including procurements), insurances, access to agricultural technologies etc.; (b) livestock producers (including dairy) to ensure stabilizing their markets; (c) value chain actors active in local food systems for developing farmers markets, retail markets, restaurants, and supply of school meals etc.

Agricultural finance in major Asian economies historically targeted smallholder farmers, which however not impacted much to enhance their income and capacity since last 3 decades. It was also observed that the value chains of the local and regional agricultural markets are not developed enough to support the specialty crop

producers, or smaller-scale farmers who have fewer resources to draw on in times of economic stress or uncertainty like the current situation. While the governments responded to this emergency promptly by extending cash benefits, subsidized interest rates and collateral free lending to aid farm growers alongside the financial institutions, the lack of specific financing instruments in this sector poses a significant challenge in implementing the government intention of sustainable development goals and provide long term solution to this economic crisis. Most of the countries are mastering many resources to support the farm sector (including SMEs) in their own ways by using many types of monetary measures and financial instruments which are contextual. However, one instrument emerged as common in all countries which is use of digital platform to support the value chain actors remotely and reducing the risks of producers and other actors in piling up their stocks etc.

It is also heartening to see that both public and private sector players are highly concerned about agricultural development in the countries surveyed and are ready to support the government endeavours in this direction. Keeping in view the requirements of huge investments and capital inflow to this sector, it is imperative that the targeted development initiatives should aim at the efficiency and sustainability. APRACA is of the view that specific instruments and strategies need to be taken by the member institutions based on their resources and outreach. In this context, the APRACA member institutions may consider the following recommendations in consultation with their respective governments, donor agencies and other stakeholders to provide long term solutions to fight against the unknown and contingent situations:

1. Design innovative mechanisms and adapt others to leverage additional sources of both public and private capital that can be directed towards disaster related investment mechanism in agriculture under the emerging scenario:

- ***Agricultural disaster investment and management fund:*** This fund could be established by enhancing public-private partnerships and leveraging resources, expertise, and capacities of different stakeholders. The partners may include department of agriculture (both center and state level), agricultural development focused agencies, apex level banks/financial institutions, private sector agribusiness companies, international agencies (optional) and other interested parties (civil societies). This investment fund will be structured towards altruistic aims of combating food and nutrition security, price stabilization of agricultural commodities and income guarantee within the farming community in line with the larger goal to support the national goals of doubling income and improve lifestyles of millions of farmers. This fund will help to (a) design new investment vehicles that can attract additional capital by diversifying, managing and rebalancing the risk return profiles of individual investors; (b) bundling a wide range of financial instruments to heighten their effectiveness and provide more holistic and comprehensive solutions and (c) leverage the farmer producer organizations (FPOs) in building capacity of the farmers and SMEs to build resilience. The fund may be managed by the government agencies/financial institutions under a close supervision of the government of India and the required standard operating procedures (SoP) may be determined by the stakeholders.
- ***Guarantee and Insurance mechanism:*** The guarantee and insurance mechanism need to be designed to support and empower smallholder farmers and agricultural SMEs to reduce the risks of investments. Agricultural guarantee and insurance are strategically important for eradicating extreme poverty emanated from any disaster-like situation and boosting shared prosperity. The revamped mechanisms will

also ensure increase the wealth of the actors in the value chain and their resilience to disaster and shocks. Specific guarantee instruments are able to crowd-in private sector, enhance access to suitable financial services to farmers – particularly smallholders – and agricultural Small and Medium Enterprises (SMEs) as a way to increase agricultural productivity and income, and facilitating the consolidation/ integration of production and marketing entities in agriculture to achieve economies of scale and stronger presence in markets.

2. Identify entry points, for directing alternative investment/finance into agriculture and linking financial institutions smallholders and agricultural SMEs. Public sources of finance are uniquely positioned to address some of the financial sector constraints on agriculture and thus significantly increase the flows of capital to smallholder farmers and SMEs. For instance, alternative finance mechanism could be used for:

- *Developing and improving a finance-enabling environment for agriculture*: The basis could be better policies and regulations to mobilize and channel financial flows to farmers and to build the structures to facilitate and accelerate other investments;
- *Supporting FIs to develop and reinforce their risk management mechanisms*: Possible options are to establish a separate rural credit-rating agency at the national level¹, and promote guarantees, insurance, value-chain finance, warehouse receipts, advisory services, and big data and data science; and
- *Supporting FIs to reduce transaction costs*: Branchless banking² and mobile financial services are the most obvious of numerous options.

3. Provide technical assistance to increase investments in agriculture. Public investments in building infrastructures to support the value chain actors could play a useful role in helping to strengthen the capacities of farming community and other stakeholders namely lenders and borrowers.

- *Lenders*
 - Build institutional agricultural finance capacities
 - Build the capacity of agricultural finance staff
 - Customize financial products and services to agriculture
- *Borrowers*
 - Adopt on-farm good practices and technologies for developing resilience
 - Manage operational and market risks
 - Access to adequate finance

¹ Existing rural credit rating agencies in the countries are limited to the high net worth rural customers only.

