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WHITE PAPER

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I. INTRODUCTION

A. PURPOSE AND STRUCTURE OF THE WHITE PAPER

1. This White Paper was prepared for the Workstream on Private Law and Agriculture within the framework of the Centenary of the International Institute for the Unification of Private Law (UNIDROIT) in 2026. The Centenary provides an opportunity for the Institute to reflect on its past work and to consider strategic priorities for the future. In this context, UNIDROIT's instruments, projects, and related activities have been organised into seven thematic areas, each addressed through a dedicated Workstream.[2] This structure ensures systematic assessment and strategic planning for the Institute's work. The conclusions and recommendations of all Workstreams will be presented and discussed during a joint session of the UNIDROIT Governing Council and General Assembly in December 2026.

2. For the Workstream on Private Law and Agriculture, a committee of external experts was convened to prepare this White Paper. The Paper focuses on UNIDROIT's contribution to modernising and harmonising private law in agriculture. Agriculture plays a central role in economic development, food security, and international trade, while agri-food systems are among the largest global systems of economic activity in terms of employment, livelihoods, and environmental impact. Their effective functioning, and their contribution to food security, rely on clear, predictable, and well-functioning private law frameworks. UNIDROIT has developed instruments aimed at strengthening these foundations. This White Paper examines how these instruments address legal challenges in agriculture and broader agri-food systems, identifies opportunities to enhance their relevance and practical impact, and highlights areas where UNIDROIT's future work could provide further coherent and effective private law guidance.

3. The White Paper is organised as follows. Part B of this Introduction further presents UNIDROIT's engagement with private law and agriculture, providing background information for the Institute's work in the field. Part One outlines the principal dimensions and components of private law as they relate to agriculture, offering a conceptual framework and identifying key legal issues across different sectors and resources. Building on this foundation, Part Two reviews each of the adopted instruments in detail, providing recommendations to enhance their dissemination, uptake, and practical impact. Part Three examines ongoing projects, highlighting initiatives currently underway. Part Four reflects on lessons learned, identifies best practices, and offers recommendations for future substantive work, as well as for UNIDROIT's processes in developing, implementing, and promoting legal instruments in the area of private law and agriculture. Part Five presents a concise summary of the recommendations, highlighting the proposed way forward for UNIDROIT's work in this field.

4. The analysis in this White Paper draws on a review of UNIDROIT's instruments, projects, and related activities relevant to agriculture. It also relies on the expertise of the Workstream Committee, discussions within the Centenary initiative, developments in international legal practice, academic literature, and field experiences with UNIDROIT's instruments. This approach allows the identification of both current challenges and potential avenues for future work.

B. UNIDROIT'S WORK ON PRIVATE LAW AND AGRICULTURE

5. UNIDROIT's work on private law and agriculture reflects the Institute's focus on how private law, and in particular commercial law, can support broader development outcomes. It is further driven by the recognition that gaps, biases, misalignments or inefficiencies in domestic law, covering matters such as property, contract, commercial, and liability frameworks, can constrain agricultural production, the functioning of agricultural markets and the inclusiveness, sustainability and resilience

[2] The seven UNIDROIT Workstreams address the following thematic areas: contract law; procedural law and dispute resolution; private law and agriculture; financial markets and technology; cultural property; access to credit; and sustainable development.

of agri-food systems, particularly for smallholders and emerging agribusinesses operating in low and middle-income countries. Since 2009, the UNIDROIT Governing Council has noted requests from Member States that the Institute's Work Programme address more directly the priorities of developing countries.[3] Early analyses by the Secretariat highlighted that ineffective private law frameworks—relating for example to contractual obligations, enforcement mechanisms, liability for defective inputs, or access to credit—often hinder investment, productivity, and access to markets.[4]

6. Consultations with Rome-based United Nations agencies, particularly the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD), reinforced this perspective and highlighted potential synergies between their development mandates and the private law components of agriculture. At the 88th session of the UNIDROIT Governing Council in 2009, FAO noted that, while it provides extensive legislative assistance within its mandate, it generally does not address private law aspects of agriculture, such as contractual obligations, tort liability, dispute resolution, and commercial law.[5] Persistent gaps in domestic legal systems within these areas often leave critical issues unresolved, prompting FAO and IFAD to encourage cooperation with UNIDROIT to address these challenges through targeted private-law guidance.

7. These considerations were further explored during the 2011 Colloquium on Promoting Investment in Agricultural Production: Private Law Aspects, held at the Institute. Among other topics, the Colloquium highlighted five initial areas for joint work: contract farming; title to land; agricultural land investment contracts; agricultural finance; and legal structures for agricultural enterprises.[6]

8. Against this background, the Governing Council concluded that UNIDROIT could make a distinctive contribution by producing private-law instruments that would support development objectives without duplicating the technical regulatory work of FAO, IFAD, and other intergovernmental organisations.[7] This led to the first joint project, the UNIDROIT/FAO/IFAD Legal Guide on Contract Farming, adopted in 2015, responding to recurring demands for guidance on agricultural production contracts.

9. Since then, FAO and IFAD have remained partners to subsequent projects, including the UNIDROIT/IFAD Legal Guide on Agricultural Land Investment Contracts (2021) and the UNIDROIT/FAO/IFAD Project on Collaborative Legal Structures for Agricultural Enterprises (2022–ongoing). UNIDROIT and the United Nations Commission on International Trade Law (UNCITRAL) adopted the Model Law on Warehouse Receipts in 2024. Most recently, UNIDROIT has initiated work on an Agricultural Financing Legal Guide to further strengthen access to credit in agriculture. These instruments were conceived as complementary, addressing different but interconnected aspects of the legal framework for agricultural investment, enterprise development and finance.

10. Although it was not primarily developed within the agriculture line of work, but rather in the broader context of access to credit, the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Mining, Agricultural and Construction Equipment (2019) is also relevant to this Workstream insofar as it addresses the financing of agricultural equipment.

11. Taken together, UNIDROIT's instruments and ongoing projects address complementary dimensions of agriculture. The MAC Protocol facilitates access to agricultural equipment through secured transactions and leasing. The UNCITRAL–UNIDROIT Model Law on Warehouse Receipts

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3 UNIDROIT, Governing Council 88th session C.D. (88) 7 Add. 6 (2009) para. 1.

4 Ibid paras 10–12.

5 Ibid paras 22, 225–227.

6 See UNIDROIT, Report on the Colloquium "Promoting Investment in Agricultural Production: Private Law Aspects" C.D. (91) 8(a) (2012) paras 28–32.

7 Ibid paras 49–51.

supports post-harvest financing by enabling stored commodities to serve as reliable collateral, while the UNIDROIT/FAO/IFAD Legal Guide on Contract Farming structures production-stage relationships between farmers and buyers, often combining input provision, technical support, and output purchase. Complementing these financing and contractual mechanisms, the UNIDROIT/FAO/IFAD Project on Collaborative Legal Structures for Agricultural Enterprises focuses on the different types of business organisations and contracts that may be used in the context of agriculture, such as multiparty contracts, cooperatives, companies, and digital platforms. Together, these instruments contribute to strengthening access to credit, improving responsible contractual practices, and enhancing the legal and organisational infrastructure underpinning agricultural production, processing and trade. Their combined value lies in addressing interconnected legal needs at different stages of agricultural production and agri-food value chains, rather than treating these dimensions in isolation.

12. Alongside these value-chain-oriented instruments and projects, the UNIDROIT/IFAD Legal Guide on Agricultural Land Investment Contracts (ALIC Guide) operates at a structural level by addressing the legal framework governing land-based investments, complementing the other instruments while addressing a different layer of the agriculture framework.

13. Collectively, UNIDROIT's instruments and ongoing projects address selected dimensions of a broader and more complex legal landscape in which private law issues arise. Before examining these issues in more detail, Part One provides the context by scoping the relevance of private law to agriculture, outlining the principal functions and domains of private law that underpin agriculture and agri-food systems.

PART ONE — THE RELEVANCE OF PRIVATE LAW TO AGRICULTURE

Conceptual Foundations: Agriculture within Agri-Food Systems

14. While agriculture is the primary analytical focus of this Paper, it is recognised that the agriculture sector is embedded within wider agri-food systems that encompass inter-related cultural, social, environmental, political, technological as well as economic dimensions.

15. For the purposes of this Paper, the terms agriculture and agri-food systems are understood in a manner consistent with their usage within the United Nations system, in particular FAO and IFAD. "Agriculture" encompasses the cultivation and management of soil; the planting, growing and harvesting of both food and non-food crops; and the rearing and management of livestock. It further includes fisheries, aquaculture, forestry, and the production of primary forestry goods. This understanding extends beyond narrower legal definitions found in domestic legal systems to encompass the full range of primary production activities underpinning agri-food systems.

16. Extending beyond agriculture, "agri-food systems" refer to the integrated set of activities, processes, and actors involved in the production, harvesting, processing, packaging, transport, distribution, trade, consumption, and post-consumption disposal of food. They further encompass non-food outputs derived from primary production, such as forestry products, animal feedstock, and biomass used for biofuels, as well as the economic activities, investments, and stakeholders operating across these value chains.[8]

17. Recognising that food security and sustainability cannot be understood or governed through isolated sectors (such as agriculture or forestry) but require a holistic view of interconnected agri-

[8] See FAO, The State of Food and Agriculture: Agriculture Food Systems Transformation: from Strategy to Action, C 2021/2 Rev. 1, p. 3, available at https://openknowledge.fao.org/server/api/core/bitstreams/037193cf-918e-4737-9e08-73f1198fd5bb/content accessed on 17 July 2026.

food systems spanning production to consumption and beyond, FAO and other international organisations have progressively shifted from a sector-based to a systems-based approach. Efforts now focus on enhancing the sustainability, inclusiveness, and resilience of agri-food systems as a whole.[9]

Structural Characteristics of Agricultural Production

18. Agriculture is characterised by a significant dependence on biological life cycles and other imponderable biological and climatic factors, which constrain producers' choice of and control over outputs and introduce a high degree of uncertainty associated with agricultural production. This structural feature has important implications for private law, particularly in the design of contracts, the allocation of risk, and the development of insurance and other risk-management mechanisms within the productive segments of the value chain. It also frequently affects private sector willingness and conditions for investing in agriculture.

19. Agricultural producers differ widely in modes and scale of production, ranging from smallholders to larger agricultural undertakings. Smallholders—who constitute the majority of agricultural producers in most countries —include small-scale farmers who manage areas varying from less than one hectare to 10 hectares, as well as pastoralists, forest keepers, and fishers. Their production is characterised by family-focused motives, such as favouring the stability of the farm household system. In view of these uncertainties, they rely mainly on family labour for production.[10] They use the produce for household consumption, for sale on agricultural markets, or both. Larger agricultural undertakings are generally more capitalised and typically market-oriented, often operating within integrated value chains. However, considerable diversity exists both among smallholders and in the agribusiness sector, and agricultural production and marketing often involve collaborations between smallholders and larger firms.

Private Law in Agriculture: Functions and Core Domains

20. Agricultural law encompasses both private law and public regulatory dimensions, such as land-use regulation and environmental standards. The distinction between private and public law is neither uniform nor universally conceptualised across jurisdictions. Private-law mechanisms frequently depend upon supportive public-law frameworks, including regulatory oversight, tenure systems, environmental standards, and enforcement institutions. In addition, customary law—whether written or unwritten—may in certain legal systems and fields significantly shape private law governing agricultural activities. These various spheres of law often co-exist, playing a mutually reinforcing and complementary role in sustaining the agricultural legal architecture. Private law does not replace public regulation; rather, it complements it by translating broader policy objectives into rights, obligations and remedies governing relationships between private actors.

21. Within this broader normative framework, private law constitutes a foundational legal infrastructure through which agriculture and agri-food systems are organised, coordinated, and governed. It underpins agricultural activities by allocating resources, structuring transactions, organising agricultural undertakings, and managing risk across agri-food value chains. Increasingly, private law frameworks incorporate sustainability considerations, including climate change and environmental protection. They shape contractual arrangements for climate-resilient practices, inform the allocation of liability for environmental harm, and facilitate risk management through insurance mechanisms addressing climate-related losses.

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[9] See, e.g., FAO, *The State of Food and Agriculture: Agriculture Food Systems Transformation: from Strategy to Action*, C 2021/2 Rev. 1, p. 11 et seq., available at https://openknowledge.fao.org/server/api/core/bitstreams/037193cf-918e-4737-9e08-73f1198fd5bb/content accessed on 17 July 2026.

[10] See FAO, Family Farming Knowledge Platform, available at https://www.fao.org/family-farming/detail/en/c/273864/ accessed on 17 July 2026.

22. The principal domains of private law relevant to agriculture are property law, contract law, tort and product liability, the law of business organisations**,** secured transactions, intellectual property, insolvency law and law on enforcement. These fields operate across all agricultural sectors and agri-food systems, although their application varies depending on the resource, production system, value chain, and local context.

23. A core domain of private law in agriculture is **property law**. Depending on the applicable domestic law, this may include ownership and other rights in agricultural land, water resources, and forests, as well as agricultural assets such as livestock, crops, machinery, equipment, and fish stocks, and may include leases, easements, usufruct arrangements, and transfer. However, the legal concepts of ownership and use rights in particular with regard to land and water differ between countries: in parts of many African countries, for example, land and water cannot be subject to private ownership.

24. Another important private law field underpinning agricultural production and value chains is **contract law**. This governs, inter alia, production contracts (including contract farming), input contracts, supply and distribution agreements, contracts for sale and transport in fisheries and aquaculture, service contracts such as forestry management services, investment and joint ventures, technology licensing, and insurance contracts. Insurance contracts, tailored to the specific resource or context, may for instance provide insurance against natural hazards in forestry and fisheries; address loss, contamination, or defective inputs in plant production; or address disease, mortality, and market fluctuations for animal production.

25. Contract law can also serve as a mechanism for shaping economic behaviour, mitigating environmental harm and promoting social responsibility, and thus plays an increasingly important role in advancing sustainable practices.[11] The concept of *contractual sustainability* is emerging in transnational commercial law. It concerns the integration of environmental and social sustainability obligations into contractual relationships, including through legal rules and contractual provisions. Parties may incorporate explicit environmental and social standards into commercial agreements and global value chains, for example through ISO standards, voluntary codes of conduct and supply-chain monitoring. Contracts therefore not only establish commercial relationships and transactions, but can also give binding effect to sustainability commitments.

26. **Tort and product liability** regimes allocate risk across agriculture and agri-food value chains. This includes liability for environmental damage from agricultural production (such as pesticide drift, water contamination, deforestation), damage caused by livestock or aquaculture operations, and product liability for defective seeds, fertilizers, machinery, other agricultural inputs, or food. It may also encompass liability for climate-related or environmental harm where attributable to private actors, as well as liability for technological failures and liability for automated machinery.

27. The organisation and operation of agribusiness undertakings, including companies, cooperatives, producer organisations, and other legal forms used to carry out economic activity, is commonly shaped by the **law of business organisations**.

28. For facilitating access to financing and the functioning of agricultural markets and value chains, rules governing **secured transactions** are particularly relevant. They underpin financing arrangements, guarantees, commercial instruments, and security interests in agricultural commodities such as crops or livestock, in agricultural equipment, and in receivables.

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[11] See María Ignacia Vial Undurraga, and Isabel Zuloaga Ríos "The principle of contractual sustainability and privity of contract: challenges and solutions in transnational commercial law." *Uniform Law Review*, vol. 31, no. 2, 2026, pp. 288–312, available at https://doi.org/10.1093/ulr/unaq021.

29. **Intellectual property rights** play an increasingly significant role in the development and control of agricultural inputs, including seeds, plant varieties, biotechnological inventions, technological innovations, aquaculture technologies, trademarks, as well as traditional knowledge and genetic resources, which remain central to innovation, biodiversity stewardship, and food security.

30. Also in the agriculture sectors, **rules on insolvency** govern matters of financial distress, creditor ranking, and judicial enforcement of security rights in agricultural assets in case of insolvency.

31. Finally, the **law on enforcement** is essential, governing how legal rights and obligations arising between agricultural producers, and between them and third parties, are made effective in practice.

32. In line with its mandate, UNIDROIT has addressed several private law components of agriculture, as reflected in the instruments and projects examined in the following sections.

PART TWO — ADOPTED INSTRUMENTS

33. This section provides an overview and analysis of adopted instruments, examining their background, development, purpose, content, and implementation. For each instrument, it offers recommendations aimed at supporting broader implementation and adoption, as well as further normative development, with the overarching aim of maximising its impact.

I. UNIDROIT/FAO/IFAD LEGAL GUIDE ON CONTRACT FARMING

A. Introduction and Background

34. The UNIDROIT/FAO/IFAD Legal Guide on Contract Farming (2015) represents a milestone in the Institute's modern practice, marking its first major engagement at the intersection of private law and agriculture. Unlike traditional harmonisation instruments, the Guide was conceived as a non-binding yet authoritative legal reference designed to strengthen contractual practices, improve the legal environment for agricultural production, and address the documented vulnerabilities faced by small-scale producers in global value chains. Its development was the result of UNIDROIT's governing bodies' desire to broaden the Institute's contribution to international development goals, acknowledging the role of sound private law in improving market access, investment conditions, and legal certainty for farmers, thus contributing to sustainable development.

35. This section traces the institutional background, rationale, drafting process, content, and continuing significance of the Guide, based on UNIDROIT's internal records and a decade of experience in implementation.

36. UNIDROIT's choice of contract farming as the subject for its first joint project was grounded in sustained institutional dialogue with FAO and IFAD and in a growing recognition of the need for clearer contract-law responses to agricultural production arrangements.[12] Based on preliminary consultations, the Secretariat proposed the preparation of a Legal Guide, and FAO and IFAD expressed strong interest in such a tool to support their operational work in developing countries.[13]

37. The decision also reflected the increasing globalisation of agricultural value chains, where production and market access are often structured through contracts between producers and buyers

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12 UNIDROIT, Governing Council 91st session C.D. (91) 15 (2012) para. 90.

