



Access to credit for development : the contribution of UNIDROIT

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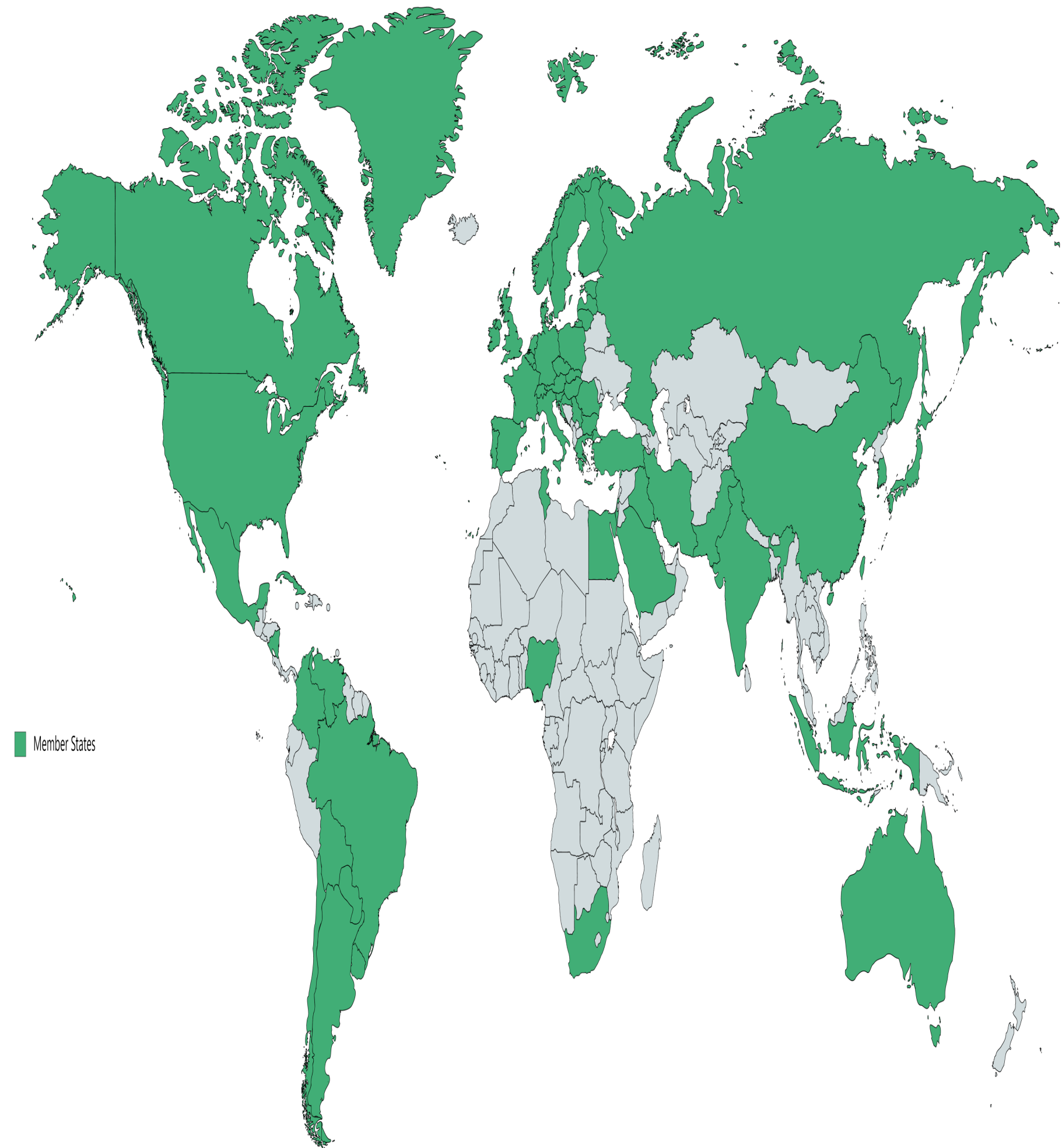
Intergovernmental Group of Experts on Financing for Development,
6th session, UNCTAD, Geneva, 2 December 2022

INTRODUCING UNIDROIT

- Independent Intergovernmental Organisation set up in **1926** as an auxiliary organ of the **League of Nations**
- **Close cooperation and coordination** with UN agencies (UNCITRAL, FAO, IFAD, ICAO...) and other IOs (HCCH, APEC, OAS, World Bank, IMF, BIS/Basel, EBRD...)