² Promotion of Correspondent model with specific mandates to support the agricultural value chain actors including agricultural SMEs

Responses from APRACA Members	Issues, challenges and responses by APRACA members to COVID-19 Pandemic			
	1. What is the impact of COVID-19 that you are expecting on the agricultural sector in your country (macro level)	2. How the supply of finance to agriculture and allied sectors are being impacted due to COVID-19 (both Macro and micro level)	3. What are the responses by your organization to reach out to your customers engaged in agriculture and allied business?	4. What are the policy measures taken by the national government and central banks to ease the impact of COVID-19 on agricultural finance?
INDIA				
1. National Bank for Agriculture and Rural Development (NABARD),	<p>a) Harvesting of field crops and farm level primary processing and transport are directly impacted;</p> <p>b) Sale and procurement of agricultural produce already started impacting the cash flow to farmers and other actors in rural areas;</p> <p>c) Employment generation in Rural areas are affected directly due to this pandemic;</p> <p>d) Besides farmers, the COVID-19 has also impacted the people working in handloom/handicrafts sector, artisans, etc.</p>	<p>a) The credit flow to agriculture and MSME sector are expected to be under-achieved during FY2019-20 and the effect would be more visible will be seen during FY 2020-21. This will impact the recycling of funds at the banking level and thus will hamper the overall rural financial system.</p> <p>b) Impact on low amounts of deposits and failure of loan repayments by borrowers together result in Assets-Liability Management of banking system as a whole and thus the supply of finance to agriculture and related sectors.</p> <p>c) Further, in the absence of cash inflows and failure to recycle the farm credit, capacity of farmers to invest in agriculture would be impaired greatly leading to inadequate input application and consequent loss in food production.</p>	<p>a) COVID-19 Deferment of Loan Instalments due (Principal & Interest) by from client borrowers of NABARD viz. State Govt. Entities and Corporates/NGOs and private agri-entrepreneurs by deferring the due dates of repayment of the same by 03 months.</p> <p>b) Providing 2% Interest subvention to lending banks and 3% to farmers for prompt repayment which will help to reduce the interest burden of the farming communities.</p>	<p>a) Government declared banking services as an essential service and are being kept opened despite the restrictions to ensure uninterrupted banking services for the citizens and also the farmers at grassroots level.</p> <p>b) Reduction in repo rate and CRR which is likely to improve liquidity position in the system. It will also reduce the equated monthly instalments (EMIs) of borrowers at the micro level and thus make it cheaper to take new loans.</p> <p>c) Exgratia payment of USD100 per members of the farming family by the Central Government to meet the immediate requirements.</p>

<p>2. State Bank of India (SBI), India</p>	<p>In a country like India where more than 50% of the population are dependent on Agriculture, any impact on the economy will directly impact the agriculture sector. Due to the increase in no. of cases in COVID-19, the central Government has declared a nationwide lockdown from 25.03.2020 to 14.04.2020.</p>	<p>a) <i>Medium Term</i>: The Reserve Bank of India along with Govt. of India has announced a slew of measures to mitigate the short and medium term consequences due to the pandemic viz. moratorium of 3 months for all existing term loans and working capital loans, additional 10% emergency credit limit to all regular borrowers etc.</p> <p>b) <i>Long term</i>: There will be challenges faced by the lending institutions as there is probability of stress on farmers as well as on the value chain partners.</p>	<p>Being the largest lender of the country, the State Bank of India has taken the following steps during the pandemic to support Agriculture financing:</p> <p>a) All the branches across the country (24,000 +) remained open for the customers to ensure flow of credit remains uninterrupted. It also tied up with 19 National level & 46 State level Business Correspondents (BCs) and with more than 61,000 Customer Service Points (CSPs) to ensure access of banking services.</p> <p>b) The branches are encouraging the customers to use the YONO Krishi mobile application (one stop solution for all Agri Credit need of the farmers). The Bank is also offering interest concession to the farmers for availing credit through this app to motivate them to make the most out of digital banking during this situation.</p> <p>c) The Bank has also extended a 10% additional emergency credit limit to the existing farmers to ensure availability of liquidity with them during this critical period The EMIs for agriculture term loan and working capital loans has been deferred by three months for all the outstanding loans. The Bank is also considering to increase the collateral free credit limit to Self Help Groups (SHGs) to USD30,000 from USD15,000.</p>	<p>The government of India have announced a relief package of USD2.5 billion aimed at providing a safety net for those hit the hardest by the Covid-19 lockdown. The following are the key measures undertaken by the Govt. to safeguard agricultural finance;</p> <p>a) An income support initiative by Govt. of India for 87 million farmers who will get USD30 per month for the next 3 months.</p> <p>b) Doubling the collateral free loan limit (fromUSD15,000 to USD30,000) will benefit 6.3 million Self Help Groups (SHGs)and 70 million poor households.</p> <p>c) The interest subvention of 5% (including 3% to prompt payers) to Crop loan borrowers with loans upto Rs.3 lakhs will be continued till May'2020. The Govt. also announced that women having a zero-balance savings account, will get USD10 per month for next 3 months through direct transfer. This will benefit about 200 million account holders.</p>
<p>NEPAL</p>				