13 Ibid paras 91–94.

operating across borders. In this context, the absence of clear guidance on contract formation, performance, and risk allocation posed challenges not only for producers but also for governments and development partners seeking to strengthen agricultural markets.[14]

38. Selecting contract farming over other potential topics for the first joint project reflected both pragmatism and strategic foresight. Contract farming was widely used across regions, but was poorly regulated in many; it involved recurrent contractual relations with complex risk-sharing arrangements; and it directly implicated private-law issues, such as formation, obligations, remedies, and dispute resolution, where UNIDROIT has long-established expertise. Several Council members emphasised that although public law could regulate unacceptable practices, only private law could improve the "nitty-gritty of contract practice" essential for equitable producer–buyer relations.

39. It was agreed that a Legal Guide, rather than a Model Law or Convention, would be most appropriate. This format allowed the Guide to present comparative legal solutions, identify good practices, and offer drafting recommendations, while remaining adaptable to diverse regulatory, economic, and institutional environments.

B. Development of the Guide

Establishment of the Working Group and the Drafting Process

40. On the Governing Council's authorisation in 2012,[15] the Secretariat established a Working Group whose composition reflected both the diversity of contract law traditions and the multidisciplinary nature of agricultural value chains. The Working Group, chaired by Professor Henry Gabriel, included renowned contract law experts from different legal traditions, representatives of international organisations—including FAO, IFAD, the World Bank/IFC, and WFP—, representatives of the World Farmers' Organisation, agribusiness actors, and relevant national institutions.[16] Their presence ensured that the Guide would be developed in an inclusive manner, conceptually rigorous, attuned to practical concerns, and easy to use in practice.

41. Early discussions confirmed that agricultural production contracts presented features unlike classical commercial contracts: high uncertainty, information asymmetry, repeated interactions across an entire production cycle, and significant reliance by the producer on inputs, technical assistance, and market access provided by the buyer. UNIDROIT documents describe these arrangements as *"lasting commercial partnerships"* in which the parties' obligations unfold over time rather than at a single moment of exchange.[17] This understanding shaped the drafting approach: the Guide devotes considerable attention to obligations during performance, the management of unforeseen events, the allocation of production risks, and mechanisms for communication and cooperation. The emphasis on the *performance phase* reflects the Working Group's analysis that producers are often placed in a vulnerable position *"throughout the productive cycle",* especially in jurisdictions lacking protective legislation or effective enforcement.[18] This further aligns with UNIDROIT's objective of using its private law mandate to contribute to internationally agreed development goals.

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[14] Ibid para. 95.

[15] UNIDROIT, Governing Council 91st session C.D. (91) 8 (2012) proposal at para. 54(a).

[16] UNIDROIT, "Private Law and Agricultural Development – Adoption of a Legal Guide on Contract Farming" (Governing Council 94th session, C.D. (94) 3, 2015) paras 2–6, available at https://www.unidroit.org/english/governments/councildocuments/2015session/cd-94-03-e.pdf accessed on 17 July 2026.

[17] UNIDROIT Report on the Colloquium "Promoting Investment in Agricultural Production: Private Law Aspects" C.D. (91) 8(a) (2012) para. 29 (noting that agricultural production contracts establish *"lasting commercial partnerships"* and require continuous cooperation throughout the production cycle).

[18] UNIDROIT, Private Law Aspects of Agricultural Finance: Memorandum by the Secretariat C.D. (88) 7 Add. 6 (2009) paras 10–12 (describing producers' vulnerability and the need for legal support throughout the production cycle).

42. Over four drafting sessions in 2013 and 2014, the Working Group engaged in detailed debates on the appropriate level of prescriptiveness for the instrument. Some members favoured a purely descriptive instrument; others advocated more prescriptive language to protect farmers. The adopted compromise was a carefully calibrated text presenting comparative solutions, illustrating prevailing approaches, and offering "good practice" guidance without imposing uniform standards. The Working Group also undertook the complex task of distinguishing clearly between default rules of contract law, proposed regulatory provisions, and best practices, enabling the Guide to remain operational across jurisdictions without privileging any single legal tradition. This balanced approach fulfilled UNIDROIT's mandate while responding to the development concerns of FAO and IFAD.

Regional Consultations

43. In 2014, the regional consultations constituted a methodological innovation and had a decisive impact on the Guide's structure and content. Each consultation raised issues of regional importance. The consultation in South America (Buenos Aires) highlighted the prevalence of collective producer contracts, the importance of transparent grading systems, and concerns about unilateral contract modification by contractors. In Asia (Bangkok), presenters emphasised the importance of risk allocation under climatic uncertainty, the widespread use of integrated supply chains, and the need for clearer rules on pre-financing and input provision. In Africa (Addis Ababa), discussions centred on the vulnerability of smallholders, weak enforcement institutions, the need for written contracts, and the role of customary norms in dispute resolution. Finally, at the Private Sector Consultation (Rome), representatives of agribusinesses stressed the importance of predictability, quality standards, and mechanisms to address side-selling, while acknowledging farmers' concerns about power asymmetry. The consultations also helped identify areas requiring further elaboration, such as termination and renewal (particularly where farmers had sunk investments), dispute resolution adapted to rural realities, and the interaction between contract law and agricultural regulation. The feedback was subsequently incorporated into the revised draft, ensuring both global applicability and sensitivity to local legal contexts.

Finalisation and Adoption

44. At the 94th session of the Governing Council in May 2015, the Secretariat presented the finalised text and accompanying materials. The Council formally adopted the Legal Guide on Contract Farming, expressing strong appreciation for the collaborative work undertaken with FAO and IFAD and noting the rigorous nature of the drafting and editorial process.[19] Importantly, several members underlined that the Guide's success would depend equally on its effective implementation, acknowledging that the value of the instrument lay in its deployment in developing countries where legal certainty, producer protection, and contract fairness represented urgent priorities.[20] This forward-looking orientation would shape the subsequent implementation efforts led by FAO with IFAD funding and support from UNIDROIT. The Legal Guide was adopted by FAO and IFAD the same year.

C. Purpose and Content of the Guide

45. Primarily addressed to the parties involved in a contract farming relationship—producers and contractors—the Legal Guide on Contract Farming provides advice and guidance on the entire contractual relationship, from negotiation to conclusion, including performance and possible breach or termination of the contract. It is intended to provide practical assistance to international organisations and bilateral cooperation agencies as well as non-governmental organisations and farmers' organisations engaged in strategies and capacity building programmes in support of contract farming, especially in developing countries.

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[19] UNIDROIT, Report of the Governing Council 94th session C.D. (94) 3 (2015) paras 9–11.

[20] Ibid para. 11 (Council members stressing the importance of implementation and active use of the Guide).

46. The Guide is organised into an introduction and seven chapters, structured around the chronological life of an agricultural production contract. Its principal contribution is to illustrate how these arrangements differ from classical bilateral contracts, while drawing on the UNIDROIT Principles of International Commercial Contracts (UPICC) and adapting the guidance to the specific realities of contract farming.

47. The Guide begins by situating contract farming within the broader agricultural legal environment, recognising that domestic regimes governing seeds, phytosanitary standards, land use, environmental protection, and public support schemes shape the parties' obligations in ways that cannot be contracted out of. This introductory framing reflects the Working Group's view that agricultural production contracts must be read in light of mandatory rules and regulatory constraints that influence both negotiation and performance.

48. Building on this foundation, the Guide addresses the formation of the contract, emphasising the importance of clarity in technical specifications, pricing mechanisms, delivery conditions, and the allocation of responsibilities for inputs and assistance. It also recalls that production contracts establish ongoing commercial relationships, characterised by mutual dependence throughout the production cycle, contractor monitoring rights, and producer reliance on the contractor's support for market access and compliance with quality requirements.

49. Subsequent chapters examine performance, non-performance and remedies in a manner that reflects the particularities of agricultural risks and the vulnerability of producers during the production cycle. The Guide analyses the allocation of risks arising from pests, climatic events or regulatory prohibitions, and addresses recurrent problems such as refusal to collect produce, which may seriously affect the producer's livelihood. The discussion on remedies highlights that judicial enforcement is often inaccessible in rural areas, and therefore encourages drafting mechanisms that prevent disputes, enable cure, favour long-term collaboration and contract stability, or offer proportionate compensation, prioritising specific performance, and considering contract termination as a last resort.

50. The final chapter on dispute resolution advances one of the Guide's most innovative contributions by promoting mediation and arbitration specifically adapted to agricultural contexts. It acknowledges the existence of informal or community-based mechanisms while cautioning against forums that may amplify existing power asymmetries.

51. Throughout the Guide, comparative insights and good practices are offered to support fairer, clearer and more predictable contractual relations, reinforcing the Guide's broader development orientation and applicability across diverse legal systems.

D. Implementation and Engagement

1. Implementation

52. For the purposes of this Paper, *implementation* refers to the practical application of the Guide, including translations, capacity-building and training delivered by partner organisations, incorporation into legal frameworks and professional programmes, and its use as a reference in contracts or contractual guidance.

Translations and Accessibility

53. Early efforts to translate the Guide into French and Spanish, complemented by additional initiatives supported by UNIDROIT partners to produce Portuguese and Chinese versions, significantly enhanced its global accessibility. These translations were rapidly taken up, particularly in Latin

America and Asia, where contract farming is widely practised but often insufficiently regulated, thereby enabling broader use across diverse legal and linguistic contexts.

FAO–IFAD Implementation Programmes

54. A multi-year programme led by FAO and funded by IFAD played a central role in strengthening the Guide's implementation and outreach. The programme produced simplified and targeted materials to support its practical use. In 2017, two policy briefs were published, one for regulators, *"Contract Farming and the Law: What Do Regulators Need to Know?"*[21], and one for farmers, *"Contract Farming and the Law: What Do Farmers Need to Know?"* [22]. In addition, a simplified synthesis of the Guide, *"Legal Aspects of Contract Farming Agreements"* (FAO–IFAD, 2017)[23], was prepared. These materials were validated in national workshops and subsequently adopted by farmer cooperatives, NGOs, and extension services for contract negotiation, drafting, and capacity-building activities.

55. The Guide has also been frequently used by FAO, IFAD and other intergovernmental organisations in the framework of field assistance programmes.

56. Since its adoption in 2015, the FAO Development Law Service (LEGN) has supported 15 initiatives across 11 countries, providing legal and regulatory advice as well as capacity-building support.

57. Illustrative examples include:

- In Sri Lanka, a 2017 training workshop on the legal and operational aspects of contract farming contributed to improving contract farming schemes in pineapple, cucumber, and manioc value chains under an FAO–EU project.
- In Belize, workshops held in 2019 and 2020 strengthened local capacity and supported the validation of a proposed draft Contract Farming Bill.
- In Lesotho, a series of four hybrid workshops (2020–2023) contributed both to stakeholder capacity-building and to the validation of a draft Contract Farming Bill.

58. Comparable activities have been undertaken in Guatemala, Lao PDR, Ethiopia, Albania, Zimbabwe, China, Rwanda, and Venezuela, demonstrating the Guide's adaptability across jurisdictions and development contexts.

59. This supported the adoption of new regulations on contract farming in Lao PDR Decree on Contract Farming No. 56/GOV, dated 27 January 2025 (Lao PDR)[24].

Normative Developments and Model Agreements

60. The Guide also informed the creation of the Model Agreement for Responsible Contract Farming, developed jointly by FAO, UNIDROIT and the International Institute for Sustainable

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[21] FAO, *Contract farming and the law: What do regulators need to know?* (2017), available at: https://openknowledge.fao.org/bitstreams/465adf83-ec2a-4359-9810-6daf9275a805/download accessed on 17 July 2026.

[22] FAO, *Contract farming and the law: What do farmers need to know?* (2017), available at: https://openknowledge.fao.org/server/api/core/bitstreams/b43167bf-815a-4bb1-a2e4-1a352693c4b4/content accessed on 17 July 2026.

[23] FAO and IFAD, *Legal aspects of contract farming agreements* (2017), available at: https://openknowledge.fao.org/items/b677887a-6a0c-44e0-b380-763a0343b7ad accessed on 17 July 2026.

[24] See FAOLEX Database, available at: https://www.fao.org/faolex/results/details/en/c/LEX-FAOC239431/ accessed on 17 July 2026.

Development (IISD).[25] This Model Agreement provides a structured, accessible legal tool for buyers and producers. Built on the Legal Guide's recommendations, the IISD/FAO/UNIDROIT Model Agreement offers simple, customisable template provisions that can be tailored to different commodities, market contexts, and the specific needs of contracting parties.

61. At the national level, a case study from Lesotho illustrates the development of a local contract farming model agreement, adapted from an earlier model created for a pilot project on dry beans in the country.[26]

62. In parallel, FAO's Legislative Study on Enabling Regulatory Frameworks for Contract Farming[27] further extended the Guide into regulatory advice for governments, supporting the incorporation of its principles into national legislation (e.g., Lesotho's Contract Farming Bill[28]).

63. Beyond this, the Guide has underpinned further normative work by UNIDROIT and partners, namely the UNIDROIT/IFAD Legal Guide on Agricultural Land Investment Contracts adopted in 2021, and the ongoing UNIDROIT/FAO/IFAD Project on Collaborative Legal Structures for Agricultural Enterprises.

Integration into Capacity-Building and Academic Programmes

64. The Guide is embedded in recurring capacity-building and academic programmes. It is featured in the UNIDROIT International Programme for Law and Development (IPLD), launched in 2022 with the financial support of the Directorate General for Development Cooperation of the Italian Ministry of Foreign Affairs and International Cooperation. The IPLD comprises two editions: Africa Plus for African participants and BEPCAC for participants from the Balkans, Eastern Partnership countries, Central Asia, and the Caucasus. The IPLD promotes the dissemination of UNIDROIT instruments, advances legal harmonisation, and provides capacity-building, training, and knowledge-sharing opportunities for professionals working at the intersection of law and development. Sessions on the Guide have been delivered jointly by UNIDROIT and FAO (LEGN) since 2022.

65. Since 2023, the Master in International Business Law at Sapienza University of Rome, co-organised with UNIDROIT, has incorporated the Guide into its curriculum, providing students with practical applications of UNIDROIT instruments in international business and agricultural law contexts. Lectures on the Guide have been delivered jointly by UNIDROIT and FAO (LEGN) since 2023.

Promotion and Outreach

66. Promotion activities have further strengthened the Guide's global visibility. On its tenth anniversary, an essay competition was organised on the theme: *"A Decade of the UNIDROIT/FAO/IFAD Legal Guide on Contract Farming: Sustainable Agriculture and Food Security in a Changing World"*, supported by the International Law Institute and facilitated by the UNIDROIT Foundation. Additionally, a UNIDROIT Governing Council side event on 23 May 2025, titled *"UNIDROIT's*

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[25] IISD–FAO–UNIDROIT, *Model agreement for responsible contract farming: with commentary* (2018), available at: https://openknowledge.fao.org/handle/20.500.14283/ca1772en accessed on 17 July 2026.

[26] Lan Li, Teemu Viinikainen, Lerato Kometsi, Carmen Bullón, Ivo Radić & Kun Zhao, *A contract farming model agreement in Lesotho* (FAO 2024), available at: https://www.fao.org/3/cc9594en/cc9594en.pdf accessed on 17 July 2026.

[27] Teemu Viinikainen and Carmen Bullón, *Enabling Regulatory Frameworks for Contract Farming* (Legislative Study No 111, 2018), available at: https://openknowledge.fao.org/handle/20.500.14283/i8595en accessed on 17 July 2026.

[28] FAO, Legal Guide on Contract Farming celebrated its 10th anniversary (30 June 2025), available at: https://www.fao.org/in-action/contract-farming/news/detail/legal-guide-on-contract-farming-celebrated-its-10th-anniversary/en accessed on 17 July 2026.

Contribution to Private Law and Agricultural Development: Warehouse Receipts and Contract Farming", highlighted the Guide's ongoing relevance and engagement with key stakeholders.

2. Engagement

67. Engagement refers to the uptake and use of the Guide by stakeholders, including professional associations, farmers' organisations, academia, courts, lawyers, and agribusinesses, as well as discussion in academic literature and applied research projects.

Stakeholder Involvement

68. The Guide has been actively used as a reference instrument by professional, policy and development stakeholders. Its principles have been operationalised through practical tools such as the above-mentioned IISD/FAO/UNIDROIT Model Agreement for Responsible Contract Farming as well as training materials and legal reform support initiatives, notably by the FAO Contract Farming Resource Centre [29] that specifically targets practitioners, policy makers, value chain actors, researchers and other stakeholders across public and private sectors, contributing to clearer and more balanced contractual frameworks in different agricultural and legal contexts.

Academic and Research Initiatives

69. The Guide has also informed university-led research projects, including studies on the Legal Framework for Family Farming in the Sustainable Development of Rural Areas ("*Marco juridico para la agricultura familiar en el desarrollo sostenible del medio rural*"), implemented by the Universidad Nacional de Santiago del Estero (UNSE) in Argentina,[30] and on Strengthening the Legal Framework of Agricultural Contracts in Chile and Latin America ("*Fortalecimiento del régimen jurídico de los contratos agrícolas en Chile y en Latinoamérica*"), conducted by the Pontificia Universidad Católica de Valparaíso in Chile.[31] These initiatives illustrate the Guide's contribution to research, scholarship, and context-specific legal frameworks, supporting sustainable and equitable contract farming practices.

E. Recommendations for the Future

70. Over the past decade, the Legal Guide on Contract Farming has proved to be an influential reference instrument, guiding responsible contract farming arrangements and supporting legal and development objectives globally. Its continuing relevance is illustrated not only by its growing use in field assistance and academic research, but also by the interest and engagement of governments, practitioners, and scholars a decade after its adoption. More broadly, the Guide demonstrates that private-law frameworks can contribute meaningfully to sustainable agricultural development by supporting equitable contractual relations, legal certainty, and producer protection in contexts where regulatory systems remain incomplete. Looking ahead, the experience of the Guide suggests that future UNIDROIT work at the intersection of private law and agricultural development would benefit from continuing the same methodological approach—comparative, multidisciplinary, and closely aligned with the mandates and field operations of Rome-based agencies or other partner organisations—while responding to emerging challenges, including market concentration, climate

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[29] See FAO, Contract Farming, available at: https://www.fao.org/in-action/contract-farming/en accessed on 17 July 2026.

