



UNIDROIT/FAO/IFAD
LEGAL STRUCTURE OF AGRICULTURAL ENTERPRISES PROJECT

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Outline of the presentation

- Brief overview of the institutional mandates UNIDROIT, FAO and IFAD
- Background and proposed timeline of the LSAE Project
- Current status of the Project
- Target audience and scope
- Concepts and challenges foreseen in the Project
- The various forms of collaborative legal structures
- The potential role of legal practitioners, judges, arbitrators, mediators
- The potential role of the future guide in practice
- Exchange of experiences in dealing with agricultural enterprises

Brief overview of the institutional mandates....



UNIDROIT

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE





Key facts



Food and Agriculture Organization
of the United Nations



MANDATE and GOALS

- lead international efforts to:
 - defeat hunger and malnutrition.
 - Reduce poverty
 - achieve food security - access to enough high-quality food to lead active, healthy lives.

HOW TO ACHIEVE GOALS

- Neutral forum to discuss global issues on food and agriculture
- Provide independent advice and technical assistance
- Repository of knowledge
- <https://www.youtube.com/watch?v=Ub6N8aWThw4>

IFAD's Mandate and Mission

- The Agreement Establishing IFAD was adopted by the UN Conference on the Establishment of an International Fund for Agricultural Development on 13 June 1976
- Entered into force on 30 November 1977
- Objectives :
 - ❑ Doubles as a specialized UN agency and an IFI dedicated to eradicate rural poverty and hunger with 178 member countries around the globe.
 - ❑ IFAD finances programmes and projects that increase agricultural productivity in a bid to raise the income levels of rural farmers
 - ❑ Advocates at the local, national and international level for policies that contribute to rural transformation.

Background and proposed timeline of the LSAE Project

- 2019 – Included in the 2020-2022 Work Programme (UNIDROIT 2019 [C.D. \(98\) 17](#))
- 2020 – Feasibility study (UNIDROIT 2020 [C.D. \(99\) B.5](#))
- 2021 – Consultation Webinar (see the [report](#) or watch the webinar on UNIDROIT's [YouTube Channel](#))
- 2021 – Upgrade of the level of priority and approval to establish a Working Group (UNIDROIT 2021 [C.D. \(100\) B.5](#))
- 2022 – First meeting of the Working Group 23-25 February (see the [report](#))
 - Second meeting of the Working Group (2-4 November)
- 2023 – Third session: April 2023
 - Fourth session: September 2023
- 2024 – Fifth session: February 2024
- Consultations and review of first draft
- Submission for tripartite approval

Current status of the Project

Intersessional meetings

- First intersessional meeting held on 16 June 2022
- Second intersessional meeting scheduled for 22 September 2022
- Third intersessional meeting scheduled for 30 September 2022

Analysis of the “Emprirical Data” to prepare a legal guide based on evidence...



Scope

Upstream Market

Product Characteristics

Rural Transformation (section B)

Technology (section E)

Legal Structure

Technology (section E)