<p>1. Agriculture Development Bank (ADBL), Nepal</p>	<p>a) Agriculture production mainly paddy may decrease as transplanting & cropping system of early paddy crop and land preparation to seed bed preparation of main paddy crop is badly affected. b) Requirement of food crop may increase mainly due to returnees of immigrants (mainly youths from India and Gulf countries) c) All agricultural operations of wheat, pulses, oil crop, potato, vegetables, fruits are badly affected. Production of and marketing of milk, milk products and poultry business are badly affected due to lock down and movement restrictions. d) Nepal will be facing a food shortage as the food supply from India (major supplier) and China will be restricted due to the impact of COVID-19.</p>	<p>a) <i>Short-term impact:</i> significant decrease in remittances which will impact the income and profit of bank; Lower amount of recoveries from the borrowers (both principal & interest), rescheduling of loan installments & interest receivable amount; political pressure for highly subsidize agriculture loan and waiver of interest of agriculture loan. b) <i>Medium-term impact:</i> Assets and liability management (ALM) will be difficult due to lower rate of deposits (including low cost deposits), increased demand of agriculture term loan mainly for dairy, goat, aquaculture, vegetable farming, organic coffee & tea farming; It is also expected that the overseas returnees may demand more agricultural soft loan and bank may have to face challenge in managing the resources.</p>	<p>a) The Bank is continuously in contact with its agricultural customers, already reduced the interest rate of agriculture loan from 11% to 9% per annum that is even lower than base rate of ADBL. b) Bank is also providing the mobile app platform for linking the Agricultural producers with the value chain actors in agriculture (mainly the traders) so that the producers could continue the flow of finance. c) Rescheduled interest and installment repayment on merit basis following the extant guidelines.</p>	<p>a) ADBL management is increasing its portfolio significantly in agriculture and allied sector to increase the access of banking services in unbanked community for the smallholders. b) The bank is developing tailor made products for the overseas returnees to engage in agricultural activities. c) ADBL is supporting its branches across the country to scale up of ADBL community based agriculture assurance programme and provide confidence to this sector. d) The training centres across the country is providing agriculture production, management and marketing related technical trainings. e) Already requested the Nepal Rastra Bank (the central bank) for management of resources to meet the increasing demand of agricultural loan f) Supporting the National government to procure the agriculture commodities at the minimum support price (for example wheat minimum price fixed at US\$ 27 per quintal). g) ADBL is assuring technical backstopping through supporting local bodies in marketing, managing subsidized farm inputs, mechanization and contract farming.</p>
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<p>2. National Cooperative Bank Ltd. (NCBL), Nepal</p>	<p>a) As Restrictions on movement of goods continues, farmers are likely to face a huge reduction in income due to high unsold stock of perishable agricultural goods with their low storage capacity. The restrictions in movements is leading to disruption of market chains and trade of agricultural products. b) Farmers being unable to find enough agricultural labours for tea/coffee/ginger plantation due to restrictions in movements of people to gather in a group. c) Nepal being dependent on neighbouring countries for agricultural goods, restrictions of travel and movement of goods might have adverse effect in future days.</p>	<p>a) Supply of finance seems to be adversely affected due to the pandemic in agricultural sector as well as various other sectors of economy. b) Liquidity crunch will arise as a crucial problem in near future due to high withdraw of money by public for livelihood, speculative motives and business crashes. This would result decline in loanable funds in banks, financial institutions and cooperative sector.</p>	<p>NCBL, being the apex bank of cooperatives have always promoted agricultural sector by various means including lending for agricultural purpose. Currently, such loans constitute about one third of the total lending of NCBL. In this scenario, following are the steps we have undertaken to reach out agricultural sector; a)'Corona Emergency Loan product' has been designed to ensure cooperatives functioning for production and promotion agricultural and other essential products to run smoothly despite current situation of crisis. b) Providing 10% discount in the instalments during this lockdown period c) Rebate of penalties to members not being able to pay the instalment amount in this period d) Extending the period of maturity of the loans which are on the way to maturity upon request of members.</p>	<p>a) Ensuring adequate supply of food during this COVID-19 pandemic is the primary issue of the national government and upgraded the storage facilities and the distribution b) Dealing with consequences of the pandemic on agricultural finance, concrete decisions haven't been made on Government level as Government is focusing on public health, measures to prevent spreading of Corona virus, assuring the public to help meet their basic requirements of food and shelter, etc. c) The Central Bank of Nepal issued Directives to all banks regarding penalty rebates, discounts in instalments, extension of maturity periods etc. and increase lending to agriculture within specific period and as and when demand arises. d) Since all the commercial banks need to provide 10% of total lending to agricultural sector, the Central bank issued instruction for compliance and for prompt action to enhance agricultural finance in the country.</p>
<p>PAKISTAN</p>				