[30] UNSE, *Proyecto de investigación: Marco jurídico para la agricultura familiar (AF) en el desarrollo sostenible del medio rural* (Study 80B, 28 February 2018), available at: https://www.unidroit.org/english/documents/2018/study80b/activities/180228-argentina-proyecto.pdf accessed on 17 July 2026.

[31] Pontificia Universidad Católica de Valparaíso, 'Research project: Strengthening the legal framework for agricultural contracts in Chile and Latin-America' (Study 80B, 1 March 2018), available at: https://www.unidroit.org/english/documents/2018/study80b/activities/180301-chile-strengthening.pdf accessed on 17 July 2026.

risks, and evolving global value chains. In this sense, the Guide stands as a concrete example of how a soft-law instrument grounded in private law can support broader policy and legal commitments on sustainable agriculture and food security, while providing a template for future UNIDROIT initiatives in this field.

1. Implementation

71. The future impact of the UNIDROIT/FAO/IFAD Legal Guide on Contract Farming will depend on strengthening mechanisms for stakeholder engagement, practical implementation, and knowledge transfer. While the Guide has become an important reference instrument for policymakers, practitioners, and development actors, there is a need for further efforts to translate its principles into practical contractual and regulatory solutions.

72. A priority should be the continued integration of the Guide into capacity-building activities, legal reform support, and agricultural development programmes implemented by FAO, IFAD, UNIDROIT, governments, producer organisations, and other partner institutions. The FAO Contract Farming Resource Centre provides an important platform for disseminating the Guide and related materials and could be further developed as a hub for training, knowledge exchange, and stakeholder engagement.

73. The practical usefulness of the Guide could be enhanced through additional implementation tools, including model contracts, model clauses, and checklists. The IISD/FAO/UNIDROIT Model Agreement for Responsible Contract Farming demonstrates the value of translating the Guide's principles into accessible instruments that can support negotiations between producers and buyers. Further development and dissemination of such tools would facilitate broader application in diverse agricultural contexts.

74. Greater attention should also be given to monitoring and documenting the Guide's use and impact. Collecting case studies on legal reforms, training activities, and contract-farming initiatives influenced by the Guide would help identify effective implementation strategies and strengthen the evidence for its practical contribution.

2. Further Normative Development

75. Future normative development should ensure that the Legal Guide remains responsive to evolving challenges in contract farming. In particular, further guidance could address emerging issues such as digital contracting, data governance, climate-related risks, sustainability requirements, and due diligence obligations in agricultural value chains, while recognising that the appropriate balance between sustainable-development objectives may vary according to national, cultural, economic, and political contexts.

76. Further reflection could also address how the Guide's principles can interact with emerging regulatory developments and changing market structures. Maintaining the Guide's flexible and non-prescriptive character will be important to ensure that it continues to provide a useful international reference framework while allowing adaptation to diverse legal and agricultural contexts.

77. Finally, continued cooperation with national governments, producer organisations, agribusiness associations, research institutions, and international development partners would support the adaptation of the Guide's principles to diverse legal and agricultural contexts. This would allow the Guide to remain both a stable normative reference and a practical tool for improving contract-farming relationships.

II. UNIDROIT/IFAD LEGAL GUIDE ON AGRICULTURAL LAND INVESTMENT CONTRACTS

A. Background

78. Since the early 2000s, large-scale agricultural land investments have surged across many countries, a trend that accelerated following the 2007–2008 global food price crisis. This surge highlighted critical questions regarding legitimate tenure rights, meaningful stakeholder engagement, and responsible investment practices. These developments led to the adoption of several international soft-law instruments during the 2010s, including the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) by the Committee on World Food Security (CFS) in 2012, and the Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI Principles) in 2014.

79. To attract investment in agricultural production and processing, many governments and communities have entered into diverse forms of agricultural land investment contracts (ALICs) with investors. These agreements vary considerably, but they typically have the effect of transferring to investors tenure rights in land—in some instances land ownership, but more commonly long-term lease or use rights—as well as various related rights. Promoted in the name of advancing economic development and livelihood opportunities, agricultural land-based investments can also displace existing tenure right holders, cause pollution and deforestation, and foster conflict over competing land claims and visions of development.

80. The content of ALICs and the process through which they are negotiated and administered, including who participates, at what stage, and to what effect, influence the extent to which opportunities are seized and risks addressed. These contracts and processes engage both public and private law dimensions, particularly in jurisdictions where the State plays a central role in land ownership and control, and more generally because public action provides the foundation of land relations under national law, such as in the form of land registries and cadastres or the demarcation of collective and indigenous lands.

81. Against this background, UNIDROIT, IFAD, and FAO began working on a Legal Guide on Agricultural Land Investment Contracts (ALIC Legal Guide) in 2017, with the aim of complementing and operationalising the existing international instruments[32] by providing contract-law guidance on the development and content of ALICs. Released jointly by UNIDROIT and IFAD four years later, in 2021, the ALIC Legal Guide offers detailed guidance on the entire lifecycle of the contract from its negotiation, formation, execution and termination. The Guide is primarily intended for parties and legal professionals engaged in the preparation, negotiation, implementation and review of ALICs. It may also serve as a useful reference for other actors, including legislators, policymakers, government officials, public authorities, judges, arbitrators, mediators, public-interest legal service organisations, community organisations, law societies and international development organisations. Depending on the context, these actors may be involved in the drafting, implementation or monitoring of ALICs, in development of public regulation affecting these contracts, in the provision of technical assistance or training services, in the settlement of contract-related disputes or more generally they may be interested in the benefits and problems arising from the contracts.

[32] These international instruments and soft-law frameworks include: the United Nations Global Compact (established 2000); the OECD Guidelines for Multinational Enterprises (latest revision 2011); the United Nations Guiding Principles on Business and Human Rights (UNGPs, 2011); relevant International Labour Organization (ILO) Conventions and Recommendations; the Committee on World Food Security (CFS) Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT, 2012); and the CFS Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI Principles, 2014).

82. The ALIC Legal Guide is designed to be used alongside other UNIDROIT instruments such as the UPICC, as well as other UNIDROIT instruments relevant to private law and agricultural development, particularly the UNIDROIT/FAO/IFAD Legal Guide on Contract Farming.

B. Development and Adoption of the Guide

83. The ALIC Legal Guide was developed by a Working Group set up under the auspices of UNIDROIT, with the active participation of IFAD and FAO. Besides representatives of these three organisations, members of the Working Group included experts based in academic institutions and in think tanks such as the International Institute for Environment and Development (IIED) and New America. A broad range of stakeholders representing diverse backgrounds and legal cultures participated as observers in the sessions of the Working Group, including representatives from the farming and agribusiness sectors, the International Land Coalition (ILC), World Farmers' Organisation (WFO), the Columbia Center on Sustainable Investment (CCSI), the International Institute for Sustainable Development (IISD), and civil society organisations. The Working Group met in person four times between 2017 and 2018, and twice online in 2019.

84. Significant efforts were made throughout the Guide's development to consult widely and ensure it addressed stakeholder concerns. On 18 October 2018, UNIDROIT, IFAD and FAO jointly organised a CFS Side Event at FAO in Rome. The event brought together experts and interested stakeholders to discuss key issues and safeguards addressed in the Guide and to solicit feedback.

85. From 1 June to 31 October 2019, the Zero Draft of the Guide was made available for comments and feedback through an online consultation on the UNIDROIT website. It was also featured on a number of other platforms, including the FAO-hosted Global Forum on Food Security and Nutrition (FSN Forum)[33], the Land Portal[34], and the Afronomicslaw website[35]. Additional comments were solicited through the UNIDROIT, FAO and IFAD social media networks.

86. In 2019, UNIDROIT, in collaboration with IFAD and FAO, held three regional consultation events. The first event took place in Beijing (China) on 9 July 2019 at the University of International Business and Economics. It brought together government representatives, academics, legal experts, international organisations, and private sector stakeholders. The second regional consultation event was held in São Paolo (Brazil) on 9 August 2019 at the São Paulo University. It gathered 40 participants from across Latin America, including Brazil, Chile, Argentina, Bolivia, Guatemala, Mexico, Paraguay, and Uruguay, as well as private sector representatives. The third event was held in Nairobi (Kenya) on 23 October 2019 at Strathmore University Law School. It gathered more than 40 experts from several African states, including Kenya, Ethiopia, Nigeria, Uganda, Tanzania, South Africa, and Sudan, as well as legal experts from international organisations such as UN Environment.

87. Together, the online consultations and regional events collected input from more than 30 public-sector institutions, 13 organisations representative of civil society, 35 universities, and 8 private sector representatives. The reports from the consultations were submitted to the Working Group with a view to incorporating the inputs received into the final draft. They are available on the dedicated UNIDROIT website.[36]

88. Finally, a Drafting Committee including representatives of the Working Group and of the UNIDROIT Secretariat met in March 2020 to review and address the inputs received throughout the

[33] Global Forum on Food Security and Nutrition (FSN Forum), available at: https://www.fao.org/fsnforum/home accessed on 17 July 2026.

[34] Land Portal, available at: https://landportal.org/ accessed on 17 July 2026.

[35] Afronomicslaw, available at: https://www.afronomicslaw.org/index.php/2019/09/29/symposium-on-unidroit-fao-ifad-draft-legal-guide-on-agricultural-land-investment-contracts-alic accessed on 17 July 2026.

[36] UNIDROIT, Preparatoy Work – Legal Guide on Agricultural Land Investment Contracts (ALIC), available at: https://www.unidroit.org/instruments/agriculture/alic/preparatory-work/ accessed on 17 July 2026.

external engagement processes. This led to the development of the final version of the ALIC Legal Guide, which was jointly adopted by UNIDROIT and IFAD in 2021.

C. Purpose and Content of the Guide

89. Building on the UPICC, and operationalising international guidance instruments on responsible governance of tenure, on responsible agricultural investment, and on business and human rights[37] the ALIC Legal Guide provides guidance for improving practices related to agricultural land investment contracts. In line with applicable international guidance, the ALIC Legal Guide emphasises respect for legal and legitimate tenure rights throughout investment processes and the use of contractual arrangements that involve affected tenure rights holders and local communities. The Guide offers a framework that can be used by a wide range of legal actors when developing contracts, domestic policies, regulatory frameworks, and corporate social responsibility programmes.

90. The Guide focuses on contracts that are concluded between investors and governments, and those concluded between investors and local communities. In discussing these contracts, the Guide provides operational guidance on protecting and respecting the rights of legal and legitimate tenure rights holders who are to be consulted in the preparation, negotiation, and implementation of such contracts. In doing so, the Guide moves beyond a purely Investor-State model by explicitly recognising agricultural land investments as legal relationships that may be structured through multi-party contracts.

91. Designed to accommodate diverse legal contexts, agricultural crops and business models, the Guide is relevant to investments of varying scale, for both domestic and foreign investors. It also recognises that, depending on the situation, an ALIC may comprise a single contract or a series of contracts. In the latter case, the contracts may relate to various steps in the investment process and may include related agreements.

92. The Guide does not promote the large-scale transfer of land and excludes sales of agricultural land from its scope. Rather, it encourages inclusive models of agricultural investments that are made in partnership with smallholder farmers and local communities. The Guide also discusses arrangements that aim to share the investment's benefits with legal and legitimate tenure rights holders and local communities, whether through contractual provisions or in related agreements. These include community development agreements or trusts; contractual provisions on local employment, content or procurement; and contractual requirements and regulations related to the investor establishing and operating outgrower schemes in which, as a general matter, farmers on or next to the investment area engage in contract farming with the investors.

93. The Guide is structured with an Introduction followed by seven chapters, reflecting the chronological stages in the lifecycle of an ALIC. The ALIC Legal Guide also includes, in an annex, a checklist of the key issues that parties should consider when negotiating, drafting and implementing agricultural land investment contracts. Its organisation draws on the general contractual guidance provided by the UPICC and aligns broadly with the framework used in the Legal Guide on Contract Farming.

94. The ALIC Legal Guide begins with an Introduction outlining its purpose, scope, and intended audience, situating it within international soft-law instruments and the UNIDROIT Principles of International Commercial Contracts. Chapter 1 provides an overview of the legal, institutional, and governance frameworks that shape agricultural land investment contracts. Chapter 2 focuses on the

[37] In particular, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (2012); the Principles for Responsible Investment in Agriculture and Food Systems (2014); the United Nations Guiding Principles on Business and Human Rights (2011); and the OECD-FAO Guidance for Responsible Agricultural Supply Chains (2016).

consultation and engagement of legitimate tenure right holders and other stakeholders throughout the contract lifecycle. Chapter 3 addresses the negotiation, drafting, and structuring of contracts, while Chapter 4 examines key contractual provisions such as tenure rights, benefit-sharing arrangements, environmental safeguards, and dispute resolution mechanisms. Chapter 5 provides guidance on implementing and monitoring contracts to ensure compliance and achieve intended social, economic, and environmental outcomes. Chapter 6 discusses strategies for identifying, mitigating, and managing social, environmental, and legal risks, and Chapter 7 addresses contract termination, remedies, and dispute resolution to support fair and sustainable outcomes for all parties.

D. Implementation and Engagement

1. Translations and Accessibility

95. The ALIC Legal Guide was published in both English and French,[38] with the French version launched on 1 July 2025 during the UNIDROIT International Programme for Law and Development.

2. Normative Developments and Model Agreements

96. The ALIC Legal Guide served as one of the reference documents for the development of a set of Model Contract Clauses for Responsible Investment in Agriculture published by the IISD in 2023.[39] The Model Contract Clauses translate international guidance and principles — including norms that underpin responsible agricultural investment contracts (such as those reflected in the ALIC Legal Guide) — into customisable contract provisions. These clauses are designed to help governments, negotiators, and legal practitioners draft investment contracts that advance sustainable development objectives and incorporate responsible practice.

97. In addition, the ALIC Legal Guide has contributed to the ongoing development of a new instrument by UNIDROIT on international investment contracts. In particular, the Guide has provided substantive reference points for the formulation of sustainability clauses within that instrument. These clauses, drawing on the Guide's emphasis on social, economic and environmental dimensions of investment, aim to strengthen the integration of responsible and sustainable practices in international investment contracts more broadly.[40]

E. Recommendations for the Future

1. Promotion and Implementation

98. Establishing a "Community of Practice" could provide a valuable platform for ongoing exchange among experts involved in the Working Group and representatives of key stakeholders, including practitioners, academics, and policymakers. This forum would facilitate discussion of practical applications of the Legal Guide, share lessons learned, and keep members informed of developments in practice. However, because these platforms are resource-intensive, their establishment requires careful consideration of the available resources and sustainable methods for maintaining them over time.

99. It may be helpful to further develop, consolidate and/or institutionalise strategic collaborations with organisations that, because of their mandate, role and capabilities, would be well placed to play a positive role in promoting the implementation of the ALIC Legal Guide. This may include national bar associations in relevant jurisdictions, such as jurisdictions that have experienced substantial interest from

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[38] Available at https://www.unidroit.org/instruments/agriculture/alic/ accessed on 17 July 2026.

[39] IISD, Model Contract Clauses for Responsible Investment in Agriculture, 2023, available at: https://www.iisd.org/publications/guide/model-contract-clauses-responsible-agriculture-investment accessed on 17 July 2026.

[40] Information on the UNIDROIT project on International Investment Contracts is available at: https://www.unidroit.org/work-in-progress/investment-contracts-upicc/ accessed on 17 July 2026.

agribusiness investors, and the International Bar Association. Strategic partners may also include organisations and initiatives that offer technical support on contract negotiations in the agribusiness or adjacent natural resource sectors, such as the CONNEX Initiative[41] or the African Legal Support Facility (ALSF).[42] In addition, it may be helpful to further integrate the ALIC Legal Guide into the curriculum of training programmes attended by the guide's intended audience, such as CCSI's Sustainable Agricultural Investment (SIA) training.

100. To enhance the practical impact of the ALIC Legal Guide, it may be useful to prepare additional dissemination materials, such as a concise leaflet summarising the Guide. It would also be helpful to conduct research on the evolving landscape of ALICs, such as in terms of key sectors or crops, and of key geographies, to identify demand and possible entry points for uptake of the ALIC Legal Guide. In addition, it would be helpful to conduct analysis of national regulatory frameworks relevant to ALICs, in order to assess the evolving role of private law arrangements (such as usufruct, emphyteusis and others) in land law reforms and ALIC contracting processes, and to identify entry points for support to governments in aligning national legislation and governance systems with the guidance provided in the Guide.

101. Considering the strong linkages that exist with themes covered in other UNIDROIT instruments, particularly the UNIDROIT/FAO/IFAD Legal Guide on Contract Farming, it may be helpful to develop and implement a strategy for integrated outreach, promotion and technical support that cuts across multiple legal instruments. The development and implementation of such a strategy would benefit from close collaboration with UN agencies responsible for food and agriculture, particularly IFAD and FAO.

2. Further Normative Development

102. Work on developing and implementing the ALIC Legal Guide has highlighted the strong connections that exist between contractual and domestic law dimensions, for example with regards to contract development processes and to relevant social and environmental safeguards (such as consultation requirements, impact assessments, and grievance mechanisms). It would be helpful to assess demand for further guidance instruments that can support aligning national legislation and governance systems with the content of the guide. In this area, collaborating with FAO and IFAD would offer opportunities to mobilise existing expertise and to maximise outreach and impact.

III. UNCITRAL–UNIDROIT MODEL LAW ON WAREHOUSE RECEIPTS

A. Background

103. Finance is needed at all phases of agricultural production, from pre- to post-harvest. UNIDROIT and UNCITRAL initiated work on the Model Law on Warehouse Receipts (MLWR) with a Guide to Enactment in 2020, completing the project in 2024.[43] The MLWR has been designed to transform agricultural inventory from a passive physical asset into a liquid, secure, and globally tradeable financial instrument, thereby directly contributing to United Nations *Sustainable Development Goal 2: Zero Hunger*.[44] Goods other than agricultural produce may be stored in warehouses, including oil and general inventory, providing further financing support for these industries.