63 Member States, which represent 73.6% world population, 90.7% of global nominal GDP

127 Connected States



The Work of UNIDROIT

What do we do?

Our aim is to modernise and coordinate international private and commercial laws, through the development of global legal instruments (treaties, model laws, principles, rules...):

- To facilitate international trade
- To foster economic and social development
- Cutting edge best practices in access to finance, international transactions, etc.

How do we work?

- Working Groups composed of international experts
- Involvement of government representatives
- Early involvement of industry and civil society stakeholders

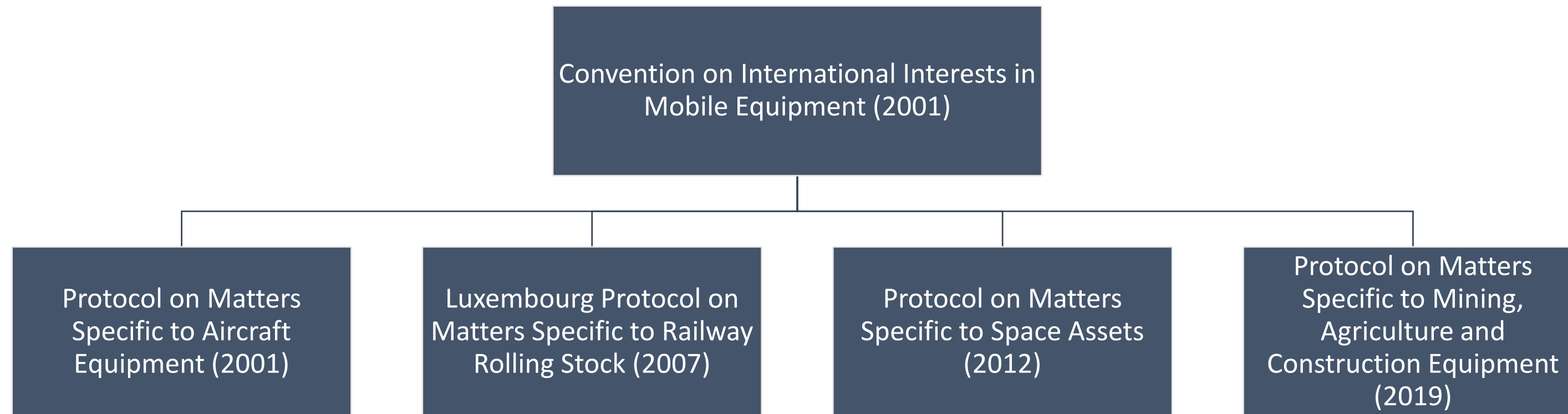
- **Contract Law**
- **Investment Contracts**
- **Capital Markets**
- **Access to Finance**
- **Law and Technology**
- **Private Law and Agriculture**
- **Sustainable Development**
- **International Procedural Law**



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Examples of Instruments: the Cape Town Convention Treaty System



Uniform legal regime created by treaty, to **increase certainty and **reduce risk** in asset-based financing and leasing of certain types of uniquely identifiable, mobile high value equipment used in key industry sectors:**