<p>State Bank of Pakistan (SBP), Pakistan</p>	<p>a) COVID-19 is challenging human life globally and straining economic activity in Pakistan. Government as well as central bank are taking extraordinary measures to address the challenges associated with this situation.</p> <p>b) The State Bank of Pakistan (SBP) is taking a range of measures to protect the safety of public and address the economic impact. The Bank is focusing on ensuring that inflation remains contained, reducing the impact of COVID-19 on economic growth and employment, and overseeing that the banking and payments system remains healthy.</p> <p>c) In this context, SBP have taken a number of policy measures already and are working closely with stakeholders to continuously assess the situation and taking additional measures to contain the impact of this pandemic to the national economy.</p>	<p>a) Medium Term: Agriculture and food sector operation is affected due to various restrictions. The food processing sector and the other SMEs typically bear the brunt of credit supply contractions during periods of heightened risk aversion and economic downturn and need special attention.</p> <p>b) Long term: SBP announced a 'Temporary Economic Refinance Facility (TERF)' and its Shariah compliant version to stimulate new investment in manufacturing. Under this scheme, the SBP will refinance banks to provide financing at a maximum end-user rate of 7 percent for 10 years for setting up of new industrial units. The total size of the scheme is USD600 million, with a maximum loan size per project of USD30 million. It can be accessed by all manufacturing industries, with the exception of the power sector, where an SBP refinance facility for renewable energy projects already exists.</p>	<p><i>a) Promtion of digital finance: SBP</i> has instructed banks to waive all charges on fund transfers through online banking channels such as Inter Bank Fund Transfer (IBFT) and RTGS for customers and using ATMs. Thus, people can transfer money through mobile phones or internet banking avoiding the need to visit a bank branch.</p> <p><i>b) Relief package extended to borrowers availing loans under Refinance Schemes:</i> Borrowers availing loans under various refinance schemes from corporate, consumer, agriculture, SMEs and microfinance sectors can avail deferment of principal amount for one year while continue servicing mark up. They can also apply for rescheduling/restructuring if they are not able to service mark-up payment.</p>	<p><i>a) Provision of disinfected currency notes by banks:</i> Recognizing the need for issuance of fit and disinfected cash by the banks, SBP has advised them to quarantine cash collected from hospitals, laboratories, etc. for at least fifteen (15) days. Further, arrangements have been made to provide sufficient fresh or disinfected cash to banks to meet their needs.</p> <p><i>b) Support Export-Import business:</i> SBP has a strategic objective to support exports for sustained improvement in Pakistan's balance of payments and growth. To this end SBP provides refinance to banks to provide cheap credit at interest rates that vary between 3 to 6 percent to exporters for working capital and new projects under Export Finance Schemes (EFS) and Long-Term Financing Facility (LTFF) schemes. The total subsidized credit to exporters outstanding under both these schemes is currently approximately USD4.00 billion.</p>
<p>PHILIPPINES</p>				

<p>1. Agriculture Credit Policy Council (ACPC), Philippines</p>	<p>The Covid-19 pandemic will have a serious impact on food security if measures are not put in place, largely due to mobility restrictions and food transportation from place of production to point of consumption.</p> <p>b) Food security is the urgent issue for Philippines as production and circulation of agricultural goods stagnate in numerous places, and countries are increasingly buying and hoarding foods.</p>	<p>a) <i>Mid-term</i>: Measures taken by the National government and BSP (Central Bank) to support the economy to keep rolling under the current situation. Some of the mid-term measures are injecting capital to the economy through infrastructures and monetary reliefs.</p> <p>b) <i>Long term</i>: The long-term measures undertaken by the National government to provide relief packages for the agriculture sector and MSMEs to continue their business. The Export and import companies are also receiving the government relief packages.</p>	<p>a) For the agricultural sector, the ACPC is implementing the nation-wide programme to ensure that the farmers and fishers including MSEs would continue to have access to financing to help them cope with the impact of COVID 19.</p> <p>b) ACPC launched the ‘SURE AID’ & ‘COVID and Recovery’ schemes. Every farmer/fisher can borrow USD500 without any interest and 10 years to repay while MSEs can borrow up to USD180,000 at no interest in 5 years to pay. This will help them to recover their losses and business continuity.</p>	<p>a) So far, the government is putting importance on supply of finance to help the different sectors to cope with the situation. The Central Bank has even eased up KYC procedures.</p> <p>b) Government financial institutions like Land Bank also supporting their clientele through different programme. The Philippine Guarantee Corporation also increased its guaranty coverage from 85% to 90% and has reduced its guarantee fee to 0.50%.</p>
<p>2. KMBI (MFI) Philippines</p>	<p>a) During the ensuing harvesting period, limited number of farmers could able to harvest and the greatest challenge at the moment, is how to transport the harvested products (grains, maize, even vegetables) from the farm gate to the physical markets and eventually to the final users of those products. In several instances, the farmers literally throwing their vegetables and some fruits as those cannot be brought to the market.</p> <p>b) The logistics of supply chain is badly affected and the government and private sector players trying to ensure safe, cost effective, and immediate ways to bring those produce to the ultimate users.</p>	<p>a) <i>Mid-term</i>: Most of the microfinance institutions re members of two largest networks in the Philippines, i.e., the Microfinance Council of the Philippines (MCPI) and the Alliance of Philippines Partners in Enterprise Development (APPEND) who opined that government and the private sector need to collaborate closely along with the donor agencies, then the microfinance sector might take at least next 4-6 months to recover.</p> <p>b) <i>Long term</i>: The staff members of the microfinance institutions (MFIs) are being provided with the salaries which may continue. However, MFIs may reduce their salaries between 25-50 percent after negotiating with the staff members. Investment rural development programme will be extremely affected unless government join to bail out the MFIs. The incomes of the MFIs from the interests as well as the return of the principal will be greatly affected, both in actual losses or liquidity crunch.</p>	<p>a) KMBI will continue to lend funds, both to the microentrepreneurs and to the tillers/farmers. The challenge right now: most of the micro entrepreneurs and farmers/fisherfolks have already used their working capital to buy the basic necessities for their respective families, even as the government assistance is now slowly trickling to these very poor folks.</p> <p>b) The moratorium of payment of loans and interests that started from 12 March to 12 April, are being extended up to end April or mid-May (till the lockdown continues).</p> <p>c) The MFIs under the APPEND and MCPI umbrellas would be needing around PhP27.00 billion or USD5540.00 to rehabilitate/sustain/save the microfinance sector.</p>	<p>a) The Central Bank, Land Bank of the Philippines, the Small Business Corporation, the Development Bank of the Philippines, the Department of Trade and Industry, the Department of Agriculture through the ACPC are all working closely and collaborating to arrive at programs and products that would immediately respond to the requirements of the Microfinance NGOs, Banks and Cooperatives so that the needed resources, both at the institutional level as well as to the ultimate users of funds.</p> <p>b) The above national level institutions are meeting on a regular basis along with the private sector representatives to think through how to immediately address the big resources needed at the various levels of the supply and production chain.</p>