104. Agricultural finance is typically divided between "pre-harvest," addressing the needs of farmers prior to planting (namely, access to inputs and equipment), and "post-harvest," enabling the

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41 Connex Unit – Contract Negotiation Support, available at: https://connex-unit.org/ accessed on 17 July 2026.

42 ALSF, available at: https://alsf.int/projects accessed on 17 July 2026.

43 See https://uncitral.un.org/en/mlwr accessed on 17 July 2026.

44 See https://www.un.org/sustainabledevelopment/hunger/ accessed on 17 July 2026.

transportation, storage, and marketing of the crop.[45] The MLWR provides a robust private law framework for post-harvest finance, while other instruments, such as the Legal Guide on Contract Farming and MAC Protocol, provide such a framework for pre-harvest finance. Without access to post-harvest finance, farmers are "price takers," compelled to sell their crop immediately to intermediaries (e.g., trading companies) to repay informal debts or meet household consumption needs.[46] Such selling often occurs when market supply is at its highest, thereby depressing prices. Conversely, months later, when supply tightens and prices rise, these same farming communities must frequently purchase food at inflated costs. This cycle prevents capital accumulation at the producer level and discourages investment in productivity-enhancing technologies.

105. The absence of a trusted warehouse receipts system is a primary driver of this dynamic. Financial institutions are generally reluctant to lend against agricultural inventory because, legally and practically, they cannot verify the existence, quality, or security of the collateral. In the absence of a robust legal framework, a warehouse receipt is often nothing more than a piece of paper with little evidentiary weight in court and difficult to enforce against a defaulting borrower or an insolvent warehouse operator.[47] Many States do not have warehouse receipts laws at all (e.g., many common-law jurisdictions in Africa do not consider warehouse receipts to be negotiable documents), have outdated laws (e.g., the almost 100-year-old law in the Philippines), or have only a rudimentary framework included in the civil or commercial code (e.g., many civil-law jurisdictions). All these jurisdictions would benefit from a modern, harmonised legal regime for warehouse receipts.

106. A modern legal framework must be supported by adequate warehousing infrastructure, which many developing economies lack. However, economies such as Malawi had established some warehousing infrastructure over a decade ago through commodity exchanges, whether privately or publicly supported. While a warehouse receipts legal framework should benefit any type of storage infrastructure, differentiation is necessary at the regulatory level, where rural storage facilities should not be subject to the same requirements as large commercial warehouses. Formal warehouse receipts that could be used in financing transactions would typically be issued by commercial warehouses. A warehouse receipt law that provides a predictable framework for rights and duties of storage operators would benefit all types of storage infrastructures, even where receipts would not be used in financing transactions.

107. Recognising these challenges, international organisations have long promoted warehouse receipts reform. However, efforts were often fragmented, relying on ad hoc projects supported by the European Bank for Reconstruction and Development (EBRD), FAO, the International Finance Corporation (IFC), and the World Bank, without a unifying international standard. The lack of a Model Law meant that national reforms varied widely in quality and compatibility, hindering regional harmonisation. During a 2017 UNCITRAL colloquium, a panel discussed the utility of preparing a Model Law, which the United States and Mexican governments formally proposed to the UNCITRAL Commission.[48]

B. Development and Adoption of the Model Law

108. The first phase of the project to develop the MLWR began in late 2020 and was led by UNIDROIT through a dedicated multidisciplinary Working Group of international experts. Over the course of six

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[45] See Panos Varangis and Jean Saint-Geours, *Using Commodities as Collateral for Finance (Commodity-Backed Finance)*, available at: https://openknowledge.worldbank.org/server/api/core/bitstreams/4bc8eb92-0982-5e74-aa82-6609442cfb48/content accessed on 17 July 2026.

[46] See Philine Wehling and Bill Garthwaite, *Designing warehouse receipt legislation,* FAO Directions in Investment (2015), available at: https://openknowledge.fao.org/server/api/core/bitstreams/330a0975-fb04-439b-9d21-0d7db0e59801/content accessed on 17 July 2026.

[47] Ibid.

[48] See UNCITRAL Fourth International Colloquium on Secured Transactions, available at: https://uncitral.un.org/en/colloquia/security/papers_2017 accessed on 17 July 2026.

sessions between 2020 and early 2023, the Working Group conducted extensive comparative research and drafted the "black-letter rules" that form the core of the MLWR. This initial phase focused on the private-law aspects of warehouse receipts, ensuring the draft was technology-neutral to accommodate digital innovations such as distributed ledger technology while remaining compatible with both civil law and common law traditions. The Working Group also began developing the Guide to Enactment (discussed below), which provides article-by-article commentary to assist States in domestic implementation.

109. The second phase commenced in 2023, when the draft text was submitted to UNCITRAL Working Group I for intergovernmental negotiations. During this phase, representatives from UNCITRAL Member States and various observer organisations reviewed and refined the text to ensure broad international consensus and practical applicability across diverse economic environments. These negotiations addressed issues such as the rights of protected holders, the effectiveness of security rights, and the coordination between warehouse receipt systems and general secured transactions laws.

110. This collaborative process culminated in the final adoption of the joint MLWR and its accompanying Guide to Enactment by UNIDROIT and UNCITRAL during the 103rd session of the Governing Council in Rome in May 2024 and the 57th session of the Commission in New York in June-July 2024, respectively.

111. On 4 December 2024, the United Nations General Assembly, at its 47th plenary meeting, adopted a resolution expressing appreciation for the MLWR. The resolution also recommended that *"all States give favourable consideration to the Model Law when revising or adopting legislation relevant to warehouse receipts"* and invited States that have used the Model Law to advise the Commission accordingly.[49]

C. Purpose and Content of the Model Law

Model Law on Warehouse Receipts

112. The MLWR focuses entirely on the private-law aspects, such as proprietary rights in the goods and the contractual obligations of the parties, including the depositor, the holder of the receipt, and the warehouse operator. The MLWR applies to 'warehouse receipts,' a term defined functionally rather than formally to ensure broad applicability. Article 1 establishes that the law governs both the issuance and transfer of receipts. Crucially, it applies to "electronic records" and "paper documents" alike, cementing the principle of medium neutrality. This is vital for emerging markets that rely on paper but are rapidly leapfrogging to digital solutions.

113. A central feature of the MLWR is the negotiability of warehouse receipts.[50] Possession or control of the receipt is legally equivalent to possession (or ownership) of the goods, and transferring the receipt transfers the property rights to the goods.[51] This allows for the goods to be sold or encumbered while remaining in the warehouse, facilitating trade and liquidity. Non-negotiable receipts, by contrast, essentially serve as evidence of a storage contract where delivery is to be made to a specific named person. They are less useful for secondary trading but are often used in logistics or simple storage arrangements, including for the purpose of financing.

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[49] UNGA Resolution A/RES/79/118, available at: https://digitallibrary.un.org/record/4071524?v=pdf accessed on 17 July 2026.

[50] See references to negotiable documents in the UNCITRAL Model Law on Secured Transactions, available at: https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-08779_e_ebook.pdf accessed on 17 July 2026.

[51] Ibid.

114. The most forward-looking component of the MLWR is its robust framework for electronic warehouse receipts (EWRs). As agriculture moves towards "AgTech" solutions, the legal framework must support the dematerialisation of receipts and the associated processes, such as weighing and monitoring goods.[52] The *MLWR* does not mandate a specific technology. This "technology neutrality" means that a "reliable method" could be a centralised database operated by a ministry of agriculture, a private platform of a commodity exchange, or a permissionless blockchain.

115. The MLWR's flexibility supports two primary architectural models for EWRs, both of which are emerging in markets like India, China, and Africa.[53] The MLWR is designed to support the "registry" model as well as a "token" model, ensuring the legislation does not become obsolete as technology and business models evolve.[54] It provides a building block for platforms and exchanges, thus further enhancing the attractiveness of warehouse receipts for finance providers. Many important aspects of private law have been deliberately omitted to ensure agreement of the delegations deciding to adopt the MLWR. For instance, due to differences in domestic laws, the Working Group could not agree on a harmonised approach to handling a shortfall when the quantity of goods stored in a warehouse is insufficient to satisfy the claims of all holders. The Working Group also decided to offer an option regarding the quality of the rights a transfer of the warehouse receipt conveys. While in some jurisdictions (e.g., the United States), warehouse receipts evidence and transfer ownership rights to the goods, in others (e.g., Germany), they are equivalent to those acquired by taking possession of the goods.

116. Financing of commodities stored in warehouses is regularly linked to the financing of sales and the generation of receivables, through contract farming or otherwise. It is thus critical for the legal framework to protect financiers of commodities pre-harvest, during storage, and at the time of marketing. While the MLWR provides a robust set of rules, they need to be implemented alongside general rules on secured transactions, contract farming, and other relevant areas.

Guide to Enactment to the Model Law

117. Like the *UNCITRAL Model Law on Secured Transactions*,[55] the MLWR is accompanied by a Guide to Enactment that provides comprehensive assistance for domestic implementation, specifically addressing the lack of uniform legal norms and constraints on credit access that hinder economic growth in developing countries. The Guide to Enactment to the MLWR is primarily directed at the legislative and executive branches seeking to establish or modernise their legal frameworks for warehouse receipts systems. Additionally, the Guide serves as an educational tool for market actors, including warehouse operators, financial institutions, and judges. It is also a resource for development institutions supporting legal reforms in emerging markets.

118. The Guide is structured into four parts and features a detailed article-by-article commentary that explains the background, purpose, and relationship of each provision to a State's general legal framework. It assists enacting States in navigating structural choices among different legal traditions, such as the decision to implement either a "single" or "dual" warehouse receipt system. By clarifying the implications of these decisions, the *Guide* ensures that the adopted laws are harmonised with both domestic legislation and international standards, such as the UNCITRAL Model Law on Secured Transactions.

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[52] See, e.g., https://www.ifc.org/content/dam/ifc/doc/2024/scaling-up-farmer-financing-through-agtechs-in-sub-saharan-africa-ifc-2023.pdf accessed on 17 July 2026.

[53] See discussion of registry versus token-based systems, UNCITRAL, Working Group IV, "Legal issues relating to the use of electronic transferable records – Note by the Secretariat" (17 August 2012), A/CN.9/WG.IV/WP.118, available at: https://docs.un.org/en/A/CN.9/WG.IV/WP.118 accessed on 17 July 2026.

[54] Ibid.

[55] See https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/mlst_guide_to_enactment_e.pdf accessed on 17 July 2026.

119. Furthermore, the Guide focuses on modernising trade by promoting a technology-neutral framework for issuing and transferring EWRs. Since the MLWR covers only private-law aspects, the Guide provides guidance on drafting the complementary regulatory legislation needed to operationalise the system, including rules for licensing, supervision, and mandatory insurance.

D. Implementation and Engagement

1. Implementation

120. Given its adoption in 2024 and official launch in 2025, implementation of the MLWR has so far remained in its early stages. Practical experience with the instrument is therefore still limited. Nevertheless, a number of initial developments and enabling measures can already be identified, particularly regarding accessibility, dissemination, and integration with ongoing legal and capacity-building initiatives.

Translations and Accessibility

121. To facilitate global accessibility and encourage broad uptake, the Model Law and its Guide to Enactment are available in six languages: Arabic, Chinese, English, French, Russian, and Spanish.[56] The availability of the instrument in multiple official languages supports its dissemination across diverse legal systems and enhances its usability by policymakers, practitioners, and stakeholders worldwide.

Normative Developments

122. The MLWR is also expected to serve as a foundation for further normative work by UNIDROIT and its institutional partners. In particular, it informs the development of a new project aimed at preparing a Legal Guide to Agricultural Financing,[57] which seeks to provide policymakers and practitioners with comprehensive guidance on legal frameworks that facilitate access to finance in agricultural value chains.

Integration into Capacity-Building and Academic Programmes

123. The MLWR is integrated into recurring capacity-building and academic initiatives. In particular, it is part of the UNIDROIT International Programme for Law and Development (IPLD), launched in 2022 with financial support from the Directorate General for Development Cooperation of the Italian Ministry of Foreign Affairs and International Cooperation.[58]

124. The IPLD currently comprises two regional editions: Africa Plus, designed for participants from across the African continent, and BEPCAC, which brings together participants from the Balkans, Eastern Partnership countries, Central Asia, and the Caucasus. Through these programmes, the IPLD promotes the dissemination and understanding of UNIDROIT instruments while providing targeted capacity-building, professional training, and knowledge-sharing opportunities for policymakers, practitioners, and scholars working at the intersection of law and development.

125. Many countries in these regions could benefit substantially from assessing and, where appropriate, implementing a legal framework inspired by the MLWR and its accompanying Guide, particularly to improve access to finance and market opportunities for smallholder farmers and small and medium-sized enterprises operating in the agricultural sector.

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[56] All language versions are available at: https://www.unidroit.org/instruments/wr/uncitral-unidroit-model-law-on-warehouse-receipts-language-versions/ accessed on 17 July 2026.

[57] Further information on the Agricultural Financing Legal Guide project is provided in Part Three, Section II of this White Paper.

[58] Information on the IPLD is available at: https://www.unidroit.org/ipld/ accessed on 17 July 2026.

126. Since 2023, the Master's in International Business Law at Sapienza University of Rome—co-organised with UNIDROIT—has incorporated the MLWR project into its curriculum. This inclusion enables students to examine the instrument's practical applications and potential benefits within the broader framework of agricultural finance, while fostering academic engagement with legal mechanisms designed to improve access to credit in agri-food value chains.

Promotion and Outreach

127. Promotion activities have strengthened the global visibility of the MLWR. The instrument was formally launched jointly by UNIDROIT and UNCITRAL at a dedicated UNIDROIT Governing Council side event on 23 May 2025, titled "UNIDROIT's Contribution to Private Law and Agricultural Development: Warehouse Receipts and Contract Farming".

128. Interest in the MLWR has also emerged in several jurisdictions. In China, discussions have been held on strengthening the national warehouse receipt system and exploring the potential benefit of the MLWR in this context. On 10 November 2024, a symposium on the MLWR was held in China, bringing together legal experts, industry leaders, and policymakers to examine strategic pathways for enhancing the country's legal framework for warehouse receipts and to address key challenges in the bulk commodities market.[59]

2. Engagement

129. The MLWR has already generated interest among a broad range of stakeholders, including policymakers, international organisations, financial institutions, industry representatives, and academic institutions.

Adoption by Stakeholders

130. A number of stakeholders have begun exploring the potential application of the MLWR as a reference framework for legal and policy reform. In particular, policymakers and regulatory authorities in several jurisdictions have shown interest in assessing how the Model Law could support the modernisation of warehouse receipt systems and improve the legal infrastructure underpinning agricultural finance.

Academic and Research Initiatives

131. The MLWR has also attracted growing attention in academic and research circles. Recent studies have examined how the instrument could contribute to improving legal frameworks for agricultural finance and support the achievement of the United Nations Sustainable Development Goals (SDGs). In particular, research has explored its potential relevance to African jurisdictions, including Member States of the Organization for the Harmonization of Business Law in Africa (OHADA), where strengthened warehouse receipt systems could enhance access to finance for agricultural producers and value chain actors.[60]

132. Taken together, these early initiatives in dissemination, capacity building, and stakeholder engagement indicate a growing awareness of the potential value of the MLWR as a reference framework for strengthening legal frameworks that support agricultural finance. As outreach activities continue and further analytical work is undertaken, interest in the instrument is expected

[59] UNIDROIT, Symposium on warehouse receipt legislation (21 November 2024), https://www.unidroit.org/symposium-on-warehouse-receipt-legislation/ accessed on 17 July 2026.

[60] Tatiana Bolshova, *UNIDROIT Model Law on Warehouse Receipts is a Step Towards Achieving the UN SDGs in Africa* (May 2024), available at: https://proudpen.com/proceedings/index.php/RSCONF/article/view/186/186 accessed on 17 July 2026.

to expand among policymakers, international organisations, and market participants. In the coming years, these developments may facilitate the gradual consideration and, where appropriate, adoption of legal frameworks inspired by the *MLWR*, contributing to more efficient warehouse receipt systems and improved access to finance across agri-food value chains.

E. Recommendations for the Future

1. Promotion and Implementation

133. To ensure the successful adoption and practical impact of the MLWR, international policy dialogues should frame it not just as a commercial law project but as a strategic tool for achieving UN Sustainable Development Goal 2 (Zero Hunger), including through support for national food strategies. Linking warehouse receipts reform to national food security strategies can unlock funding from international development banks.

134. Furthermore, future efforts should focus on transitioning from the "black-letter law" to a functional ecosystem. For example, since the MLWR is technology-neutral, many jurisdictions will need technical guidance on implementing the "reliable methods" required for transfer of control of *EWR*s. Developing "readiness assessment" toolkits can help States evaluate their digital infrastructure and choose between central registries, distributed ledgers, or platform-based models.

135. During implementation, it is important to tailor the legal framework to the existing storage infrastructure, for instance, to avoid increasing operational costs for informal storage facilities. Alternatives to licensed and regulated warehouses should remain available. Warehouse operators may provide services other than storage, which should not be negatively impacted by the implementation of the MLWR.

2. Further Normative Development

136. While the MLWR covers private law (rights and obligations), it does not cover the regulatory "how-to". Building on the Guide to Enactment, UNCITRAL and UNIDROIT could collaborate on a model regulatory framework or a "Best Practices Guide" for the licensing and supervision of warehouses. This would cover mandatory insurance requirements, minimum capital requirements for operators, and the management of "Indemnity Funds" to protect against fraud or operator insolvency.

137. As EWRs become more widespread, there will also be a need for normative work on registry interoperability. This would ensure that an EWR can move seamlessly between different digital platforms and banking systems without losing its legal status or "control".

138. Another consideration may be the recognition of a negotiable document covering goods in storage and transit, without the need to issue warehouse receipts and transportation documents.

139. Finally, organisations may consider providing further guidance on the framework necessary to launch commodity platforms that facilitate the delivery of goods stored in warehouses.