- aviation, rail, space, mining, agriculture and construction



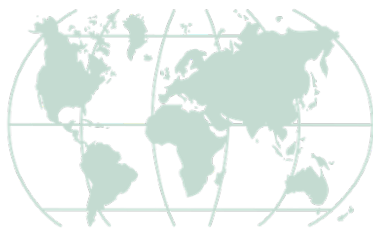
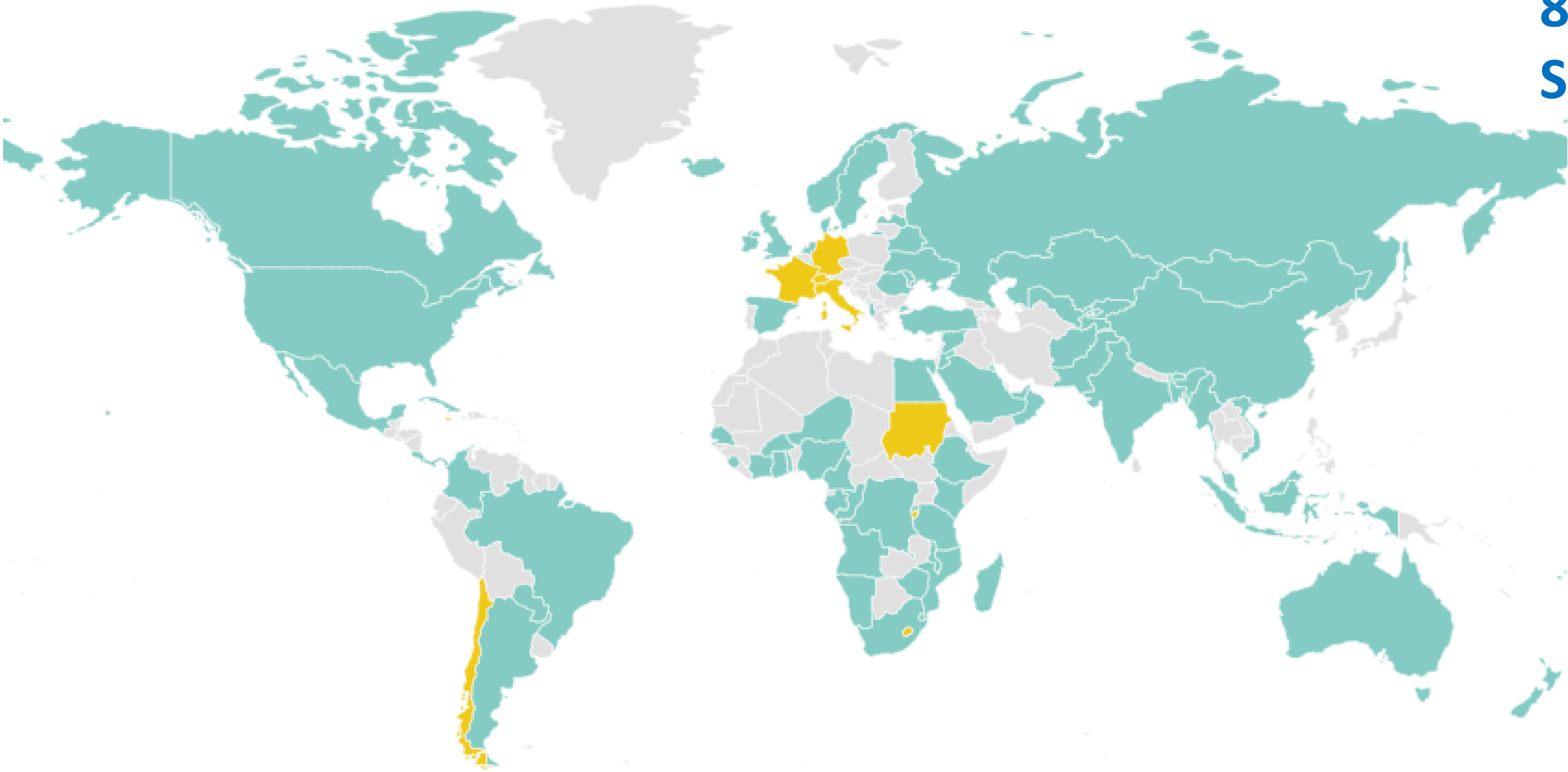
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The Cape Town Convention Treaty System

STATUS MAP OF THE UNIDROIT CONVENTION ON INTERNATIONAL INTERESTS
IN MOBILE EQUIPMENT (CAPE TOWN, 2001) - SIGNATURES, ENTRY INTO FORCE

