



Uzbekistan: International Arbitration Reform for Better Investment Climate

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| Project Name | International Arbitration Reform for Better Investment Climate | | |
| Project Number | 53296-001 | | |
| Country | Uzbekistan | | |
| Project Status | Active | | |
| Project Type / Modality of Assistance | Technical Assistance | | |
| Source of Funding / Amount | TA 9771-UZB: International Arbitration Reform for Better Investment Climate | | |
| | Technical Assistance Special Fund | | US\$ 225,000.00 |
| Strategic Agendas | Inclusive economic growth | | |
| Drivers of Change | Private sector development | | |
| Sector / Subsector | Public sector management - Law and judiciary | | |
| Gender Equity and Mainstreaming | No gender elements | | |
| Description | The objective of this S-KSTA is to establish an effective cross-border commercial dispute resolution regime in Uzbekistan through international arbitration reform to create a better investment climate to facilitate more cross-border trade and investments. Arbitration has become the preferred method of resolving disputes within the international business community for numerous reasons, however, the lack of an international arbitration legal framework impedes the economic potential of Uzbekistan. | | |
| Project Rationale and Linkage to Country/Regional Strategy | Since early 2017, Uzbekistan has embarked on significant reforms which aim to enable business development and facilitate opening up to its neighbors. To support these reforms, ADB adopted a Country Partnership Strategy (CPS) for Uzbekistan, 2019-2023. The CPS identified several factors constraining private sector activities, including, in particular, in governance and rule of law. Despite some progress, Uzbekistan still records low governance ratings compared with its peers. In the 2019 World Justice Project's Rule of Law Index, Uzbekistan is ranked overall 94th out of 126 countries, with a score of 0.46. Constraints prevail in the areas of doing business, including the lack of a credible commercial dispute resolution and enforcement system trusted by foreign investors, and trading across borders. All these factors hamper business activity because they act as a brake on private sector growth and FDI inflows. Uzbekistan needs substantial donor assistance in tackling these constraints and improving its business climate and rule of law. ADB's Strategy 2030 likewise prioritizes good governance and strong institutions for country development. International arbitration is preferred over litigation in national courts because it offers certainty for commercial parties and allows for better management of cross-border transactions' risks. In particular, international arbitration has major advantages such as: (i) flexibility and ability to choose neutral forum, impartial arbitrators with subject matter expertise, procedure and governing law; (ii) confidentiality and privacy; (iii) cost-effectiveness; and (iv) finality and ability to enforce a foreign arbitral award in 159 countries pursuant to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958), known as the New York Convention. When making investment decisions, international investors often consider whether a country is supportive of international arbitration, including, in particular, whether the country has signed on to the New York Convention and has the legal framework to give effect to it. In addition, there is another well-established legal infrastructure in place for international arbitration, namely, the United Nations Commission on International Trade Law (UNCITRAL) Model Law on International Commercial Arbitration (UNCITRAL Model Law). By adopting these two instruments, countries can establish a framework for resolving international commercial disputes by arbitration, or reform any existing frameworks to put them in line with accepted international practices, and start receiving economic benefits. An effective dispute resolution system through the international arbitration reform should improve investment climate and facilitate cross-border activities. Furthermore, the experience of international arbitration reform in Uzbekistan will be valuable for potential expansion of similar support to other CWRD countries. | | |
| Impact | Effective international commercial dispute resolution and enforcement regime established in Uzbekistan, leading to increased foreign investor confidence | | |
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| Project Outcome | | | |
| Description of Outcome | | The laws on international commercial arbitration in line with modern international practices submitted for final approval | |
| Progress Toward Outcome | | | |
| Implementation Progress | | | |
| Description of Project Outputs | | Final draft of law on international commercial arbitration to implement the New York Convention and reflect modern international commercial arbitration standards Final draft of ancillary law and/or relevant amendments to procedural codes on recognition and enforcement of foreign arbitral awards and related international arbitration proceedings Strengthened capacity for international commercial arbitration reform | |
| Status of Implementation Progress (Outputs, Activities, and Issues) | | | |
| Geographical Location | | Nation-wide | |
| | | | |
| Summary of Environmental and Social Aspects | | | |
| Environmental Aspects | | | |
| Involuntary Resettlement | | | |

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services ADB will engage one highly qualified international arbitration expert for 3 person-months on an intermittent basis, who will be supported by one or more peer reviewers engaged as resource persons. These international arbitration experts will work together to support drafting the international commercial arbitration law and be available to provide advice at various stages of the legal reform. The peer reviewers are required to ensure that international best practices, as well as the diversity of views and experiences, are taken into account. A national legal consultant will be engaged for 2.5 person-months on an intermittent basis, to provide local law advice especially in drafting the ancillary law/procedures and assist with consultations and delivery of workshops, as required. Furthermore, resources persons, including eminent international arbitration experts, will be engaged to participate in consultations with the Parliament and other Government stakeholders, judiciary, legal practitioners and private sector, as needed. Additionally, a national project coordinator will be engaged for 1.5 person-months on an intermittent basis, to handle the TA's administrative arrangements for consultations and workshops. The consultants' terms of reference are in Appendix 3. ADB will engage individual consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.

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| Responsible ADB Officer | Lyaziza G. Sabyrova |
| Responsible ADB Department | Central and West Asia Department |
| Responsible ADB Division | Regional Cooperation and Operations Coordination Div, CWRD |
| Executing Agencies | Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines |

| Timetable | |
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| Concept Clearance | - |
| Fact Finding | - |
| MRM | - |
| Approval | 22 Jul 2019 |
| Last Review Mission | - |
| Last PDS Update | 25 Jul 2019 |

TA 9771-UZB

| Financing Plan/TA Utilization | | | | | | | Cumulative Disbursements | |
|-------------------------------|-------------|-------------|---------------|-----------------|--------|------------|--------------------------|--------|
| ADB | Cofinancing | Counterpart | | | | Total | Date | Amount |
| | | Gov | Beneficiaries | Project Sponsor | Others | | | |
| 225,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 225,000.00 | - | 0.00 |

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| Project Page | https://www.adb.org/projects/53296-001/main |
| Request for Information | http://www.adb.org/forms/request-information-form?subject=53296-001 |
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