IV. PROTOCOL TO THE CAPE TOWN CONVENTION ON MATTERS SPECIFIC TO MINING, AGRICULTURAL AND CONSTRUCTION EQUIPMENT

A. Introduction and Rationale

Context and Background

140. UNIDROIT's work in agricultural development and food security has not been undertaken in isolation from its other work areas. One significant overlap with UNIDROIT's work on access to credit[61] is the Mining, Agricultural and Construction Protocol (MAC Protocol)[62] to the Cape Town Convention on International Interests in Mobile Equipment.[63] Although not developed specifically as part of UNIDROIT's broader work on food security and agricultural development programme, the MAC Protocol is an important part of agricultural development and food security within the entire framework of a country's economic development that benefits from the asset financing.

141. Conceived as an umbrella for various protocols for specific assets, having been ratified by ninety States,[64] the Cape Town Convention has been one of the most successful private international law treaties in recent history. The MAC Protocol is the fourth protocol,[65] and was placed on the UNIDROIT Work Programme by the Governing Council in 2006 and was approved at a diplomatic conference in Pretoria in 2019.

The Need and Economic Benefits of the Protocol

142. The financing of agricultural equipment remains challenging in many parts of the world. The MAC Protocol encourages financial institutions that might otherwise be reluctant or unwilling to provide credit to companies leasing or purchasing agricultural equipment.[66] For the agriculture sector, the MAC Protocol is expected to improve farmers' access to capital-intensive equipment in jurisdictions that ratify and implement it, particularly in emerging markets where financing options remain limited. In this regard, it is important to note that the MAC Protocol is suited not only for large conglomerates, rather it functions are aimed at the acquisition of mechanisation equipment for smallholders. Accordingly, the Protocol can serve as a core agricultural credit instrument, leveraging strategic partnerships with FAO and IFAD to maximise its impact.

143. One economic assessment of the MAC Protocol has suggested that once ratified by a critical number of countries that over a ten-year period there will be 90 billion US dollars of equipment sold or leased that would not have otherwise occurred.[67] This translates over the life of the equipment into estimated savings of 30 billion dollars.[68] Although this estimate does not differentiate among

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61 The MAC Protocol is considered in greater detail in the White Paper prepared by the Committee for the Workstream on Access to Credit. This Committee's examination of the MAC Protocol is grounded on the Protocol's importance in promoting agricultural development.

62 Available at: https://www.unidroit.org/instruments/security-interests/mac-protocol/ accessed on 17 July 2026.

63 Available at: https://www.unidroit.org/instruments/security-interests/cape-town-convention/ accessed on 17 July 2026.

64 Available at: https://www.unidroit.org/instruments/security-interests/cape-town-convention/states-parties/ accessed on 17 July 2026.

65 Aircraft Protocol (2001), 87 ratifications; Rail Protocol (2007), 7 ratifications; Space Protocol (2012), 1 ratification.

66 To address these challenges, the MAC Protocol enables creditors to register "international interests" in eligible equipment, which provides legal certainty for priority, enforcement, and recognition.

67 UNIDROIT, MAC Protocol – Economic Benefit, https://www.unidroit.org/instruments/security-interests/mac-protocol/economic-benefit/ accessed on 17 July 2026.

68 Ibid.

the three types of assets covered in the Protocol, one can reasonably expect the agricultural sector will constitute a highly significant portion.[69]

Soft Law vs. Hard Law

144. Most of the instruments developed by UNIDROIT in the field of agricultural development have taken the form of soft law. These instruments reflect best practices in the field and, as discussed in other sections of this White Paper,[70] provide practical guidance to a wide range of stakeholders. Whether in the form of a Legal Guide or a Model Law, they are designed to support domestic audiences while offering the flexibility needed to accommodate local customs, legal frameworks and needs.

145. Unlike these other projects, the MAC Protocol is an international treaty that has a fixed structure that are set by the terms of the Convention and are not subject to adaptation by specific domestic law. Moreover, for the MAC Protocol to be effective, it must be ratified by the jurisdiction and therefore is not available for immediate use as are soft law instruments. These are not necessarily shortcomings of the Protocol, though, for although the major beneficiaries of the MAC Protocol are the domestic jurisdictions that ratify the Cape Town Convention and the MAC Protocol, the MAC Protocol assumes international financing and enforcement, and as such, requires the certainty of a binding treaty to encourage the flow of international finance and assets.

B. Development and Negotiation

146. The development of the MAC Protocol, initiated in 2006, reflected a sustained, multi-stakeholder effort to address legal challenges in asset-based financing for the mining, agricultural, and construction sectors. The process was characterised by close collaboration between governments, legal experts, and private sector actors, ensuring practical relevance.

147. A significant milestone was reached in 2014 with the establishment of a Study Group of leading experts in secured transactions law, which produced an initial draft of the Protocol. In parallel, a dedicated MAC Working Group was created to incorporate private sector perspectives, thereby aligning the emerging framework with market needs.

148. Subsequent negotiations were carried out by a Committee of Governmental Experts, which convened in 2017 over two sessions and brought together 126 representatives from 51 countries. These discussions refined both the substantive provisions and the operational mechanisms of the instrument.

149. The MAC Protocol was adopted at a Diplomatic Conference held in Pretoria in November 2019.

C. Purpose and Content of the Protocol

150. To address the challenges of financing and acquiring farming equipment, the MAC Protocol enables creditors to register "international interests" in eligible equipment, which provides legal certainty for priority, enforcement, and recognition of the creditor rights in the equipment, provided that the debtor is located in a State that has adopted the Convention and the Protocol. This is intended to create incentives to extend credit, increase its availability and reduce its cost, thereby facilitating investment in productive agricultural equipment.

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[69] Not only will farmers directly benefit, the MAC Protocol also will increase business for manufacturers and those in the distribution supply chain as well.

[70] See Part Two: Section I.A. (UNIDROIT/FAO/IFAD Legal Guide on Contract Farming); Section II.A. (UNIDROIT/IFAD Legal Guide on Agricultural Land Investment Contracts); Section III.A. (UNCITRAL–UNIDROIT Model Law on Warehouse Receipts).

151. The scope of the MAC Protocol is determined by reference to the Harmonized System, developed by the World Customs Organization. The MAC Protocol identifies 35 codes from this system specifically dedicated to the agricultural sector, which are listed in Annexe 2 and fall within its scope pursuant to Article II. To maximise flexibility, states can opt-out of the mining and construction annexes to apply the Treaty solely to agricultural equipment.

152. Covered equipment includes, inter alia, machinery for:

(i) soil preparation and cultivation;

(ii) harvesting, threshing, and crop processing;

(iii) spraying and irrigation;

(iv) dairy and livestock operations; and

(v) cleaning, sorting, and grading agricultural produce.

D. Implementation and Engagement

1. Implementation

Signatures, Ratifications, and Accessions

153. As of 4 November 2026, the MAC Protocol has been signed by five States and one Regional Economic Integration Organisation (the European Union) and ratified by two States. It has not yet entered into force.[71]

Translations and Accessibility

154. The authentic texts of the Protocol are in English and French. Unofficial translations into 24 additional languages are available on the UNIDROIT website for information purposes, facilitating broader accessibility.[72]

Promotion and Outreach

155. UNIDROIT has undertaken extensive promotion activities, presenting the Protocol at international, regional, and national events to raise awareness and support its adoption.

2. Engagement

156. Engagement has been broad and sustained, particularly among commercial and industry actors, reflecting the Protocol's direct economic relevance. Advocacy initiatives, legal briefings, and participation in international consultations have played a key role in promoting awareness and supporting adoption.

157. Industry associations have played an important role. The Association of Equipment Manufacturers (AEM), representing over 1,100 companies, has been particularly active, promoting the instrument through international outreach and engagement with governments, especially in

[71] Information on the status of the Protocol is available at: https://www.unidroit.org/instruments/security-interests/mac-protocol/status/ accessed on 17 July 2026. Pursuant to Article XXV of the Protocol, its entry into force requires the deposit of five instruments of ratification, together with a certificate from the Preparatory Commission confirming that the international registry is fully operational.

[72] Translations of the Protocol are available at: https://www.unidroit.org/instruments/security-interests/mac-protocol/mac-protocol-translations/ accessed on 17 July 2026.

emerging markets.[73] In Europe, the Committee for European Construction Equipment (CECE) and the European Agricultural Machinery Industry Association (CEMA) co-organised an industry summit in Brussels together with UNIDROIT in February 2025, calling for ratification.[74]

158. The instrument has also attracted growing academic attention across jurisdictions. Scholarly contributions have highlighted its potential to reduce financing costs, enhance productivity, and strengthen legal certainty.[75] Comparative analyses have examined its interaction with domestic secured transactions regimes, [76] while practitioner-oriented publications have explored its implications for legal practice, including documentation and due diligence in asset-based finance.[77]

159. In addition, research networks such as the Private International Law in Africa (PILAC) initiative have engaged with the instrument at a policy level, including through the development of recommendations for its potential adoption within regional frameworks such as the African Continental Free Trade Area (AfCFTA).[78]

E. Recommendations for the Future

160. The MAC Protocol is well placed to play a vital role in the emerging architecture of transnational private law for agriculture. Its full potential can be realised through its systematic interaction with complementary instruments, including the UNCITRAL-UNIDROIT Model Law on Warehouse Receipts, the UNIDROIT/FAO/IFAD Legal Guide on Contract Farming, and modern secured transactions regimes. Future developments within UNIDROIT's Private Law in Agriculture work area could therefore usefully focus on enhancing the normative coherence and functional complementarity of these instruments. Such an integrated approach would contribute to the development of a more comprehensive legal framework for agricultural finance, capable of supporting investment, technological modernisation, and the resilience of agricultural value chains across various legal systems.

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[73] See Association of Equipment Manufacturers (AEM), "AEM Continues to Advocate for Ratification of the MAC Protocol," available at: https://www.aem.org/news/aem-continues-to-advocate-for-ratification-of-the-mac-protocol accessed on 17 July 2026.

[74] Joint Press Release: CECE, CEMA and UNIDROIT, *CECE, CEMA and UNIDROIT call for adoption of the MAC Protocol to boost equipment financing in Europe*, 27 February 2025, available at: https://www.cece.eu/news/joint-press-release-cece-cema-and-unidroit-call-for-adoption-of-the-mac-protocol-to-boost-equipment-financing-in-europe accessed on 17 July 2026.

[75] See, e.g., *El Sistema de Garantias de Ciudad del Cabo: Accesion al Protocolo MAC, Notaría Tresguerres*, available at: https://www.notariatresguerres.es/el-sistema-de-garantias-de-ciudad-del-cabo-accesion-al-protocolo-mac/.

[76] See, e.g., Tatjana Josipović, *MAC Protocol and Croatian Registered Security Rights in Mining, Agricultural and Construction Equipment*, published in Christoph Benicke und Stefan Huber (eds), *National, International, Transnational: Harmonischer Dreiklang im Recht* (2020), comparing the Protocol's rules on security interests with Croatian domestic secured transactions law, available at: https://openlibrary.org/books/OL60993695M/National_International_Transnational_Harmonischer_Dreiklang_im_Recht accessed on 17 July 2026.

[77] See, e.g., Jacqueline Cook, *Planes, trains and … tractors: a new route to financing high value equipment in the mining, agriculture and construction sectors*, Journal of International Banking and Financial Law (2026), available at https://www.jibfl.co.uk/articles/planes-trains-and-tractors-a-new-route-to-financing-high-value-equipment-in-the-mining-agriculture-and-construction-sectors accessed on 17 July 2026.

[78] See Max Planck Institute for Comparative and International Private Law, available at: https://www.mpipriv.de/events/34218/1315704 accessed on 17 July 2026.

PART THREE — ONGOING PROJECTS

161. This section provides an overview and analysis of ongoing projects, examining their background, development, objectives, and content. For each project, it offers recommendations to support broad adoption and guide further normative development.

I. UNIDROIT/FAO/IFAD LEGAL GUIDE ON COLLABORATIVE LEGAL STRUCTURES FOR AGRICULTURAL ENTERPRISES

A. Introduction and Rationale

162. The Project on Collaborative Legal Structures for Agricultural Enterprises (CLSAE) is the most recent and third initiative under the partnership among UNIDROIT, FAO, and IFAD. It represents the continuation of the partnership's previous legal instruments, the Legal Guide on Contract Farming and the Legal Guide on Agricultural Land Investment Contracts, and it reflects the strong commitment of UNIDROIT to agricultural development.

163. Where the Legal Guide to Contract Farming focuses on bilateral production agreements between individual producers and buyers, the CLSAE project takes a broader approach to develop legal guidance on "collaborative legal structures" that will empower smallholders and agri-micro, small, and medium-sized enterprises (agri-MSMEs) to participate more equitably and effectively in agri-food value chains. This may contribute to the transformation into more efficient and resilient agri-food systems, promote sustainable economic growth, reduce poverty, and improve governance. The CLSAE Legal Guide presupposes that agripreneurs face a range of needs and challenges in their integration into agri-food value chains, including:

(i) improved access to viable markets, market resources and inclusive financial services;

(ii) opportunities to access innovative technologies and techniques, including those driven by digitalisation, digitisation, digital platforms and the use of artificial intelligence, while avoiding undue risk and exploitation arising from digital technologies;

(iii) increased participation in decision-making within agri-food value chains, including safeguards against power imbalances and operational barriers;

(iv) deterrence of unfair commercial practices in agri-food value chains, supported by effective remedies; and

(v) achieving sustainable growth of enterprises.

164. Collaborative legal structures can play a vital role in reducing the power asymmetries and operational barriers that many producers face. Collaboration among smallholders, or between small and medium-sized enterprises can indeed favour access to value chains, both within domestic and international markets, e.g. by fostering smallholders' capacity to access critical resources, such as finance, technology, or critical inputs, or by helping farmers face the effects of natural disasters or global crises, such as those linked with pandemics.

165. Collaborative legal structures can also help agricultural enterprises improve their ability to implement, monitor and report sustainable practices, and their ability to use digital technology to generate, share, and exploit the value of data inherent to agricultural practices in accordance with fairness and equitable principles. Governing access to and partaking in digital platforms through collaborative schemes represent other relevant drivers for developing private law instruments for collaboration in agriculture.

B. Development of the Guide

166. A Working Group was set up in 2022, composed of experts selected for their expertise in the fields of contract law, corporate law, cooperative law, property law, digital technology, and sustainability. Non-legal experts, such as economists, also participate in the Working Group. The Working Group includes representatives of the legal departments of FAO and IFAD, as well as technical experts from other departments. Moreover, a number of international and regional intergovernmental organisations, farmers' associations, non-governmental organisations, academic institutions, and private sector representatives also participate as observers in the Working Group.

167. In total, the project is expected to have held ten Working Group sessions, along with a period of consultations before the complete draft instrument is submitted for adoption by UNIDROIT, FAO, and IFAD at the end of 2026.

C. Purpose and Content of the Guide

168. The future Legal Guide is intended for use by those who provide advisory and capacity-building support to smallholders and agri-MSMEs, including those involved in drafting contracts and internal regulations. The Guide will also be useful for national legislators and policymakers, local and regional associations of agricultural entrepreneurs, producer organisations, non-governmental organisations, international development agencies, financial institutions, and legal counsels of transnational enterprises.

169. While recognising that a variety of forms of collaboration and many different types of business organisations and contracts may be used for collaboration in the context of agriculture, the CLSAE Legal Guide primarily focuses on cooperatives, companies, and multiparty contracts. The Guide also analyses digital platforms as tools for collaboration. While in turn the latter may be governed through companies, cooperatives and contractual structures (from linked bilateral contracts to multiparty), they can also operate as decentralised autonomous organisations (DAOs) therefore distinguished from conventional legal structures. Therefore, digital platforms are covered not as a legal structure but rather as a tool that can be used by different legal structures for collaboration purposes.

170. Compared with other UNIDROIT instruments in the field of private law and agricultural development, the CLSAE project takes a distinctive approach in many respects. While the Legal Guides on Contract Farming and on Agricultural Land Investment Contracts focus on the role of contracts, the CLSAE project broadens the range of legal instruments considered, including organisations legally framed as separate legal entities. Therefore, it moves away from the analysis of a single private law instrument (e.g., contracts) and looks comparatively at several legal forms (e.g., companies, partnerships, cooperatives, multiparty contracts, etc.) focusing on one function: collaboration. Hence it is broader, because it considers several legal forms, but narrower since it focuses on collaboration.

171. As mentioned above, the CLSAE Legal Guide moves away from the purely bilateral setting of exchange contracts, focusing on the multiparty dimension of collaborative structures. The core analysis relates to the collective interest underlying collaboration and the different ways in which agricultural enterprises may pursue such collaboration while possibly internalising third party interests that are relevant for collective purposes (such as those of workers, local communities, and the environment). The relevance of collective interest does not only influence the governance structure of collaboration but also the way in which supervening events are faced and disputes prevented and resolved.

172. Moreover, the CLSAE Legal Guide takes a value chain approach: collaborative structures are conceived as part of a wider set of relationships along value chains, able to interact with and be influenced by their operation. The value chain context makes interdependence among activities of

the enterprises highly relevant, affecting both how and why collaboration is necessary. The extent to which collaborative structures may help smallholders and agri-MSMEs to access and operate more effectively and equitably within value chains affected by power imbalances is among the questions addressed by the Guide.

173. Finally, the CLSAE project includes a comparative dimension aimed at guiding the choice among or the combination of different collaborative structures. In this regard, the Guide does not favour one form over another but rather seeks to highlight the ability of the forms' features to address particular goals and challenges.

174. Acknowledging the role played by national legislation and, where relevant, customary legal sources at local or national levels, the Guide mostly focuses on aspects of contract and organisational law that are normally left in the area of private autonomy as complemented by default rules. Herein, while considering the possible limitations induced by mandatory rules (e.g. in the field of competition law, labour law and, more generally, private and business law), it aims to stimulate the exercise of private autonomy through the design of contract clauses, bylaws and internal regulations with a view to achieving an efficient, fair and sustainable governance of collaboration.