THAILAND

<p>Bank for Agriculture and Agricultural Cooperatives (BAAC), Thailand</p>	<p>a) Modifying the customer service model and working organization's processes -Developing online system for customer to register for credit and easily to access financial service -Manage staffs to work from home and developing the e-learning system for teleconference and training b) The ability to pay off debt from clients (Suspension of principal and interest for 3 months, emergency loan) -The adjustment of Thai farmers. (Selling agricultural products through e-commerce system directly from farmers to consumers) -Young Smart Farmer (Supporting new generation farmers to develop product by using technology and innovation) -Production for food security (Using the sufficiency economy philosophy for producing production in quality and environmentally friendly)</p>	<p>a) <i>Short-term</i>: Supporting loads to customer for farming in terms of providing inputs and making marketing easy for them b) <i>Medium and Long-term</i>: Provide USD200 per month per person for a period of 3 months to stimulate the agriculture sector and also grant required loans at a concessional rate.</p>	<p>a) <i>Moratorium and debt restructuring</i>: 3-months suspension of principal and interest (for personal loan, retail loans for emergency, loans for improving the quality of life, SMAEs that pay in monthly with normal status or overdue not more than 3 months). 6-months suspension of principal and interest (for SMEs for applying for soft loan with interest of 2% per annum with interest-free for first 6-months) b) <i>Debt relief project</i>: (i) Debt restructuring in a preventive manner (Pre-emptive); (ii) Debt consolidation by total contract (in case of overdue debt) and (iii) Loan for career or business rehabilitation. c) <i>Credit to help customers</i>: (i) Low interest loans (2.0% interest for 1st and 2nd years and normal rate for 3rd – 5th years) and (ii) Emergency loan (maximum loan amount of USD350 with fixed interest rate of 0.1% per month without collateral, 6-months interest-free).</p>	<p>a) <i>First phase</i>: -Suspend the principal, reduce interest, and extend the repayment period -Provide assistance to affected debtors -Providing low interest loans (Soft Loan) b) <i>Second phase</i>: -Emergency loan to increase temporary liquidity for people living (Not required for collateral, credit limit not exceeding 10,000 baht with fixed interest rate of 0.1% per month) -Additional preferential loans to increase temporary liquidity in life for persons, who have permanent income (Credit limit not exceeding 50,000 baht with fixed interest rate of 0.35 per month) c) <i>Third phase</i>: -Provide financial assistance to SMEs (Additional loans not more than 20% of the original loan with interest rate not more than 2% per annum) -Suspension of the principal and interest for period of 6 months for SMEs.</p>
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LAO PDR