84 Contracting
States + EU

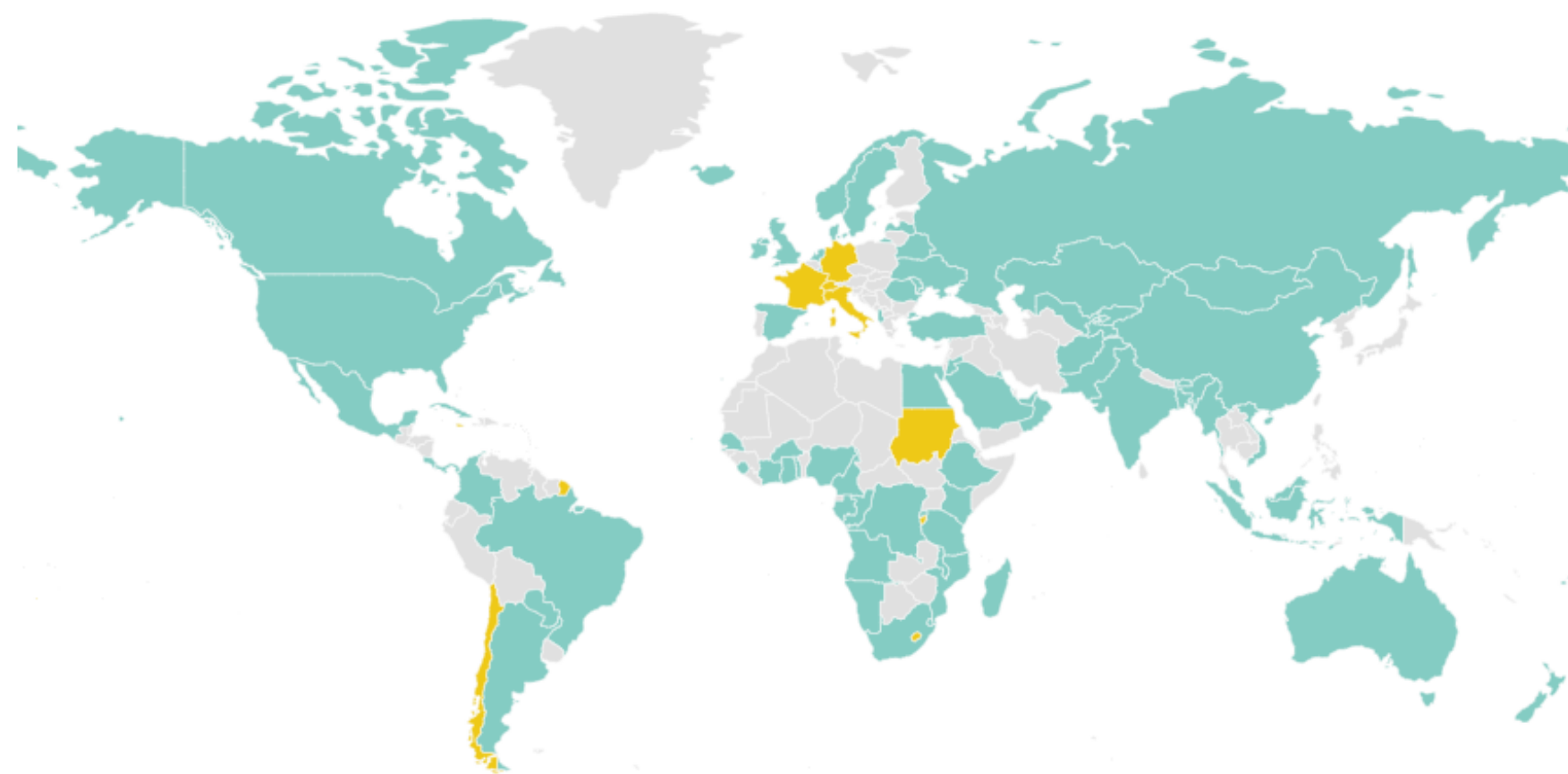


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The Cape Town Convention Treaty System