175. The purpose of collaboration is of utmost importance: whether farmers and other businesses intend to: (i) share strategic resources (such as land, high-technology equipment, plant varieties, and specialised workers); (ii) finance a particular project; or (iii) mitigate and prevent the occurrence of natural disasters linked to high climate risk. All these purposes and many others can influence the choice of the collaborative legal form and its design. From the purpose perspective, the Guide shows the variety of applications normally allowed by multiparty contracts; the role of cooperative values (including self-help, self-responsibility and solidarity) and the cooperatives' intrinsic 'concern for communities'; as well as considers the extent to which the profit-making connotation of companies is compatible with the combination of different interests, including social ones. For each of the legal structures and digital platforms analysed, the CLSAE Legal Guide considers the ways in which strategic resources (including data) may be conferred, generated and shared through collaboration, and whether external financing may be facilitated through governance or asset partitioning and limited liability.

176. The design of entry and exit systems also receives special attention in the Guide. It illustrates the extent to which the different legal structures and digital platforms are designed as open, highly selective, or closed communities, and to which individual parties or members may voluntarily exit when collaboration finalities do not meet individual priorities anymore. The different means for causing the forced exit of a party or a member in case of severe disruption of the collaboration are also considered.

177. Governance represents a pivotal section of the Guide, being a core dimension of the collaborative design. The variety of approaches available in multiparty contracts, the role of the democratic principle in cooperatives, the weight of financial conferment as standard reference for participation in companies, are all considered in the Guide to steer the choice of governance mechanisms. More particularly, parties are invited to consider whether collaboration requires an equal allocation of decision-making powers among participants or a different approach in which powers are assigned based on financial contribution or other criteria, such as participation in the common interest activity or conferment of intangible and strategic resources, such as knowledge or data.

178. Whether and how tangible and intangible resources are shared is also relevant to design collaboration. The Guide illustrates and compares structures in which these are co-owned by parties, such as in most multiparty contracts, and others in which they may be conferred in a separate fund owned by the organisation as a distinct entity (such as for companies and cooperatives). Variations within multiparty contracts are also presented as an invitation to stimulate the exercise of private

autonomy where this is allowed by national legislation, that may be restrictive in this regard. The governance of resources is not only relevant for the implementation of collaboration but also as a possible collateral for external financing. The more parties or members ensure their effective use and the return on capital invested, the more external financiers are prone to entrust the collaborative venture with new resources.

179. The Guide is also intended to support decision-making concerning the closing of collaboration and the end of multiparty contracts, cooperatives and companies. The extent to which parties could extend the force of some collaboration duties after the extinction of the legal structure is considered as well as the possibility of parties or members to retain and reuse common resources for future projects.

D. Recommendations for the Implementation Phase

180. The involvement of FAO and IFAD, as well as international and regional associations such as the International Cooperative Alliance and the Asian Farmers' Association is crucial to highlighting the main challenges faced by smallholders and agri-MSMEs in the agri-food value chains and relevant examples of collaboration in this sector.

181. The Guide has a modular structure permitting the differentiation within a conceptual unitary framework.

182. The efforts of the partner organisations and institutional observers will be devoted to the adaptation of the Guide's content to local specificities. Local contexts, including legislative and institutional aspects, require an effort by States in collaboration with trade associations and NGOs. It is possible that the advantages of a legal form of collaboration exist in one country but not in others. Hence, it is important that the options and recommendations defined by the Guide be pursued according to the local socio-economic and institutional characteristics. In this regard, the implementation phase could be better steered if supported by data collection on such characteristics.

183. While broad consultations are planned before the CLSAE Legal Guide is adopted, it may be relevant to consider establishing a permanent forum of dialogue for ongoing stakeholders' consultation to ensure that the future Guide reflects the needs of users that may change depending upon the transformation of markets and technologies.

184. The discussions have shown the potential of undertaking new UNIDROIT projects regarding related private law topics that could not be fully addressed in the CLSAE Legal Guide but which could deserve further attention in the future. Among these the design of sustainability due diligence instruments in the agri-food value chain, as well as the governance of agriculture data through private law instruments such as multiparty contracts, cooperatives or companies.

185. Another key issue is that of financing collaboration. The CLSAE Legal Guide considers the perspective on collaboration of the financing institutions but there is space for developing an instrument examining financial instruments tailored on the size, the needs and the objectives of collaboration.

II. AGRICULTURAL FINANCING LEGAL GUIDE

A. Background and Rationale

186. The forthcoming Legal Guide to Agricultural Financing is the latest addition to UNIDROIT's broader work on Private Law and Agricultural Development. The Legal Guide continues UNIDROIT's long-standing commitment to modernising the private-law aspects of agricultural development, and complements the projects on Collaborative Legal Structures for Agricultural Enterprises, Model Law on Warehouse Receipts, Model Law on Leasing, Legal Guide on Agricultural Land Investment Contracts, Legal Guide on Contract Farming and Mining, Agricultural, and Construction Protocol of the Cape Town Convention, for credit products tailored to the needs of micro, small and medium-sized agricultural enterprises, particularly smallholder farmers.

187. While some international standards, such as the UNCITRAL Model Law on Secured Transactions, generally address the financing needs of micro, small, and medium-sized enterprises (MSMEs), it does not contain any "asset-specific" rules for agricultural commodities. The lack of such rules has created uncertainty about the applicability of these standards to agricultural finance. Examining how other UNIDROIT instruments, the UNCITRAL Model Law, and related international standards address the unique credit needs of agricultural enterprises will be a key focus of the Legal Guide.

188. However, the Legal Guide will go beyond merely addressing critical gaps left by existing international standards relevant to agricultural finance; it will actively coordinate and synthesise disparate international instruments into a single, cohesive standard. By harmonising these frameworks, the Legal Guide will establish a seamless legal continuum tailored to the unique operational realities of the agricultural sector, comprehensively supporting the full spectrum of both pre-harvest and post-harvest financing needs.

B. Methodology and Working Group

189. Following the General Assembly's decision in December 2025 to elevate the Development of an Agricultural Financing Legal Guide to a high-priority project in the 2026–2028 Work Programme,[79] the Secretariat has begun to establish a Working Group of international experts in secured transactions, agricultural law, and development finance to lead the drafting process. Such experts will be drawn from international institutions with expertise in agricultural finance, such as FAO, IFAD, the World Bank Group, and academic/research institutions. The Working Group will also include experts from the agricultural industry who can provide practical insights on various types of pre- and post-harvest credit transactions.

190. The working methodology will combine a comparative analysis of UNIDROIT instruments, alignment with relevant UNCITRAL Model Laws, and consideration of other international standards and best practices. This approach ensures that the Legal Guide is both practical and globally informed, tailored to the financing needs of agricultural enterprises across diverse jurisdictions.

C. Purpose, Intended Audience and Scope

191. Globally, agriculture remains one of the most under-financed commercial sectors due to the perceived high risk by commercial lenders and the lack of suitable collateral held by agricultural enterprises.[80] Responding to this need, the Legal Guide will provide an enabling legal framework to

[79] The General Assembly followed the Governing Council's recommendation, see UNIDROIT, Governing Council 105th session C.D. (105) 32 (2025) recommendation at para. 198.

[80] See, e.g., ISF, *ISF Advisors Launches Global Report on $200B+ Smallholder Finance Gap Amid Rising Climate Pressures* (13 October 2025), available at: https://isfadvisors.co/global-report-smallholder-finance/ accessed on 17 July 2026.

encourage greater credit flows to the agricultural sector.[81] It will serve as a "best practice" manual for policymakers, particularly in less developed jurisdictions, seeking to reform their domestic laws to encourage agricultural investment. It will provide a blueprint for creating an enabling environment in which financial providers can confidently lend to participants in the agricultural value chain.

192. The Legal Guide will clarify the mechanisms for mitigating risk using movable collateral, credit guarantees, and crop insurance. It will provide an understanding of how agricultural assets, ranging from future crops to warehouse receipts, can be used as security under existing instruments, including the UNCITRAL Model Law and the UNCITRAL-UNIDROIT Model Law on Warehouse Receipts. The Legal Guide will serve as a point of reference for interpreting and drafting complex, multiparty agricultural finance contracts, thereby improving predictability in agricultural financing transactions. By bridging the gap between the financial sector's technical requirements and the operational realities of agricultural enterprises, the Legal Guide will foster a more inclusive financial ecosystem.

193. At its core, the Legal Guide will be an instrument of private law, primarily concerning: (i) the contractual rights and obligations of the parties to an agricultural credit agreement; and (ii) the transfer of property rights in various agricultural commodities and farm equipment with a focus on security rights. While the Legal Guide will acknowledge the importance of regulatory frameworks, including the licensing and supervision of warehouse operators that store agricultural commodities used as collateral, licensing of non-bank financial institutions, and prudential/accounting rules, its substantive focus will be on the rights and obligations of the parties involved in financing transactions.

194. A distinguishing feature of the Legal Guide will be its consideration of the entire agricultural "value chain".[82] In other words, it will examine not just bilateral lending between a financial institution and a farmer, but also the financial links among the full range of actors in the chain, including input and equipment suppliers (including lessors), processors, traders, retailers, exporters, etc. Focusing on movable assets, the Legal Guide will address the legal hurdles (e.g., lack of traditional collateral, such as land) faced by smallholder farmers. It will explore the mechanisms for "aggregating" credit needs through cooperatives or farmers' organisations, enabling smaller actors to access commercial finance that would otherwise be out of reach. Since many farmers do not hold legal title to the land they cultivate (an immovable asset),[83] the Legal Guide will offer clarity on the use of movable assets as collateral, including "intangibles", such as receivables reflected in production contracts, and "tangibles" such as equipment, livestock, and aquatic goods.

D. Product-Oriented Approach

195. The Legal Guide may adopt a "product-oriented" approach, meaning it could be structured around specific financing tools used at different stages of the agricultural cycle, both pre-harvest and post-harvest. Rather than offering a one-size-fits-all solution, it is intended to cover the full range of products, including:

(i) **Pre-harvest input credit:** Financing the purchase of seeds, fertilizers, and technology before the growing season begins. The Legal Guide may also examine innovative financing models, including sustainability-linked finance and financing for climate-resilient agricultural investments, which are increasingly used to support adaptation,

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[81] See Panos Varangis, *Can warehouse receipts unlock farmer finance?,* World Bank Blogs (29 January 2025), available at: https://blogs.worldbank.org/en/psd/can-warehouse-receipts-unlock-farmer-finance- accessed on 17 July 2026.

[82] See, e.g., IFAD, *Can warehouse receipts unlock farmer finance? – Technical Note* (2012), available at: https://www.ifad.org/documents/d/new-ifad.org/agricultural-value-chain-finance-strategy-and-design-pdf accessed on 17 July 2026.

[83] See, e.g., IFC, Working with Smallholders – A Handbook for Firms Building Sustainable Supply Chains, available at: https://documents1.worldbank.org/curated/en/284771480330980968/pdf/110543-Handbook-Working-with-Smallholders.pdf accessed on 17 July 2026.

resilience, and sustainable agricultural production.

(ii) **Trade and offtake finance:** Financing based on the existence of a forward contract with a buyer. The Legal Guide will examine how rights to payment (receivables) under a contract for the supply of agricultural commodities can be assigned to a lender as security for a loan.

(iii) **Crop receipts**: An example of an innovative financing instrument to expand access to pre-harvest finance against the security of future harvest in exchange for immediate inputs or credit. The Legal Guide will set out the legal parameters for implementing an enabling legal framework for negotiable crop receipts that may be issued electronically and traded in capital markets.

(iv) **Warehouse receipts finance:** Another important focus of the Legal Guide is expected to be the use of stored commodities as collateral. It will draw on the Model Law on Warehouse Receipts to outline the legal requirements for "documentary" security, in which a warehouse receipt is a negotiable document that can be used as collateral.

(v) **Leasing**: The Legal Guide will also explore the role of equipment leasing (enabling farmers to use machinery without upfront capital costs) as an alternative to traditional loans, drawing on the approaches in the Model Law on Leasing.

196. The Legal Guide is also expected to address the "enabling" legal environment necessary for deploying these products. This includes establishing transparent, efficient registries, clear priority rules, and expedited enforcement mechanisms that account for the perishable nature of agricultural commodities.

E. Complementarity with Other UNIDROIT Instruments and Expected Impact

197. The Legal Guide will not exist in a vacuum; it is expected to be designed as the "capstone" of UNIDROIT's work in the agricultural sector, integrating and building upon existing and ongoing instruments, including:

(i) Collaborative Legal Structures for Agricultural Enterprises (ongoing)

(ii) Model Law on Warehouse Receipts (2024)

(iii) Model Law on Factoring (2023)

(iv) Legal Guide on Agricultural Land Investment Contracts (2021)

(v) Mining, Agricultural, and Construction Protocol of the Cape Town Convention (2019)

(vi) Legal Guide on Contract Farming (2015)

(vii) Model Law on Leasing (2008)

198. By aligning these instruments, the Legal Guide will provide a seamless legal continuum from the formation of legal entities and the acquisition of land and equipment to the production, storage, and eventual sale of agricultural commodities, supported by a robust and predictable financing framework.

PART FOUR — REFLECTIONS FOR FUTURE WORK

199. Based on an analysis of UNIDROIT's work on private law in agriculture to date, the Committee shares the following recommendations for its future work. These recommendations address both the development and implementation of instruments as well as high-priority areas for future private law guidance in agriculture, with an emphasis on practical impact for stakeholders at national and international levels.

I. DEVELOPMENT AND IMPLEMENTATION OF INSTRUMENTS

A. Recommendations for the Development of Instruments

1. Tailoring Instruments to Practical Needs

200. UNIDROIT's work should continue to focus on addressing concrete and practical needs within agricultural legal frameworks. The successful experience of the LGCF demonstrates that instruments designed to meet specific, real-world challenges can have a tangible and lasting impact. More specifically, UNIDROIT's work should focus on initiatives that advance food security and strengthen the sustainability, resilience and inclusiveness of agri-food systems. It is highly recommended that future instruments continue to be developed in close consultation with stakeholders to ensure their relevance for key stakeholders in the agriculture sector, including producers operating at different scales, while also facilitating legislative support and practical implementation through partner organisations such as FAO, IFAD and WFP. UNIDROIT should also engage more directly with individual jurisdictions where its agricultural instruments could address identifiable needs or support legal reform and implementation.

2. Data Gathering and Evidence-Based Design

201. Drawing on the approach followed in several UNIDROIT projects, the collection and analysis of data should be an integral part of the drafting process, both at its outset and throughout its development. Economic data, sectoral analyses and contextual background information are essential to identify the relevant challenges and practical needs to be addressed. Where possible, such analysis should be disaggregated according to the scale and type of agricultural producers, their position within the value chain, and the relevant legal and institutional context. Cooperation with FAO, IFAD, specialised research centres and academic institutions can support the preparation of preliminary studies and contribute to ensuring that instruments are supported by evidence-based analysis.

3. Partnerships with Technical Cooperation Agencies

202. Close coordination and partnership with agencies delivering technical assistance at the country level are critical to the success of the instruments. As a standard-setting body, UNIDROIT relies on its partners to provide technical expertise and field knowledge throughout both the development and the implementation phases. Early involvement of partner organisations not only ensures the instruments reflect the global best practices but also facilitates their adoption in diverse contexts.

4. Partnerships with other Organisations and Academia

203. Collaboration with other international organisations, including UNCITRAL and the Hague Conference on Private International Law (HCCH), as well as with academic institutions and specialised research centres, should remain an important component of the development of the instruments. This cooperation contributes comparative legal expertise and academic rigour, thereby strengthening the quality, credibility and relevance of the instruments developed.

204. In addition to ongoing cooperation with FAO, IFAD, and other organisations engaged in work on agri-food systems, it is recommended that, in relation to environmental matters, collaboration be further extended to include UN Environment. Where projects concern biological materials or related agricultural matters, relevant scientific expertise should also be involved.

5. Ensuring Systemic Consistency Across Instruments

205. Consistency across the broader normative framework developed by UNIDROIT and its partners should be maintained. A coordinated and complementary approach across instruments can reinforce their overall effectiveness and support the development of an accessible, coherent, and mutually reinforcing legal framework for the agricultural sector. To further enhance such an integrated approach going forward, UNIDROIT may wish to develop a visual or other communication materials that clearly articulate the inter-relatedness and inter-connectedness of the issues addressed by UNIDROIT instruments, both existing and under development, and the strong complementarities that exist between the instruments. UNIDROIT may also wish to prioritise a joined-up approach to supporting coordinated implementation of the overall portfolio of agriculture-related instruments wherever relevant, over and beyond initiatives to support implementation of individual instruments. Such coordination should, however, preserve the flexibility of individual instruments to respond to different sectoral, national and institutional contexts.

B. Recommendations for the Implementation of Instruments

1. Technical Assistance and Capacity-Building

206. Providing for technical support is essential to maximise the practical impact of UNIDROIT instruments in the field of agriculture. Technical guidance should cover drafting, application, and interpretation. Capacity-building initiatives should be responsive to demand from governments, legal practitioners, and agricultural stakeholders.

207. UNIDROIT is encouraged to engage more actively in the implementation phase, including technical assistance in collaboration with partner organisations. This cooperation should ensure that the instruments are not only theoretically robust but also practically applicable in the field.

2. Dissemination, Monitoring, and Feedback

208. Effective dissemination and training of the relevant stakeholders are essential to support adoption and use of the instruments. Capacity-building and outreach activities also provide opportunities to expand engagement, including through initiatives such as the UNIDROIT International Programme for Law and Development, which could be further developed in cooperation with partner institutions and academic networks.

209. Furthermore, UNIDROIT could consider strengthening mechanisms for monitoring the use of its instruments and collecting feedback to inform future revisions and new projects. This could include a periodic review of the implementation and practical operation of existing instruments, assessing whether developments in practice warrant further guidance, revision, or the development of additional instruments. Such reviews could be informed by empirical case studies examining how UNIDROIT instruments operate in practice and whether the contractual arrangements or legal improvements they promote achieve their intended effects.

3. Collaboration with Other Organisations

210. Close collaboration with FAO, IFAD, WFP and other international and regional organisations should continue throughout the development, dissemination, and implementation of new instruments. These partnerships provide technical expertise, field knowledge, and facilitate the

promotion of adoption. Coordination should also extend to specialised areas, with FAO serving as a key partner for food and agriculture mandates, IFAD for agricultural financing, and UNCITRAL for related trade law frameworks. Depending on the project focus, collaboration with organisations such as WHO (e.g., for health-related initiatives) may also be valuable.