<p>Agriculture Promotion Bank (APB), Laos</p>	<p>The effect of COVID-19 is minimal in the country. However, the neighbouring countries are highly infected with this virus. The country is taking all types of protections to contain the disease. The national government also taking many other measures to support the agriculture and food sector.</p>	<p><i>a) Medium Term:</i> The Bank of Lao PDR (BOL) is setting up specific credit policies to mitigate the impact of COVID-19 which are: (i) Postponement of repayment period, (ii) Providing new Loans and (iii) Loan restructuring. <i>b) Long Term:</i> Stabilizing national currency to support the import and export business of the country and the balance of payments.</p>	<p>a) APB is strictly following the BOL's credit policy and paying close attention to evaluating and summary of clients, especially those farmers who are affected more closely. b) In order to better serve the customers, following the implementation of the above policy, APB believes that the affected sector, entrepreneurs and farmers will be able to ease and recover from the blockade soon.</p>	<p>a) The National government took steps to develop policies to address the economic impact for the financial health and banking sector. b) The BOL has been focusing on stabilizing the national currency, as well as adopting a monetary policy by reducing the compulsory savings ratio and foreign currencies to stimulate the liquidity of commercial banks. In addition to these;</p>
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VIETNAM

<p>1. Vietnam Bank for Agriculture and Rural Development (VBARD), Vietnam</p>	<p>a) The Covid-19 pandemic is expected to continue for the next few months, causing severe economic and social damages to Vietnam. Till now, the country is considered successful in the combating Covid-19. The National government as well as the civil society groups are supporting the Vietnamese people to follow the national policies.</p> <p>b) The impacts of the Covid-19 pandemic on Vietnam's agricultural sector is huge and it has negatively affected to the labour productivity and production, quality of life and consumption of goods. This outbreak has disrupted the supply chain, complicated customs clearance and disease diagnosis procedures or even closed the border for commodities (at the borders of Vietnam - Laos, Vietnam - China for sometimes).</p>	<p><i>a) Short term:</i> Due to the impact of Covid-19, some enterprises and production households face financial difficulties, do not expand production, narrow the investment scale, cut down on labor, that bring about significant difficulties for commercial banks in capital mobilization, credit growth, arising bad debts, decreasing income, salaries, bonuses, increasing social security expenses, arising greater credit risk.</p> <p><i>b) Medium and long term:</i> If the pandemic continues raging, macroeconomic scenario may swiftly change from recession to inflation, or recession and inflation at the same time. Thus, banks will face difficulties in terms of capital recovery and mobilization, degradation in financial basis, therefore, in the medium and long term, the ability to provide capital for sectors of the economy in general and agriculture in particular will be limited; the price of gold and dollar is on the rise and the stock market crashing, there is urgent need to infuse capital in the system to protect the primary sectors.</p>	<p>a) Agribank has carried out the repayment term restructurings, interest rate exemption and reduction, debt group maintenance for agricultural borrowers affected by Covid-19 pandemic whose debts are due from January, 2020 for 3 months from the date the Prime Minister of Vietnam will announce the end of the Covid-19 pandemic.</p> <p>b) Agribank continues to prioritize the capital sources of preferential interest rates for rural and agriculture (about 70% of Agribank's total loans), imports and exports, production and trading of essential commodities and other fields affected by Covid-19. Agribank has implemented a preferential credit package of VND USD5 billion (while the whole banking system in Vietnam has deployed about USD12 billion) to provide new loans to customers affected by Covid-19 with the interest rate lower by 2% per year on average than the current lowest rate for each type of loan.</p> <p>c) Agribank has reduced service fees for customers (including customers in rural areas) carrying electronic transactions; waved fees for customers transferring money at the counter and on electronic devices to support the Covid-19 combating programme</p>	<p>a) Removed obstacles, creating favorable conditions for access to capital, credit, finance, tax, commerce, electronic payment; supporting production and business by restructuring and rescheduling customers' debts, removing obstacles in customs clearance of goods at borders and in other countries.</p> <p>b) Reviewing to cut down administrative procedures, costs for businesses; lowering the electricity price; extending the tax, social insurance payment period; accelerating the implementation and disbursement of investment capital and improving business environment.</p> <p>c) For the agricultural sector, despite the social distancing, the Vietnamese Government still allows the circulation of goods, especially agricultural products that are essential commodities, and the export of agricultural products.</p> <p>d) The Government has provided a support package of USD15 million for businesses facing difficulties due to the Covid-19 pandemic, using the state budget to implement a relief package of USD2.5 billion for the poors and affected workers, extending the deadline for taxes and rental payments for businesses. These policies are both directly and indirectly support agricultural and rural finance in Vietnam.</p>
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<p>2. Vietnam Bank for Social Policies (VBSP), Vietnam</p>	<p>a) For the first months 2020, the agriculture sector in Vietnam is affected by climate change, drought, saltwater intrusion and diseases on cattle and poultry, especially the outbreak of the Covid-19 pandemic.</p> <p>b) In VBSP's opinion, the Covid-19 pandemic brings crisis and opportunity for the agricultural sector in Vietnam. It brought about challenges in production, consumption, imports and exports of food.</p> <p>C) The prices of agricultural and fishery products have been devalued, the strict control due to pandemic and the clearance ban have prevented some of Vietnam's agricultural and fishery products from exporting, such as durian, lobster and watermelon.</p> <p>d) The COVID-19 disease prevention and control, created an advantage for businesses and smallholder not only in supplying agricultural products for the domestic market but also for the world. Comparing with other sectors, agriculture seems to be least affected by Covid-19 pandemic which gains trade surplus in Q1 despite Covid-19.</p>	<p>a) As per survey conducted by VBSP, the most effected sector is agriculture, retail business, services, health-care, transportation; some farming borrowers met difficulties in due debt repayment, resulting in limiting loan revolving.</p> <p>b) There will be an increase in the loan demand for improving production especially after the outbreak, customers need more capitals to purchase inputs and produce outputs when the traveling restrictions and trade disruption are invalid</p>	<p>VBSP has conducted several various measures such as loan extension, loan period rescheduling and provisioning of new/additional loans.</p> <p>a) Around 80% clients of VBSP are engaging agriculture finance. VBSP conducted loan extension and loan period modification for 125,449 clients with total amount of VND 3,281 billion; new/additional loans for 533,394 clients with total amount of USD140 million.</p> <p>c) VBSP is supporting the small business and their employers by extending loans as they are heavily impacted by COVID-19 and have already paid at least 50 percent of salary for work suspension from April to June 2020. As per the Labor Code of the country they can borrow a loan with zero percent interest, collateral-free from VBSP for a maximum term period of 12 months.</p> <p>D) VBSP being a government policy bank implementing preferential credit policies for the poor and other policy beneficiaries. The bank is non-profit, offering a full range of services to the poor at subsidized rates.</p>	<p>a) The incentives include providing tax breaks, delaying tax payments, and delaying land-use fees for businesses, costing the government US\$1.16 billion.</p> <p>b) The State Bank of Vietnam (SVB) has already cut interest rates from February 2020. This benefit applies to several businesses including agroforestry fishery, food processing, mechanical processing, furniture, construction, transportation, education and training, real estate, labour and employment services, travel agents, tour operators, entertainment activities, movies, supporting industries, small and medium enterprises, and banking among others.</p> <p>c) The Value-Added Tax (VAT) and Corporate Income Tax (CIT) will be extended by five months. For individuals and business households, the VAT and Personal Income Tax (PIT) deadlines are extended to December 31, 2020.</p> <p>d) Land rent fees have also been delayed for five months for those that lease directly from the government.</p>
<p>JAPAN</p>				