Knowledge, Information, Asset Sharing

Solving Information Asymmetries

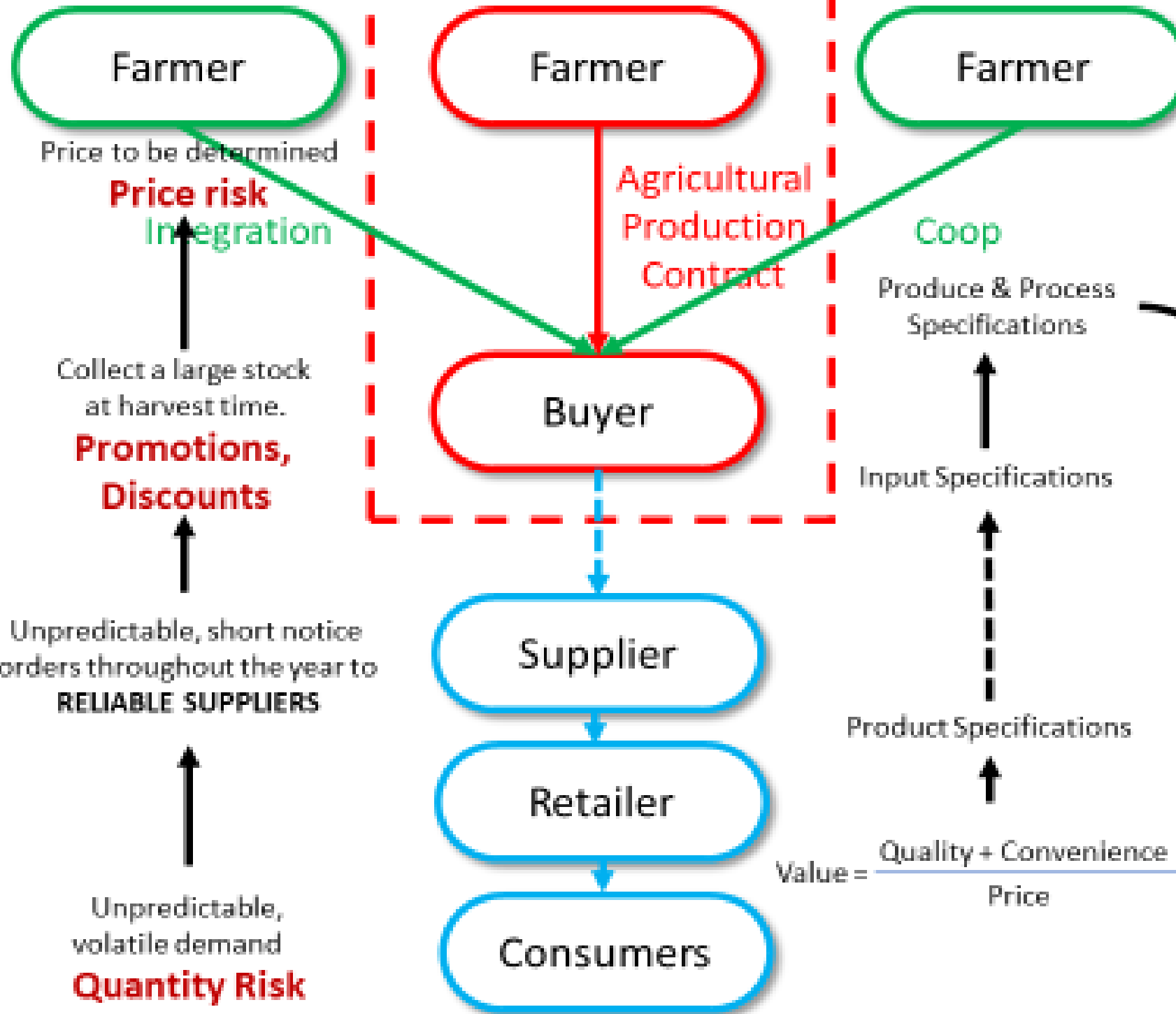
Risk allocation

Reducing Contracting & Transaction Costs

Downstream Market

Horizontal Coordination

Legal Guide to Contract Farming



Horizontal Interdependence

Joint supply (econ. of scope)

Vertical Interdependence

Chocolate, Coffee

Profit and Risk Allocation

Fruit and Vegetable

Guide on Legal Structures of Agricultural Enterprises

Feb. 23-25, 2022

Study LXXC W.G.1

Target audience and approach

- Actors involved in agri-food supply chains, in particular legal professionals representing **smallholders and agri-MSMEs** and, to a certain extent, legislators and policymakers.
- Focus on challenges faced by actors operating in the **midstream segment** and in low- and middle-income countries
- “**Systematic approach**” will be adopted when developing the Guidance Document to address issues beyond the context of supply chains.
- A “**legal toolbox**” will be developed to showcase the most useful collaborative legal structures

Changes in the agri-food supply chain and objectives foreseen in the Project

Factors transforming agricultural enterprises

- Sustainability standards
- Technology /Digitalisation

Objectives of the LSAE project

- Improve access to market
- Facilitate access to insurance
- Facilitate access to critical resources (e.g., technology and know-how)
- Cover unfair commercial practices
- Empower the midstream actor's power to negotiate better deals

Focus on the legal forms of collaboration among agricultural enterprises along the supply chain

Problems and Challenges related to INTERDEPENDENCE, TRACEABILITY and CONTROL

The various forms of legal structures

- **Sole proprietorship**
- **Cooperative**
- **Partnership**
- **Limited liability company**
- **Corporation**
- **Consortia**
- **Association**
- **Social economy enterprises**
- **Family enterprises**

LSAE project aims at focusing on three categories of instruments

Contracts including bundle of contracts and multiparty contracts

Companies with or without legal personality

Cooperatives focused or not on agriculture

Open discussion

- The potential role of legal practitioners, judges, arbitrators, mediators
- The potential role of the future guide in practice
- Exchange of experiences in dealing with agricultural enterprises

Questions for debate:

- Do the changes in agri-food supply chains affect the structure of agricultural enterprises and the traditional forms of collaboration?
- How are electronic platforms changing coordination along agri-food supply chains?
- How do technologies influence the length of supply chains and the forms of collaboration?
- How does the form of collaboration influence access to finance and the relationship with credit institutions?
- Role of chain leaders, intermediaries and “linked” liabilities
- Remedies in collaborative structures

Thank you!

For further information please visit the project website at:

<https://www.unidroit.org/work-in-progress/legal-structure-of-agri-enterprise/>

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