II. AREAS FOR FUTURE PRIVATE LAW GUIDANCE IN AGRICULTURE

211. Based on existing instruments and ongoing projects, the Committee has identified several priority areas in which UNIDROIT's private law expertise could be further expanded to address existing gaps and provide significant added value alongside the policy and regulatory work undertaken by partner organisations. The Committee also discussed thematic areas for which UNIDROIT's private law expertise has already been solicited by external partners, whether formally or informally, highlighting the strong external demand that exists for the Institute's work on private law and agriculture. Collectively, these thematic areas relate to the contractual governance of agri-food systems, to agricultural enterprise structures, and to agricultural finance. While UNIDROIT has already addressed important aspects of these areas, as outlined in Part III above, further work could meaningfully complement and build upon those achievements. The selection of individual initiatives should be guided in particular by the existence of identifiable gaps in the international private-law framework, demonstrated stakeholder demand, and the added value that UNIDROIT can bring in light of its mandate and expertise.

212. In discussing these priorities, the Committee has adopted a long-term perspective that extends beyond forthcoming Work Programme cycles. The objective is not only to identify areas of immediate relevance, but also to provide strategic guidance on matters that may warrant consideration over the coming decades in the lead-up to UNIDROIT's second centenary. The topics listed below are not presented in any order of priority and should not be interpreted as reflecting any ranking by the Committee. The Committee further recognises that new challenges, priorities and areas of legal development are likely to emerge over time, requiring continued flexibility and responsiveness in the Organisation's future work.

213. Several of the thematic areas outlined below could also be pursued through sector-specific guidance, for example focusing on forestry, fisheries, aquaculture, or livestock production, where distinct legal and commercial considerations may justify tailored approaches.

214. Across all future work in this field, the Committee recommends that UNIDROIT prioritise initiatives that contribute to food security and strengthen the sustainability, resilience and inclusiveness of agri-food systems. Consideration should also be given to the relevance of UNIDROIT's instruments to the development and implementation of agroecology and other emerging sustainable agricultural practices. The Committee further recommends that UNIDROIT continue to give careful consideration to dispute resolution mechanisms, recognising their fundamental importance to the effective implementation of private law instruments relating to agri-food systems. In addition, digitalisation is transforming agri-food systems and activities across the entire value chain and should therefore be considered as a cross-cutting dimension of all future projects in this area, as done in the forthcoming CLSAE Legal Guide. UNIDROIT is also encouraged to monitor emerging private law issues arising from technological and market developments in agriculture and to remain well positioned to address them through future normative work where appropriate, including issues arising from artificial intelligence and other digital technologies that affect contractual relationships, governance arrangements, liability, and data management across agricultural value chains. Finally, consideration should be given to how relevant UNIDROIT instruments can support or complement national food-security strategies, where such strategies exist.

A. Contractual Governance of Agri-Food Systems

215. Within UNIDROIT's Private Law and Agriculture Workstream, contractual governance represents a central means to support the development of fair, balanced, and sustainable legal relationships across agri-food systems. Contracts remain central to organising cooperation, allocating risks, and facilitating transactions among farmers, cooperatives, processors, and other value chain actors. At the same time, digitalisation and emerging technologies are transforming the way these relationships are established, performed, and monitored, creating new opportunities as well as legal challenges that require further guidance from a private law perspective.

1. Contractual Guidance for Implementing ESG in Agricultural Value Chains

216. Environmental, social and governance (ESG) considerations are one of the main ways in which businesses translate the objectives of sustainable development into concrete commitments and practices. Agricultural value chains, particularly in the "first mile" from the farm gate to primary processors, are exposed to significant ESG risks. International frameworks such as the OECD-FAO Guidance for Responsible Agricultural Supply Chains provide risk-based due-diligence approaches and high-level standards, but do not address how such commitments are to be met through private contractual arrangements. The UNIDROIT Legal Guides developed in partnership with FAO and IFAD, as well as the Principles and Model Clauses for International Investment Contracts developed by UNIDROIT and the International Chamber of Commerce's Institute of World Business Law (UNIDROIT/ICC Principles and Model Clauses),[84] address parts of this question. The Legal Guide on Contract Farming covers compliance with standards in production contracts between producers and buyers. The ALIC Legal Guide operationalises the VGGT, the CFS-RAI Principles and the UN Guiding Principles on Business and Human Rights for land investment contracts. The CLSAE Legal Guide examines how sustainability standards are implemented, monitored and enforced within multiparty contracts and other collaborative structures, including the allocation of the costs of sustainability and the use of chain leaders' standard terms. The sustainability-related provisions of the UNIDROIT/ICC Principles and Model Clauses provide guidance on sustainability obligations requiring cooperation between the State party and the investor. None of these instruments, however, provides a consolidated set of contractual guidance for embedding ESG and due diligence requirements across the value chain relationships.

217. In practice, ESG and due diligence requirements in agricultural value chains are implemented primarily through private contracts, including supply and subcontracting agreements and related contractual instruments. Contractual terms determine how responsibilities are allocated between buyers, suppliers, SMEs and producers, how compliance is monitored, and how remedies and incentives are structured. In the absence of tailored contractual guidance, ESG obligations risk being unevenly implemented, disproportionately transferred to weaker actors, or remaining non-enforceable in practice.

218. UNIDROIT may wish to consider the development of contractual guidance specifically for agricultural value chains, including model clauses and practical approaches for embedding ESG and due-diligence considerations into contracts. Such guidance could contribute to more sustainable and inclusive agri-food chains by promoting fair and proportionate allocation of obligations and facilitating responsible business conduct across contractual relationships. UNIDROIT's work could focus on translating existing international standards, in particular the UN Guiding Principles on Business and Human Rights and the CFS-RAI Principles, into coherent contractual techniques adapted to the specific characteristics of agricultural production and trade. While these instruments emphasise responsible investment and risk-based due diligence throughout value chains, their practical

[84] See UNIDROIT, International Investment Contracts, available at: https://www.unidroit.org/work-in-progress/investment-contracts-upicc/ accessed on 4 November 2026.

contractual implementation remains fragmented. Such work could build on the contractual analysis in UNIDROIT's three agricultural Legal Guides.

219. In addition, this work would complement other existing initiatives, including UNIDROIT's project on corporate sustainability due diligence in global value chains, by addressing sector-specific challenges such as power asymmetries, informality and market access risks in agriculture. A limited feasibility study, including a review of existing contractual ESG tools, could be considered as a first step to identify best practices and gaps while avoiding duplication.

220. The potential relevance for stakeholders would be significant. For FAO, Member States and development partners, contractual guidance could support the implementation of responsible supply-chain and investment policies. For SMEs and producers, it could help mitigate the risk of market exclusion, arising from unsustainable value chains and unfair contractual practices, as due diligence expectations continue to increase. For buyers and investors, it could enhance legal certainty and contribute to more resilient and sustainable agri-food systems.

2. Fair Contractual Practices for the Transfer and Use of Biological Materials and Surveillance Data in Agri-Food Systems

221. Material transfer agreements and data sharing agreements, governing the exchange of biological materials (including pathogen samples) and surveillance data, are private-law contracts concluded between research institutions, laboratories, companies and public bodies acting in a contractual capacity. Based on consent and enforceable under domestic contract law, these agreements allocate rights and obligations relating to access, use, confidentiality, intellectual property, liability, and onward transfer, subject to applicable public law constraints. Their primary function is to structure legally secure exchanges of materials and data across research, surveillance, and response activities.

222. Such contracts are widely used across agri-food systems, including animal and plant health surveillance, food safety and antimicrobial resistance monitoring, and operate in both domestic and cross-border contexts. In international settings, they function within broader public international law frameworks, including the Convention on Biological Diversity and the Nagoya Protocol, which require prior informed consent and mutually agreed terms for access to genetic resources. These public law obligations are implemented in practice through private contractual arrangements, most commonly material transfer and data sharing agreements. Even though, the mentioned public-international-law instruments provide for legal harmonisation on a considerable scale, their scope is not universal since certain states of major economic relevance like the United States, have not ratified them yet. The subsequent legal fragmentation creates the need of contractual guidance for transnational legal relations.

223. Despite their central role, contractual practices remain fragmented and uneven, with agreements often negotiated on a case-by-case basis, leading to legal uncertainty, high transaction costs and unbalanced outcomes, particularly where disparities in technical capacity or bargaining power exist. The absence of consistent contractual approaches can delay or restrict timely data and material sharing, notwithstanding well-developed international policy frameworks. Developing guidance on fair and balanced contractual practices would address this gap and support more predictable, efficient, and equitable cooperation in surveillance, research, and innovation, contributing to pandemic prevention and a One Health approach.

224. This work is directly relevant to the operational needs of key stakeholders. For FAO, WHO, and the World Organisation for Animal Health (WOAH), the timely and reliable sharing of biological materials and surveillance data is essential for effective disease surveillance, risk assessment, and the development of control measures across agri-food and public health systems. More broadly, governments, research institutions, laboratories, and industry actors would benefit from clearer

contractual guidance that facilitates collaboration while safeguarding legitimate interests. Ultimately, strengthening contractual practices in this area can contribute to pandemic prevention and control and support integrated surveillance under a multisectoral One Health approach.

225. Building upon the foundational work of the CLSAE Guide (Part III), future normative work should address the private law governance of agricultural data. As precision agriculture and digital platforms become central to value chains, smallholders face significant risks of data exploitation and exclusion. UNIDROIT should formulate contractual guidance and model-bylaws for cooperatives and business enterprises establishing equitable rights to generate, access, share and monetise farm-level data (including agronomic, soil and yield data). This work should clarify ownership and control of data assets, ensuring that data conferral within collaborative enterprises enhances collective bargaining power without compromising individual privacy or proprietary rights.

3. Guidance on Contractual Aspects of Sector-Specific Value Chains: Example of Aquaculture and Fisheries

226. As an alternative or complementary approach, UNIDROIT could consider focusing its private law work on contractual relations within a specific sub-sector of food and agriculture, such as aquaculture, fisheries or fish-farming value chains. These sectors are characterised by complex, multi-actor value chains, a high prevalence of small-scale operators, and strong exposure to sustainability, labour and risk-management challenges, which are largely structured and mediated through private contractual arrangements.

227. In aquaculture, contracts play a central role in organising production and market access, including input-supply agreements, grow-out and harvesting contracts, processing and transport agreements, insurance arrangements, and labour contracts. Vertically coordinated models, including forms of "contract fish farming", are increasingly used to implement sustainability, biosecurity, traceability and market requirements, notably in the context of the implementation of the FAO Guidelines on Sustainable Aquaculture. These contractual models raise recurrent private law issues, such as allocation of production and compliance risks, price determination, unilateral contract modification, termination, and responsibility for standards compliance, that are not addressed in existing policy-oriented instruments.

228. Similarly, fisheries value chains rely on a range of contracts governing fishing operations, transport and cold-chain logistics, vessel and catch insurance (particularly for medium- and small-scale operators), and contracts governing the conditions of work of fishers and fish-farm workers. These arrangements frequently operate across jurisdictions, involve significant imbalances in bargaining power, and play a decisive role in allocating commercial, occupational and environmental risks, with direct implications for livelihoods and sustainability outcomes.

229. In addressing these issues, UNIDROIT could draw on its previous and parallel work, including the Legal Guide on Contract Farming, the Legislative Study on Agricultural Enterprises, and guidance relating to sustainable value chains, to develop targeted private law guidance adapted to the specificities of aquaculture and fisheries. Such an approach would not duplicate existing technical or policy instruments, but would focus on the structure, content and fairness of contracts as legal tools for allocating risks, responsibilities and benefits in a defined sub-sector, offering a coherent and manageable entry point for future work that may later be extended to other agri-food value chains.

4. Contractual Guidance for Agricultural Insurance Schemes

230. Agricultural insurance schemes are largely implemented through private law contracts concluded between insurers, farmers, cooperatives and agribusinesses. These contracts define core elements such as coverage, risk allocation, premium payment, loss assessment, claims procedures and remedies. While agricultural insurance is often supported by public policies, subsidies or

regulatory frameworks, the effectiveness of insurance schemes in practice depends to a significant extent on the clarity, balance and enforceability of the underlying contractual arrangements.

231. In many jurisdictions, agricultural insurance contracts are characterised by structural asymmetries between insurers and insured parties, particularly smallholders and MSMEs. Contractual terms may be complex, difficult to negotiate, or poorly adapted to agricultural realities such as climate variability, disease outbreaks or correlated risks. In cross-border or regional schemes, differences in contractual practices may further increase transaction costs and legal uncertainty.

232. UNIDROIT could consider whether contractual guidance for agricultural insurance schemes could address an existing need. This work could focus on private-law aspects of insurance contracts, including fairness and transparency of terms, proportional allocation of risks and obligations, clarity of claims and dispute-resolution mechanisms, and adaptation of contractual structures to agricultural risk profiles. This would be consistent with UNIDROIT's mandate to improve the quality and coherence of private law governing commercial and agribusiness transactions.

233. Contractual guidance in this area could complement existing policy and regulatory initiatives by FAO, IFAD and development finance institutions, which focus primarily on enabling frameworks and risk-management strategies. By strengthening contractual practices, UNIDROIT's contribution could enhance legal certainty, support access to agricultural insurance for SMEs and smallholders, and promote more resilient agri-food systems in the face of climate and production risks.

5. Contractual Guidance for Carbon Market Agreements

234. Agreements governing the creation and transfer of carbon credits (carbon market agreements) define the rights and obligations of project developers, buyers, intermediaries, land users and, in some cases, States or authorised entities, addressing issues such as the legal nature of the carbon asset, verification and monitoring, pricing, risk allocation and remedies. While public-law frameworks establish the regulatory architecture of carbon markets, their effective operation depends to a significant extent on the quality and fairness of the underlying contractual arrangements. Experience with Emission Reduction Purchase Agreements (ERPAs) and similar public–private arrangements shows recurring challenges related to fair pricing (including the treatment of transaction costs and co-benefits), unclear definitions of emission reduction titles, complex benefit-sharing mechanisms, fiscal treatment of revenues, and risks linked to international contracts and stakeholder exclusion, all of which directly affect legal certainty, equity and programme credibility.

235. Carbon market agreements are becoming increasingly important within agri-food systems, particularly in agriculture, forestry and other land-use systems that generate carbon credits through sustainable production practices. Carbon projects are often implemented in contexts characterised by complex tenure arrangements, resource dependency and heightened human-rights risks. As carbon markets increasingly become part of agricultural value chains, contractual arrangements will play a critical role in ensuring that climate finance contributes to sustainable agricultural production while protecting the rights and livelihoods of farmers and rural communities.

236. Contract design directly affects land access, livelihoods, labour conditions, community participation and benefit-sharing. At the same time, international standards increasingly require businesses to conduct human-rights due-diligence across their operations and contractual relationships, in line with the UN Guiding Principles on Business and Human Rights.

237. UNIDROIT's ongoing work on the legal nature and proprietary aspects of verified carbon credits provides an important foundation. However, a gap remains with respect to contractual guidance on how carbon market agreements can operationalise human-rights and due-diligence considerations, particularly where multiple parties with unequal bargaining power are involved. In both voluntary

and compliance markets, the absence of clear contractual safeguards has contributed to disputes, reputational risks and limited participation by smallholders and local communities. UNIDROIT could develop contractual guidance for carbon market agreements in agri-food systems, including model clauses and practical tools addressing both technical and social dimensions of carbon contracting. Drawing on approaches used in existing UNIDROIT instruments and in collaboration with existing partners such as IETA[85], such guidance could support fair contractual practices, proportionate risk allocation, transparency, grievance mechanisms and benefit-sharing arrangements, while remaining adaptable to different types of carbon markets, including Emission Reduction Purchase Agreements and transactions under Article 6.2 of the Paris Agreement.

238. The practical relevance of this work would be significant. For FAO, Member States and development partners, improved contractual practices would support climate-finance mobilisation across agri-food systems, while reinforcing human-rights safeguards and tenure considerations. For project developers, SMEs and producers, clearer contractual frameworks incorporating due-diligence principles would reduce legal uncertainty and facilitate responsible participation in carbon markets. For buyers and investors, such guidance would enhance legal certainty, mitigate risks and strengthen confidence in carbon finance as a tool for supporting the transition to more sustainable and resilient agri-food systems. For Indigenous Peoples and local communities who provide environmental stewardship to land and forests and who opt to engage with carbon agreements, guidance on both contacts and contracting process could help operationalise the respect and protection of their rights under national and international law. Such guidance would complement UNIDROIT's broader work on the contractual governance of agri-food systems by addressing the rapidly growing role of carbon markets in agricultural production, land use and agri-food value chains.

6. Contractual Guidance for Debt-for-Conservation Swaps

239. Debt-for-conservation and debt-for-climate swaps are increasingly used to finance activities across agri-food systems, including sustainable agriculture, fisheries, forestry, biodiversity conservation and eco-systems restoration, thereby supporting the transition towards more sustainable and resilient food systems. Accordingly, this proposal fits within the broader objective of strengthening the contractual governance of agri-food systems by improving the legal frameworks governing innovative financing mechanisms that support sustainable agricultural production, natural resource management and rural development.

240. Debt-for-conservation swap transactions typically involve the restructuring or refinancing of sovereign debt in exchange for commitments to allocate financial resources toward conservation, climate mitigation, or biodiversity protection. Many of these commitments are implemented through projects directly affecting agricultural land, forests, fisheries and other components of agri-food systems. While these arrangements are often framed as policy innovations, their implementation depends to a significant extent on complex private law instruments, including loan agreements, trust structures, conservation funding agreements, and related contractual arrangements involving sovereign borrowers, private creditors, development finance institutions, and intermediary entities.