<p>Japan Finance Corporation (JFC), Japan</p>	<p>a) The latest view of the Japanese government is that "we are the edge of the explosive spread".</p> <p>b) Japan Finance Corporation (JFC) is aware that although the effects of COVID-19, unlike natural disasters such as earthquakes and torrential rains, could not be seen visually in terms of the scale and status of damage, the impact has been enormous, and the spread to agriculture, forestry and fishermen is likely to occur.</p>	<p><i>a) short term:</i> expensive agricultural products such as high-grade beef, luxury items such as flowers, the number of visitors to the tourist farms, and dairy and processed agricultural products have already been affected by avoiding going out, closing schools, and cancellation of travel and events in and outside Japan.</p> <p><i>b) Medium to long term:</i> there are concerns about decreased sales, reduced production, discontinuation and closure because of labor shortage due to spread of infection to family members, employees and foreign workers, reduced productivity due to difficulties in importing production materials from overseas, and the impact on cropping and rearing in the next year.</p>	<p>a) JFC has set up a regular consultation desk on January 29 and a special consultation desk on February 14, and supports kind, courteous, and prompt financing to businesses.</p> <p>b) JFC is currently downsizing other operations and are focusing on these efforts company-wide.</p> <p>c) JFC also working with the government to secure the budget for Agriculture, forestry and fisheries safety net loans.</p>	<p>The government of Japan is actively working on the five policies to support financing for agriculture, forestry and fishers.</p> <p>a) Net interest-free for the first five years of loan</p> <p>b) Exemption of guarantee fee for the first 5 years loan</p> <p>c) Instructions of smooth operation of new loans to related financial institutions Request of smooth operation to reschedule existing loans</p> <p>d) Increase limit of Agriculture, forestry and fisheries safety net loans</p> <p>e) Non-guaranteed lending</p>
CHINA				
<p>1. Agricultural Development Bank of China (ADBC)</p>	<p>In general, due to low population density in rural areas and the decentralized nature of agricultural production, the outbreak of epidemic has limited impact on agriculture. The following four aspects may be affected by the epidemic.</p> <p>a) In hard-hit regions where transportation and the movement of people were restricted, circulation of agricultural products may be affected.</p> <p>b) Spring ploughing could be indirectly affected.</p> <p>c) The limitation on production and procurement of fodder and veterinary drug would</p>	<p>a) The overall operation of the banking sector is stable.</p> <p>b) The credits to the affected industries and areas make up a relatively low proportion of the total assets.</p> <p>-Industry: statistics shows the total loan balance to the affected industries, including wholesale, retail, hotel, catering, transportation, warehousing, post, culture, sports and entertainment, accounted for 13.61% of the listed banks' total assets at the end of June 2019.</p> <p>-Types of firms: CBIRC data shows, as of the end of 2019, inclusive loans to MSMEs accounted for 7.38% of the total loans made by financial institutions.</p> <p>c) The NPL rate will rise but to a limited extent. The epidemic will have some impact on SMEs, especially those in sectors such as hotel,</p>	<p>a) Open the "Green channel", designating staff members to provide more efficient services. For emergency loans for epidemic prevention and control, we authorized the lower level branches to approve loans and loan interest rate. For hard-hit regions, in order to simplify and accelerate loan approval process, we have been using online video and allow customers to replenish some materials after they get loans.</p> <p>b) Lower the interest rate for epidemic prevention and control loans. By the end of March 20, the weighted average interest rate for emergency loans issued was 3.46%, with 2.37% weighted average interest rate for emergency loans to key enterprises of medical supplies and daily necessities.</p>	<p>1. Government:</p> <p>a) Ministry of Finance</p> <ul style="list-style-type: none"> -Tax cuts and subsidies for small firms -Banks exempting loan interest payment for the affected firms <p>b) State Taxation Administration</p> <ul style="list-style-type: none"> -Exempting value-added tax for shops that earn ≤ RMB 100k per month or ≤ RMB 300k per quarter. <p>c) Ministry of Industry and Information Technology</p> <ul style="list-style-type: none"> -Helping SMEs apply loan from banks -Helping SMEs advance digital transformation. <p>2. Central bank (People's Bank of China)</p> <p>a) Banks are encouraged to delay interest payments for eligible firms such as MSMEs and household businesses experiencing financing difficulties, until June 30.</p> <p>b) The re-lending rate targeting rural areas, agriculture, farmers and smaller</p>