STATUS MAP OF THE PROTOCOL TO THE UNIDROIT CONVENTION ON INTERNATIONAL INTERESTS IN MOBILE EQUIPMENT ON MATTERS SPECIFIC TO AIRCRAFT EQUIPMENT - SIGNATURES, ENTRY INTO FORCE



Political acceptance:

- CTC: 84 contracting States + European Union
- AP: 81 contracting States + 1 European Union

Volume of transactions:

- More than 1.3 Million registrations in the AP Registry since 2006
- Estimated value of collateral 650 billion US\$

Quantifiable economic benefits deriving from the lowering of the cost of credit:

- “Cape Town Discount” practiced by Export Credit Agencies (OECD); improved rating in recourse to capital market debt financing; better conditions in obtaining commercial credit



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Examples of Instruments: the Rail Protocol to the Cape Town Convention

Luxembourg Protocol on Matters Specific to Railway Rolling Stock



Promoting sustainable growth and combating global climate change

How the Luxembourg Rail Protocol to the Cape Town Convention supports the United Nations' Sustainable Development Goals

- Rail as the **backbone of sustainable transport**
- Due to the lack of sufficient public resources, rehabilitation and expansion of the railways will be enabled by **expanding private sector funding for railway rolling stock**:
 - Rail Protocol will **foster economic development and growth, including south-south commerce and communication**
 - Rail Protocol will promote the achievement of all **the interlinked Sustainable Development Goals**
 - Protocol supported, among others, by **UN agencies (UN ECA, UN ECE), African Union and EU**
 - **Protocol due to enter into force in 2023** with the ratifications of Spain and South Africa



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Examples of instruments: The Mining, Agricultural and Construction (MAC) Protocol to the Cape Town Convention

From a development perspective:

- the MAC Protocol is best placed to become one of the most important commercial law instruments aimed at improving **economic growth, food security and infrastructure**
- In emerging and developing economies, the MAC Protocol will not only result in cheaper financing and better access to modern MAC equipment, but will also serve as a **modernisation tool** that is simple to implement.
- The Protocol will stimulate **greater global productivity** in the MAC sectors, thereby boosting the GDP of States that support and ratify it

STATUS:

- Adopted in Pretoria in 2019 – Signatory States Congo, Gambia, Nigeria, Paraguay, United States, European Union



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The Mining, Agricultural and Construction (MAC) Protocol to the Cape Town Convention



GLOBAL ECONOMIC BENEFITS

- Increase GDP \$23 billion (developing economies)
- Increase GDP \$7 billion (developed economies)
- **Total impact on global GDP equivalent to \$30 billion a year**
- It is estimated that over a ten-year period, the Protocol may increase the stock of MAC equipment in developing economies **by \$90 billion**



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Examples of instruments: Model Laws to support small-to-medium enterprise financing in developing economies

Model Law on Factoring (2023)

- Project inserted in the 2020-2022 Work Programme upon a proposal of the World Bank
- Factoring as an important tool to increase access to credit; in many cases the most affordable way for small-to-medium enterprises in developing economies to access financing
- Need to improve, or introduce, an adequate and effective legal framework in many jurisdictions around the world
- Expert Group with participation of **UNCITRAL**, **OAS**, **WBG**, **AFREXIMBANK**, industry associations...

Model Law on Warehouse Receipts (2024)

- Joint project with UNCITRAL
- Warehouse receipt financing as a cheap and simple financing opportunity, particularly for SSMEs in the agricultural sector
- Need to improve, or introduce, an adequate and effective legal framework in many jurisdictions around the world
- Impact of technology (Electronic Warehouse Receipt)



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Agriculture



- Three Legal Guides developed in partnership with FAO and IFAD for the achievement of sustainable and equitable agribusinesses (SDG 17)

- [Legal Guide on Contract Farming \(2015\)](#)
- [Legal Guide on Agricultural Land Investment Contracts \(2021\)](#)
- [Legal Guide on Collaborative Structures for Agricultural Enterprises \(in progress, expected 2024\)](#)





- Thank you for your kind attention!
- For more information:
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