241. In practice, these transactions are structured through multiple interrelated agreements governing debt exchange or refinancing, credit enhancement mechanisms, conservation funding obligations, and oversight arrangements. These contracts play a decisive role in allocating risks, obligations, and benefits among the parties, including determining how financial gains are distributed, how conservation commitments are defined and enforced, and how implementation risks are borne. Despite their growing use, contractual practices in debt-for-conservation swaps remain

[85] IETA, an institutional observer to the UNIDROIT Working Group on the Legal Nature of Verified carbon Credits, has developed draft ERPAs to facilitate trading in Verified Carbon Credits between project proponents/participants/ developers and initial buyers in the primary market on a spot or forward basis. See https://www.ieta.org/uploads/wp-content/Resources/Reports/IETA_TradingDocuments_PrimaryERPA_v1.0.pdf accessed on 17 July 2026.

fragmented and highly transaction-specific, with limited standardisation and varying degrees of transparency and accountability. This variability may result in uneven or disproportionate allocation of risks and obligations, including the transfer of implementation burdens to sovereign debtors and local actors, while financial and structural benefits may accrue primarily to creditors or intermediaries.

242. At the same time, existing international policy frameworks promoting climate finance, biodiversity protection, and sustainable development do not address how such objectives are operationalised through private contractual arrangements. As with ESG and due diligence obligations in agri-food value chains, the effectiveness and legitimacy of debt-for-conservation swaps depend on how public policy objectives are translated into fair and enforceable contractual arrangements. In the absence of tailored contractual guidance, there is a risk that conservation commitments remain weakly specified, that monitoring and accountability mechanisms are insufficiently robust, and that contractual structures reinforce rather than mitigate asymmetries in bargaining power and risk allocation.

243. UNIDROIT could consider the development of contractual guidance for debt-for-conservation swaps supporting agri-food systems and natural resource governance, focusing on the private law dimensions of these transactions. Such guidance could include model clauses, principles, and practical tools addressing key contractual issues, with a particular emphasis on achieving a fair and proportionate allocation of risks, obligations, and benefits among all parties. This could include guidance on:

(i) the clear specification and enforceability of conservation and climate-related commitments, including proportionate obligations that reflect the capacities and circumstances of sovereign borrowers and implementing entities;

(ii) the governance, transparency, and accountability of conservation funding mechanisms, including trust structures and special-purpose vehicles, with safeguards to ensure equitable participation and oversight;

(iii) the fair allocation of financial benefits arising from the transaction, including clarity on fees, cost structures, and the distribution of gains between creditors, intermediaries, and debtor States;

(iv) the allocation of financial, operational, and compliance risks, ensuring that risks are not disproportionately borne by weaker parties, including sovereign debtors and local stakeholders;

(v) disclosure obligations and mechanisms to enhance transparency and comparability across transactions, thereby supporting more balanced negotiations and informed participation;

(vi) grievance and dispute resolution mechanisms, including those accessible to affected communities and stakeholders involved in conservation activities;

(vii) safeguards to ensure that contractual arrangements are consistent with domestic legal frameworks, development priorities, and broader public policy objectives.

244. Drawing on UNIDROIT's existing approaches to contractual guidance in complex, multi-actor settings, such work could support the development of more coherent, predictable, and equitable contractual practices. In particular, it could contribute to embedding principles of fairness, proportionality, and transparency into the design of debt-for-conservation swaps, thereby reducing transaction costs and strengthening their legitimacy and effectiveness as instruments of sustainable finance.

245. The practical relevance of this work would be significant. For Member States and development partners, improved contractual frameworks could support the mobilisation of conservation and climate finance for sustainable agri-food systems while safeguarding debt sustainability and ensuring that benefits are distributed in a manner consistent with national development and agri-food policy objectives. For sovereign borrowers, clearer and more balanced contractual arrangements could enhance negotiating capacity and help ensure that obligations and risks are aligned with available resources and institutional capacities. For creditors, investors, and intermediaries, greater standardisation and legal clarity could reduce legal and reputational risks while enhancing the credibility and long-term viability of debt-for-conservation swaps. More broadly, this work could strengthen the legal architecture supporting innovative finance for sustainable agri-food systems by promoting fair, transparent and predictable contractual practices in debt-for-conservation transactions.

246. As debt-for-conservation swaps increasingly finance projects affecting agricultural production, land use, water resources and rural livelihoods, the private-law design of the underlying contractual arrangements has become directly relevant to the governance of agri-food systems.

B. Agricultural Enterprise Structures

247. Agricultural enterprise structures are a key element of agricultural value chains, determining how producers organise economic activities, share risks, and participate in markets. Among these structures, as demonstrated in the future UNIDROIT/FAO/IFAD Legal Guide on Collaborative Legal Structures for Agricultural Enterprises, cooperatives hold a distinctive position in the agriculture sector due to their specific governance model and their contribution to collective economic empowerment and sustainable development.

248. Cooperatives are legally distinctive forms of enterprise characterised by voluntarism, member ownership and economic participation and control, democratic governance, equality, equity, solidarity, and a concern for community benefit, including by building indivisible reserves. They operate across all sectors of the economy and play a particularly important role in agri-food systems, where they enable smallholders and other rural producers to access markets, finance, insurance, technology, and collective risk-management mechanisms. Yet, primary agricultural cooperatives are only one manifestation of a broader organisational form that also encompasses financial, worker, consumer and retail, housing, and energy as well as multistakeholder cooperatives. They maintain their autonomy while strengthening their efficiency and effectiveness through the formation of secondary- and tertiary-level cooperative organisations. They are united by common legal characteristics, that, as per international law[86] should be an adequate translation of the cooperative principles—as enshrined in the 1995 International Cooperative Alliance Statement on the Cooperative Identity[87]—into legal rights and responsibilities for members and their cooperative, and are normally governed by similar foundational rules concerning organisational purpose, membership, governance, capital, and distribution of surplus.

249. Existing national frameworks are highly fragmented and, in some cases, engulfed in the frameworks for other private sector corporations. In some jurisdictions, cooperative legislation continues to reflect historical models that prioritise administrative supervision over member autonomy and self-governance. In others, cooperatives are regulated through multiple sector-specific statutes that apply divergent legal standards to different cooperative forms. These approaches frequently leave fundamental aspects of cooperative organisation insufficiently articulated and may

[86] 2002 International Labour Organization (ILO) Recommendation No. 193 concerning the Promotion of Cooperatives, para. 10, available at: https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R193 accessed on 17 July 2026; 2001 United Nations Draft Guidelines for Cooperatives, para. 11, available at: https://digitallibrary.un.org/record/443957?v=pdf accessed on 17 July 2026.

[87] ICA, available at https://ica.coop/en/cooperatives/cooperative-identity accessed on 17 July 2026.

contribute to the gradual assimilation of cooperatives into legal frameworks designed primarily for investor-owned companies, including, for example, through labour law, taxation, competition law etc. A further challenge for the future positioning of cooperatives lies in the risk of convergence of corporate forms that may weaken the distinctiveness of the cooperative model, including impact businesses, benefit corporations, and other purpose-driven corporate forms. While these models may incorporate social and environmental objectives, their growing prominence may undermine the specific contribution and distinctive value of the cooperative model.

250. While regional instruments such as the 2009 Framework Law for Cooperatives in Latin America[88] (non-governmental), the 2024 Parlatino Model Law on Agri-food Cooperatives in Latin America and the Caribbean, and the 2025 African Union Model Law on Cooperatives for Africa provide more context-specific legislative guidance, international instruments generally remain limited to broader principles and recommendations. The 1995 International Cooperative Alliance Statement on the Cooperative Identity, the United Nations Draft Guidelines aimed at Creating a Supportive Environment for the Development of Cooperatives (2001)[89], and the International Labour Organization (ILO) Promotion of Cooperatives Recommendation, 2002 [No. 193] articulate principles and policy objectives for cooperative development, but neither instrument provides model legislative provisions that can be adapted across legal traditions. The CLSAE Guide described above in Part Three of this paper, addresses the formation, membership, governance, financing, restructuring, and dissolution of agricultural cooperatives in detail, but from a different perspective and for a different audience. It provides guidance to smallholders, agri-MSMES and their advisers on how to establish and operate a cooperative within the applicable law, and compares cooperatives with multiparty contracts and companies as alternative or complementary structures for collaboration. It expressly does not seek to serve as a model for legislation. In doing so, the forthcoming CLSAE Guide identifies the questions on which domestic cooperative laws diverge or may create obstacles. As a result, no internationally recognised model of global scope exists through which the principles of the international instruments, and the practical guidance developed in the CLSAE Guide, can be translated into coherent domestic legislation.

251. This gap is increasingly significant. Cooperatives have assumed renewed prominence within international efforts to promote sustainable development, resilient food systems, financial inclusion, energy transition and the social and solidarity economy. The growing policy attention accorded to cooperatives, including through the United Nations International Year of Cooperatives in 2012 and 2025, has reinforced the need for legal frameworks capable of supporting cooperative enterprises while preserving their distinctive organisational identity.[90] Yet, the legal infrastructure necessary to achieve these objectives remains uneven and, in many jurisdictions, outdated and limiting.

252. Building upon UNIDROIT's existing work relating to cooperatives in the CLSAE Guide, UNIDROIT may therefore wish to consider the development of a **Model Law on Agricultural Cooperatives**. Such an instrument would be addressed to legislators and would complement the CLSAE Guide by translating its analysis into model provisions. It would also complement the regional Model Laws by providing an international reference, a jurisdiction-neutral legislative framework articulating the essential private-law characteristics of agricultural cooperative enterprises while remaining sufficiently flexible to accommodate different legal traditions and regulatory approaches. Considering the analysis in Chapter II of the CLSAE Guide on Cooperatives, such an instrument could address,

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[88] Available at: https://www.idelcoop.org.ar/sites/www.idelcoop.org.ar/files/revista/articulos/pdf/2008_14357678.pdf accessed on 17 July 2026; cf. Dante Cragona, *Nueva versión de la Ley Marco para. las Cooperativas de América Latina,* CIRIEC–España 2009, 183–200, available at: https://dialnet.unirioja.es/servlet/articulo?codigo=3141399&utm accessed on 17 July 2026.

[89] Available at https://digitallibrary.un.org/record/443957?v=pdf accessed on 17 July 2026.

[90] The International Year of Cooperatives (IYC) has been approved as a recurring event (every 10 years, with the next one in 2035), see https://ica.coop/en/newsroom/news/historic-united-nations-resolution-proclaims-international-year-cooperatives-every accessed on 17 July 2026.

inter alia, formation and legal personality, membership, governance, voting rights, capital formation, allocation of surplus, group structures, dispute resolution, conversion, restructuring, and dissolution, digitalisation, and mechanisms for preserving cooperative identity. It could further address legal issues specific to agri-food systems, including collective marketing, aggregation of production, contractual relationships within agri-food value chains, and access to agricultural finance, also in coordination with UNIDROIT's work on contract farming and agricultural finance.

253. The practical value of such an instrument would extend beyond the cooperative sector itself. For legislators and development partners, it would provide a coherent template for modernising and harmonising legislation governing agricultural cooperatives. For farmers, agricultural cooperative enterprises and their members, it would strengthen legal certainty, support autonomous self-governance, and facilitate participation in domestic and international agri-food value chains. For third parties, such as creditors, investors, buyers, processors, and development finance institutions, greater clarity and consistency in the organisational law governing agricultural cooperatives would reduce transaction costs and legal uncertainty, thereby enhancing business relationships and investment across agri-food value chains. More broadly, a Model Law on Agricultural Cooperatives would fill a notable gap in the international private-law framework governing organisational structures in agri-food systems. Together with the CLSAE Guide, it would contribute to the coherent development of organisational law across jurisdictions.

C. Agricultural Finance

254. Rules that govern the financing of agricultural activities are typically dispersed throughout the legal framework. The main source of rules may be a secured transactions law, but that is often supplemented by specific statutes. The secured transactions law, including the UNCITRAL Model Law on Secured Transactions, may not include provisions specific to agriculture, requiring finance providers to identify and understand how the general rules apply to agricultural finance. Many States have enacted laws specific to agricultural financing, such as the Agricultural Credit Acts in Africa. Other States have omnibus agrarian laws that focus primarily on land use (e.g., in Brazil and France). Recently adopted standards, including those covered in this White Paper, modernise the legal infrastructure but may also exacerbate challenges in navigating the increasingly complex legal framework. An additional layer of complexity is often imposed by regulatory bodies, especially central banks, through mandates to lend to the agricultural sector. The Agricultural Financing Legal Guide described above in Part Three of this paper responds to this fragmentation by explaining how these sources interact in practice.

255. UNIDROIT could develop either an **Agricultural Finance Model Law** or a set of principles, building on the existing project for the Agricultural Financing Legal Guide for States that wish to enact a single law providing a comprehensive treatment of agricultural finance and related matters. The approach could draw on the 2023 Model Law on Factoring and its Guide to Enactment, which provides comprehensive coverage of receivables finance. The development of practical and legal guidance on agricultural finance would benefit from consultation with leading international financial institutions, alongside multilateral organisations, governments and academics. Valuable insights could also be obtained from private-sector actors with relevant expertise, including commodity banks, liability insurers, logistics groups, soft commodity traders and commodity exchanges. The development of an Agricultural Finance Model Law would, however, constitute a substantially larger undertaking, given the breadth of issues to be addressed.

256. In addition to considering a comprehensive framework for agricultural finance, UNIDROIT could explore the development of a dedicated **Model Law on Crop Receipts** or the inclusion of a standardised module on crop receipts within the ongoing Agricultural Financing Legal Guide. Such work could examine the legal framework for paper and electronic crop receipts and their potential to facilitate access to pre-harvest financing for smallholders and agri-businesses, including through the use of crop receipts as security for financing inputs against expected future harvests.

PART FIVE — THE WAY FORWARD

257. This White Paper demonstrates the essential role that private law can play in supporting agricultural development, contributing to food security and ensuring the effective functioning of agri-food systems. By providing clear and predictable rules governing property, contractual relationships, business organisation, finance and the enforcement of rights, private law helps establish the legal conditions necessary for investment, access to markets, and fairer, more balanced and resilient economic relationships. Over the past decade, UNIDROIT, working in close partnership with FAO, IFAD and other organisations, has made a distinctive contribution to this field. Its instruments and ongoing projects address complementary dimensions of the agricultural sector, ranging from production and land investment to enterprise structures, post-harvest transactions and agricultural finance. The task ahead is to consolidate these achievements, strengthen their practical impact and ensure that UNIDROIT's future work continues to respond to evolving legal and economic needs.

258. Meeting this objective requires sustained attention to both the development of instruments and their effective implementation. Future projects should be grounded in clearly identified legal and practical needs, informed by comparative research and shaped through meaningful consultation with the stakeholders concerned, including agricultural producers of different scales, businesses, financial institutions, governments and practitioners. Close cooperation with technical and development partners, in particular FAO and IFAD, should remain central throughout the process, alongside collaboration with other international and regional organisations, academic institutions and specialised research centres, as appropriate. Such partnerships are essential not only to ensuring the quality, relevance and practical applicability of instruments, but also to facilitating their dissemination, adaptation and use at national level.

259. Equally important, UNIDROIT's engagement should extend beyond the adoption of an instrument. Greater emphasis should be placed on supporting its practical application through technical assistance, capacity-building, training and targeted engagement with interested jurisdictions. Existing initiatives, including the UNIDROIT International Programme for Law and Development, provide valuable channels for expanding such efforts in cooperation with partner organisations and academic networks. Systematic monitoring of implementation and use, informed by feedback from practitioners and other stakeholders and, where possible, empirical case studies, would also help assess the effectiveness of existing instruments, identify obstacles to their application and determine where further guidance, revisions or complementary instruments may be warranted.

260. As regards the substantive direction of future work, this White Paper identifies three broad and complementary areas in which UNIDROIT could further develop its contribution: the contractual governance of agri-food systems, agricultural enterprise structures and agricultural finance. These areas reflect a common underlying rationale: while international policy frameworks increasingly articulate objectives relating to sustainability, responsible business conduct, financial inclusion and resilient food systems, significant gaps remain in translating these objectives into workable and balanced private-law arrangements. Drawing on its expertise in comparative private law and the development of practical legal guidance, UNIDROIT is particularly well placed to help address these gaps, complementing the mandates and activities of other organisations and avoiding duplication of existing work.

261. Within the contractual governance of agri-food systems, future work could focus on translating sustainability and due diligence objectives into balanced and enforceable contractual arrangements across agricultural value chains. Potential areas for guidance include ESG-related contractual obligations, agricultural insurance, carbon market agreements and debt-for-conservation swaps, with a view to clarifying the allocation of responsibilities, risks and benefits among the parties involved. In the area of agricultural enterprise structures, consideration could be given to building on the forthcoming UNIDROIT/FAO/IFAD Legal Guide on Collaborative Legal Structures for

Agricultural Enterprises through the development of a Model Law on Agricultural Cooperatives, addressing the need for coherent legislative frameworks that preserve the distinctive characteristics of cooperative enterprises. In agricultural finance, the ongoing Agricultural Financing Legal Guide provides an important foundation for further work. Depending on identified needs and experience gained through its development and implementation, this could be complemented by more specific legislative guidance, including on crop receipts, or by a Model Law on Agricultural Finance.

262. These areas are not intended to establish a fixed or exhaustive programme of work, nor to imply any ranking among the topics identified. Rather, they provide a strategic framework for assessing potential future initiatives in light of emerging needs, available expertise, stakeholder demand and the potential added value of UNIDROIT's involvement. Across all such initiatives, particular attention should be given to their contribution to food security and to the sustainability, resilience and inclusiveness of agri-food systems. Digitalisation and technological developments, including artificial intelligence, should be considered as cross-cutting dimensions of future work, alongside the importance of effective dispute resolution and the need to account for different legal and institutional contexts. Where appropriate, future initiatives may also address sector-specific needs, including those arising in forestry, fisheries, aquaculture and livestock production.

263. Ultimately, the objective should be to foster a coherent and mutually reinforcing body of private-law instruments that responds to the practical needs of agricultural actors, supports the implementation of internationally recognised policy objectives and remains adaptable to different domestic legal systems and circumstances. This calls for building on UNIDROIT's established expertise and partnerships while remaining responsive to emerging challenges and opportunities. By combining rigorous legal analysis with sustained stakeholder engagement, effective implementation and a long-term strategic perspective, UNIDROIT can further strengthen its distinctive contribution to private law and agriculture, shaping the legal frameworks and advancing the conditions necessary for fair, resilient and sustainable agri-food systems and enhanced food security.