



Food and Agriculture  
Organization of the  
United Nations



**IFAD**

Investing in rural people



## Consultation Webinar

### Legal Structure of Agricultural Enterprises Project

**15 – 16 April 2021**

**13.00 – 17.30 CEST**

**Online (Zoom Platform)**

#### Presentation

Private Law and Agricultural Development is an important branch of the [Work Programme](#) of the International Institute for the Unification of Private Law (UNIDROIT). First introduced in 2012, the Institute has since produced two instruments in cooperation with the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD): the [Legal Guide on Contract Farming](#) and the [Legal Guide on Agricultural Land Investment Contracts](#).

The **new project on Legal Structure of Agricultural Enterprises** represents the next logical step in the work of the tripartite partnership between UNIDROIT, FAO and IFAD. A preliminary [background paper](#) was prepared by the UNIDROIT Secretariat in 2020 and the UNIDROIT Governing Council, at its 99<sup>th</sup> session, authorised the organisation of a colloquium to discuss and specify the potential scope, content and form of such an instrument. The Consultation Webinar will be held online on **15 and 16 April 2021, from 1 p.m. to 5.30 p.m. CEST**.

The Global Sustainable Development Report (2018) identified Food Systems transformation as one of the key accelerators for achieving the 2030 Agenda for Sustainable Development. The UN Food System Summit (September 2021) has further positioned Food Systems high on the international agenda, providing countries and stakeholders the space to share experiences, accelerate progress and mobilise support. Countries' food systems are facing challenges on a number of fronts, from food insecurity and the triple burden of malnutrition (overnutrition, undernutrition, and micronutrient deficiencies), competitiveness issues within the agrifood sector, the impact of climate change on productivity and farmers' livelihoods, and the ensuing pressure on natural resources. At the same time, countries are keen to adopt innovative technologies and foster digitalisation to propel and modernise their agrifood system using a green growth approach aimed at improving the livelihoods of rural people, generating attractive employment opportunities for women and youth, ultimately driven by domestic and international consumer markets seeking nutritious, affordable, and sustainably produced food.

Under the aegis of food systems, international development discourse has also increasingly emphasised the importance of the middle segment of agrifood value chains for pro-poor and sustainable growth in developing countries. More specifically, due to their embeddedness in the local community fabric, small and medium agrifood enterprises (SMAEs) can better adapt to local circumstances a range of essential services such as transportation, food processing and distribution. In doing so, these small firms make important grassroots investments in rural areas, in addition to connecting farmers to markets, adding value locally to agricultural produce, and creating employment opportunities that are inclusive of women and young people. Given the growing demand for food driven by population growth and urbanisation, there is increasing scope for SMAEs to contribute to rural development objectives.

However, for this to happen, enterprises need to receive the appropriate technical and policy support. An examination of existing agrifood legal structures within which SMAEs operate, how they function

internally and how they collaborate with other market participants, and an analysis of past failures and successes is therefore necessary.

The Consultation Webinar will serve as a brainstorming session and will focus on the legal and business aspects of agricultural enterprises based on practical experience. It will bring together experts from a wide diversity of backgrounds including academics, representatives of international organisations, representatives of the private sector, NGOs, think tanks, etc. Notably, the Webinar will inform the drafting of an annotated list of contents and possible topics to be addressed in a prospective future instrument and will explore the nature of the contribution to be made by UNIDROIT, FAO and IFAD in light of their respective mandates and expertise. Participants are invited to actively take part in the workshop by sharing experience and knowledge.

