Prudential
Regulation
and
Supervision
for
Agricultural
Finance







Table of Contents

Pre	eface		********************************				
			ents				
Ab	brevi	ations	************************************	iv			
Int	rodu	ction .	***************************************	ix			
1.	An Analytical Framework for Regulation and Supervision						
	of Agricultural Finance						
	1.1						
	1.2	Ratio	nale for Prudential Regulation and Supervision	1 2			
	1.3	Princi	ples of Prudential Regulation and Supervision	3			
	1.4	Regul	ators	5			
	1.5	Super	visors	6			
	1.6	Regul	atory Policy-Making Process	7			
	1.7	The S	pecific risk Profile of Agricultural Lending	10			
	1	THE D	pecine risk frome of Agricultural Lending	10			
2.	External Regulation and Supervision						
	2.1	Trigge	ers for the Involvement of External Regulation	15			
	2.2	Costs	and Benefits of External Regulation	21			
	2.3	Legal	Framework for External Regulation	23			
	2.4	Requi	rements of External Regulation	20			
		and T	heir Implications for Agricultural Lending	26			
		2.4.1	Preventive Regulation: Entry Requirements	26			
		2.4.2	Preventive Regulation:	20			
			Ongoing Requirements	29			
		2.4.3	Protective Regulation	42			
	2.5		nal Supervision	44			
		2.5.1	Requirements for an External Supervisor	44			
		2.5.2	Audits as Information Base for Supervision	44			
		2.5.3	Supervisory Approaches and Tools	46			
		2.5.4	Staff Capacity	54			
		2.5.5	Costs of Supervision				
		2.5.6	Costs of Supervision	56			
		2.5.0	Operational Independence, Credibility				
		257	and Enforcement	57			
		2.5.7	Delegation of Supervisory Tasks	59			
3.	Internal Regulation and Supervision						
			of Owner Control				

vii

	3.2	Issues of Internal Control				
		with External Regulation				
4.	Self-	Regulation and Self-Supervision	75			
	4.1	Setting Industry Standards	75			
	4.2	Self-Supervision	76			
		to Delegated Supervision	77			
5.		ulation and Supervision by Funding Sources	79			
	5.1	Industry Standards Required by Funding and Rating Agencies	79			
	5.2	Governments and Donors	80			
	5.3	Wholesale Financial Institutions	82			
	5.4	Commercial Fund Providers	84			
	5.5	Relations Between Market and External Regulation and Supervision	86			
6.	Fin	dings: A Regulatory and Supervisory Perspective	0.0			
	on	Agricultural Finance	89			
Gl	Glossary of Terms					
Re	References					

viii