



# Regional: Strengthening Knowledge in Regional Trade Agreements and International Investment Agreements for Greater Regional Integration and Promotion of Sustainable Development Goals in ADB Developing Member Countries

Project Name	Strengthening Knowledge in Regional Trade Agreements and International Investment Agreements for Greater Regional Integration and Promotion of Sustainable Development Goals in ADB Developing Member Countries
Project Number	56351-001
Country / Economy	Regional Cambodia Uzbekistan
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 10067-REG: Strengthening Knowledge in International Trade and Investment Agreements for Greater Regional Integration and Promotion of Sustainable Development Goals in ADB DMCs Technical Assistance Special Fund US\$ 725,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships Private sector development
Sector / Subsector	Industry and trade / Industry and trade sector development - Trade and services
Gender Equity and Mainstreaming	Some gender elements
Description	The TA will help strengthen selected DMCs' knowledge about international trade agreements (ITAs) and international investment agreements (IIAs) which can lead to improved implementation through better intra-governmental coordination, governance and transparency; enhanced domestic policy making to advance the SDGs; and mitigation of dispute risk.

Project Rationale and Linkage to Country/Regional Strategy

Over the last decades, the Asia and the Pacific region have seen an increase of bilateral trade agreements and RTAs or FTAs, with the goal of liberalizing cross-border trade and promoting regional economic integration. At the same time, DMCs have entered into a considerable number of IIAs as an important way of attracting FDI, with IIAs becoming more numerous, varied, and complex over the years. While ITAs and IIAs have contributed to economic growth, job creation, private sector development and technology transfer, they pose significant implementation challenges and dispute risks for DMCs. Furthermore, an increased focus on ITAs and IIAs is necessary given the evolving landscape of international trade and investment regimes.

ITAs and IIAs comprise a complex web of treaties, requiring multidisciplinary lens and coordination across different levels of government and specialized knowledge on treaty-making and deep understanding of key substantive provisions, emerging policy and legal issues related to sustainable development, emergence of new generation of treaties and ongoing reforms to dispute resolution mechanisms. Although in developed economies, continuous education and training are provided to government officials on treaty drafting and negotiation and dispute settlement which help them protect and advance their interests, in many DMCs there are insufficient number of specialized human resources who are experts in the intricacies of ITAs and IIAs and dispute settlement mechanisms. Therefore, many DMCs lose out on the economic opportunities, as well as prospects to advance the SDGs.

Increasing DMCs' knowledge about their commitments under ITAs and IIAs can lead to multiple benefits, including attracting new trade and FDI opportunities especially in the context of post-COVID-19 recovery, more effective implementation through improved intra-governmental coordination, governance and transparency, enhancing domestic policy making towards sustainable trade and investments and mitigating dispute risk. For example, government officials with implementation responsibilities under treaties need a better understanding of their key substantive obligations such as expropriation, fair and equitable treatment and most-favored-nation clauses, among others, as well as how such obligations have been interpreted by international tribunals. Moreover, government official need to understand how treaty obligations relate to domestic policy making and develop policies that are aligned with obligations under existing ITAs and IIAs. Additionally, DMCs' understanding of treaty obligations is critical to protecting the environment and advancing climate action.

Furthermore, developing competencies in available dispute resolution mechanisms under ITAs and IIAs means that DMCs can access appropriate dispute resolution mechanisms and adequately defend themselves when a dispute arises. For example, claims brought under IIAs are often large relative to the size of the economy and cost of defending an investment arbitration is expensive for host countries. For smaller and least-developed DMCs, there is also the concern of having meaningful access to the formal dispute resolution mechanisms under the WTO and investor-state arbitration under IIAs. As a result, there is a need to explore other less formal mechanisms available such as mediation which has recently gained traction, e.g., with the ICSID's mediation framework, UNCITRAL's working group on investor-state mediation, WIPO, ICC, SIAC having recently elaborated or strengthened their mediation frameworks. As to the use of mediation under international trade disputes, it is an available mechanism but has not been used for numerous reasons. It would be timely to consider the use of mediation for international trade disputes especially for smaller claims and by least-developed country members of the WTO.

It is vital to enhance the capacity of DMCs in navigating through the complex international trade and investment treaty regimes to maximize the economic potential, as well as to assist their efforts to advance the SDGs. Knowledge gained through capacity building programs can be used to improve the implementation of ITAs and IIAs, prevent disputes and improve intra-governmental coordination and governance and transparency. Furthermore, knowledge gained can be applied in drafting of new generation of ITAs and IIAs which can have a positive impact on the adjustment of international trade and investment policies and legislation to promote regional economic integration and sustainable development.

This TA is consistent with ADB Strategy 2030, in particular OP3, OP6 and OP7. Furthermore, the TA advances OP7 priorities of (i) greater and higher quality of connectivity between economies, (ii) global and regional trade and investment opportunities expanded and (iii) regional public goods increased and diversified. Also, the TA will help support SDGs 8, 9, 13, 16 and 17.

Impact	Implementation capacity of DMCs improved and dispute risk under RTAs and IIAs mitigated
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#### Project Outcome

Description of Outcome	Intra-governmental knowledge and coordination and dispute prevention and management capabilities under RTAs and IIAs strengthened
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#### Progress Toward Outcome

##### Implementation Progress

Description of Project Outputs	Capacity building delivered to multiple stakeholders involved in RTAs and IIAs Capacity for dispute prevention and management under RTAs and IIAs strengthened Regional knowledge sharing on RTAs and IIAs promoted
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#### Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location	Cambodia - Nation-wide; Uzbekistan - Nation-wide
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#### Summary of Environmental and Social Aspects

##### Environmental Aspects

##### Involuntary Resettlement

##### Indigenous Peoples

##### Stakeholder Communication, Participation, and Consultation

##### During Project Design

##### During Project Implementation

Responsible ADB Officer	Pak, Christina U.
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Responsible ADB Department	Office of the General Counsel
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Responsible ADB Division	Office of the General Counsel
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Executing Agencies	Asian Development Bank Ministry for Foreign Economic Relations, Investments and Trade
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#### Timetable

Concept Clearance	06 Dec 2022
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Fact Finding	22 Nov 2022 to 22 Nov 2022
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MRM	-
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Approval	21 Dec 2022
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Last Review Mission	-
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Last PDS Update	21 Dec 2022
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## TA 10067-REG

ADB	Cofinancing	Financing Plan/TA Utilization				Total	Cumulative Disbursements	
		Counterpart					Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
725,000.00	0.00	0.00	0.00	0.00	0.00		-	0.00

Project Page <https://www.adb.org/projects/56351-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=56351-001>

Date Generated 22 December 2022

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