## **DRAFT PROGRAMME**

### **Day One – 15 April 2021 (Thursday)**

<b>Opening remarks on the UNIDROIT/FAO/IFAD collaboration in the field of private law and agricultural development</b>	
<b>13:00 – 13:15</b>	Prof. <b>Maria Chiara Malaguti</b> ( <i>President, UNIDROIT</i> ) Ms. <b>Donata Rugarabamu</b> ( <i>Legal Counsel, FAO</i> ) Ms. <b>Katherine Meighan</b> ( <i>General Counsel, IFAD</i> )
<b>Introduction to the new project on Legal Structure of Agricultural Enterprises and preparatory work</b>	
<b>13:15 – 13:30</b>	Hon. Justice <b>Ricardo Lorenzetti</b> ( <i>Supreme Court of Argentina and Member of the UNIDROIT Governing Council</i> )
<b>Session 1</b>	
<b>Regulatory demands and new technology scenarios</b>	
<p><i>The first session will introduce some of the current constraints, opportunities, and specific needs of the agricultural (and related) sector(s) to improve SMAEs' access to market. The debate will focus on analysing how the choice of agrifood enterprises' legal structure is linked to economic features, technology, and regulatory demands, highlighting the benefits expected from organising farmers as economic actors. It will identify some of the variables influencing the assessment of the possible legal structure of agricultural enterprises to obtain more efficient and inclusive agrifood systems.</i></p>	
<b>13:30 – 14:55</b>	Chair: Mr. <b>Teemu Viinikainen</b> ( <i>Legal Consultant, FAO</i> ) <b>Speakers:</b> <ul style="list-style-type: none"> <li>○ Ms. <b>Siobhan Kelly</b> (<i>Agribusiness Economist, FAO</i>). <u>Food systems overview</u></li> <li>○ Prof. <b>Jennifer Bair</b> (<i>University of Virginia, USA</i>). <u>Global value chains and the challenges of hybrid governance</u></li> <li>○ Mr. <b>Tomislav Ivancic</b> (<i>Advisor, Responsible Business Conduct and Global Agricultural Value Chains, FAO</i>). <u>Responsible business conduct, social and environmental risk and global agricultural supply chains</u></li> <li>○ Mr. <b>Erik Van Ingen</b> (<i>Blockchain and data specialist, FAO</i>). <u>Blockchain, climate change and farmer digital identity in agriculture</u></li> <li>○ Ms. <b>Cornelia Boesch</b> (<i>Food Safety Officer, FAO</i>). <u>Managing food safety risks in food businesses</u></li> </ul> <p style="text-align: center;"><i>Open discussion</i></p>
<b>14:55 – 15:00</b>	5-minute break

## Session 2

### Contractual structures for collaboration and integration of agricultural enterprises

*This session will analyse the logic of cooperation among supply chain actors for more inclusiveness. It will aim at discussing how the governance aspect of contractual networks and multiparty contracts may help address inequality and how contractual arrangements may be either obstructive or conducive to investment and financial sustainability.*

**15:00 – 16:15**

Chair: Mr. **Carlo Di Nicola** (*Senior Legal Officer, UNIDROIT*)

Speakers:

- Ms. **Karina Fernandez-Stark** (*Duke University Global Value Chains Center, USA*). Insertion of SMAEs in global value chains
- Prof. **Fabrizio Cafaggi** (*Council of State and University of Trento, Italy*). Collaborative contracts in agrifood supply chains
- Prof. **Lorenzo Cotula** (*International Institute for Environment and Development and University of Strathclyde, UK*). Small-scale rural producers and agricultural value chain contracts
- Ms. **Carmen Bullon** (*Legal Officer – Development Law Service, FAO*). Enabling regulatory environment
- Mr. **Ammar Kawash** (*Head of Smallholder Agricultural Market Support (SAMS) and Farm to Market Alliance (FtMA) – WFP*). A practical perspective from the FtMA

*Open discussion*

## Session 3

### Remedies and dispute settlement mechanisms

*This session will analyse legal and contractual remedies, as well as dispute settlement mechanisms available to address problems of compliance and unfair commercial practices in agrifood activities. It will aim at identifying instruments that enable the preservation of the contractual relationship and the participation of smallholders and SMAEs in global value chains – correcting rather than terminating the relationships.*

**16:15 – 17:30**

Chair: Prof. **Fabrizio Cafaggi** (*Council of State and University of Trento, Italy*)

Speakers:

- Prof. **Paola Iamiceli** (*University of Trento, Italy*). Remedies in collaborative contracts
- Prof. **Carlo Russo** (*University of Cassino and Southern Lazio, Italy*). Unfairness in contractual structures
- Prof. **Axel Marx** (*University of Leuven, Belgium*). Voluntary Sustainability Standards, intermediaries and dispute settlement
- Prof. **Matthew Jennejohn** (*Brigham Young University, USA*) and Ms. **Kristina Bishop** (*Southern Methodist University, USA*). Governing Agricultural Production and Collaboration: Evidence from the U.S. Market

*Open discussion and closing remarks*

## Day Two – 16 April 2021 (Friday)

### Session 4

#### Corporate structures for the organisation of farmers and agricultural enterprises

*Producer organisations play different roles, and their potential varies depending on whether they are informal groups, associations or other forms of civil society organisations, cooperatives, or commercial companies. During this session, the discussion will be focused on the corporate legal structures that may be established for investment in agricultural activities and how these investments may be channelled internally and externally among these different entities, using as key criteria members' participation, access to capital, decision-making procedures, the allocation of risks and responsibilities, and profit-sharing.*

**13:00 – 14:50**

Chair: Ms. **Priscila Andrade** (*Legal Officer, UNIDROIT*)

Speakers:

- Prof. **Virgilio De Los Reyes** (*De La Salle University, the Philippines*). Juridical vehicles for community-based agricultural enterprises
- Prof. **Hagen Henry** (*University of Helsinki, Finland*). Agricultural cooperatives in global agri-food chains: a legal perspective
- Prof. **Georg Miribung** (*Free University of Bozen-Bolzano, Italy*). Indivisible reserve as a key feature of the financial structure of cooperatives
- Prof. **Antonio Zanette** (*Superior School of the Foundation of the Public Prosecutor's Office, Brazil*). Cooperatives and other corporate legal structures for inclusive agricultural business: a legal perspective from Brazil
- Prof. **Sukhpal Singh** (*Indian Institute of Management, India*). Producer companies as new generation cooperatives
- Ms. **Monica Canafoglia** (*Legal Officer, United Nations Commission on International Trade Law*). The adaptability of the future UNCITRAL legislative guide on limited liability organization (UNLLO) to agricultural MSMEs

*Open discussion*

**14:50 – 15:00**

10-minute break

### Session 5

#### Challenges for agricultural finance and access to credit

*This session seeks to analyse the optimal legal structures to promote access to credit, which can in turn assist in enabling access to adequate domestic and global agricultural markets for SMAEs.*

**15:00 – 17:00**

Chair: Prof. **Anna Veneziano** (*Deputy Secretary-General, UNIDROIT*)

Speakers:

- Ms. **Jeannette Tramhel** (*Senior Legal Officer, Organization of American States*). Legal structure: a prerequisite for credit
- Mr. **Christopher Brett** (*Lead Agribusiness Specialist, World Bank*). Maximizing finance for development
- Mr. **Massimo Pera** (*Agribusiness Investment Officer, FAO*). Digital technologies to address challenges in accessing finance for Agri-SMEs
- Mr. **Dagmawi Habte-Selassie** (*Programme officer, IFAD*). Blended finance for Agri-SMEs development. An example from Uganda
- Mr. **Steve Nocka** (*Founding partner and Chief Risk Officer of CrediLinq*). Challenges of lending to smallholder agricultural SMAEs
- Ms. **Isabelle Deschamps** (*McGill University, Canada*). Learning from women's experiences with community-based financing in West and Central Africa

*Open discussion*

## Session 6

### Next steps towards the delineation of the LSAE Project

*This session aims at identifying the most common legal issues that appeared throughout the webinar and how UNIDROIT, FAO and IFAD with their respective mandates and expertise may contribute to the development of a new international legal guide.*

**17:00 – 17:30**

*Roundtable with Chairs of each session and other experts*

**Concluding remarks:**

Prof. **Ignacio Tirado** (*Secretary-General, UNIDROIT*)