	<p>affect the upstream and downstream of breeding industry.</p> <p>d)The downstream of agricultural industry chain, such as catering services and leisure tourism, would be greatly affected.</p>	<p>tourism and catering. The impact on the whole will not be too large, but it may be bit higher in hard-hit regions like Hubei province.</p> <p>d) Lower profitability in Q1, likely to rebound in Q2. Giving loans at preferential rates will lower the average net interest margin for banks. Sharp fall in cash deposits and withdrawals, the credit card business, and payments and settlements associated with hotels, restaurants, cinemas, malls, tourist attractions and public transport. As a result, banks will face profitability challenges in the short term, but not in the whole year or longer term, as the financial needs will eventually rebound.</p> <p>e) The epidemic has the following three possible implications for banks. Firstly, it may well accelerate banks' digitization. Secondly, it may urge the banks to find new investment targets. -Increased awareness of health care, the public health and medical system will be further emphasized, attracting more R&D resources and investment. -The tech sector is also a likely beneficiary in this crisis, particularly online education, online entertainment and telecommuting platforms. -For commercial banks, increasing credit investment in these areas can not only promote banks to improve their research and product innovation capabilities, but also optimize credit structures by increasing the proportion of credit loans and intellectual property pledge. Thirdly, it may urge the banks to improve their emergency response system.</p>	<p>c) Lower the fees for customers in affected areas. We waived 46 service charges, including fees for RMB settlement, international settlement, syndicated loans, entrusted loans, corporate bond underwriting, asset securitization and corporate financial planning, etc.</p> <p>d) Increase support to eligible enterprises by making fully use of the preferential policy for re-lending from People's Bank of China.</p> <p>e) Ensure sufficient funds through variable fund-raising channels, including issuing theme bonds in domestic and overseas markets, organizing all kinds of deposits and actively getting special re-lending from People's Bank of China.</p>	<p>businesses will be lowered by 25 bp to 2.5%</p> <p>c) Set RMB 500 bn quota of re-lending and re-discounting for agricultural and micro lending.</p> <p>d) Cut Reserve Requirement Ratio (CRR) by 50-100 bps for banks that meet certain criteria for lending to SMEs through inclusive finance program, cut RRR by extra 100 bps for eligible joint-stock banks to expand inclusive lending, and cut excess reserve rate to 0.35% from 0.72%.</p>
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2. Huainantongshang Rural Commercial Bank (HTRCB), China	All the provinces were not impacted by the COVID-19 pandemic and Anhui province is not much affected due to this disease. However, keeping in view the spread of infections in nearby provinces, the provincial government took many measures including movement restrictions which impacted agricultural and food sector.	a) As a rural commercial bank and agriculture is one of the major activities in Anhui province, HTRCB continued its financing to agriculture and rural commercial activities even at a greater pace. b) The bank restructured the loans in terms of reduced rates of interest and repayment period has been enhanced. The bank also extended the agricultural loans to the value chain actors with special reference to agricultural processors.	a) HTRCB used the mobile platform to reach out to the rural and agricultural customers. The app which was developed during 2017 and 2018 and were being used for mobilizing deposits were reactivated to offer the loan products. b) The other feature added is provision of direct payment to the input suppliers (seeds, fertilizers, farm machines, pig and poultry feeds) through mobile. Insurance and other loan products were also sold through digital platform.	a) The National government has taken quick actions to help agriculture and SMEs with financial support, especially to rural areas. areas. b) The peoples Bank of China and provincial government are guiding financial institutions to provide finance to SMEs and farmers with low interest rate and longer repayment period.