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# Asian Development Bank and its Impact on Improving Security in the Asia-Pacific Region

## Introduction

The modern world economy has been undergoing substantial changes over the last decades. They mainly result from the growing globalization, the rise of the Asia-Pacific region as the global economic center of gravity, increased competition of the emerging markets, the crisis of the World Trade Organization (WTO) forum, and, in turn, intensification of trade regionalism. The shift of the economic development pole towards the dynamically expanding region of Asia-Pacific, as well as the strengthening of integration processes, accompanied by the transforming international environment and the multifaceted diversity of this region's economies is becoming a source of a number of threats, and, at the same time, constituting a serious challenge not only regionally, but, owing to the size and significance of this area, also on the global scale.

A crucial fact, in this context, is that since the end of the Cold War, issues of non-military relevance have markedly gained in importance in the environment of international security. As a result, it is greatly influenced by the economic situation as well as the natural environment.<sup>1</sup>

The aforementioned heterogeneity of the countries of the region, particularly, the extreme disparities in economic development and the resulting increased

<sup>1</sup> Cf. B. Drelich-Skulska, P. Skulski (eds.), *Bezpieczeństwo międzynarodowe w regionie Azji i Pacyfiku. Wybrane zagadnienia*, Wrocław 2010.

vulnerability of many areas of functioning of the states, make them significant issues from the perspective of this sub-system of world economy, thus, in need of thorough investigation and the focal point of considerations of the present paper. The article constitutes an attempt at an in-depth reflection on the problem of security in the Asia-Pacific region, in particular, in the economic and ecological dimension.

An issue of great significance is, therefore, the activity of organizations which, by making efforts to mitigate threats and react quickly in case they appear, improve the level of security. The organization whose activity merits special attention, in this context, is the Asian Development Bank (ADB).

The paper concentrates on very important and topical problems from the point of view of transformations that are taking place in the area of international relations. The aim of the article is to analyze and assess operations of ADB in the Asia-Pacific region, particularly, in the context of threats to the economic and ecological security. The main point of this article is a statement that the activity of the Asian Development Bank contributes significantly to increasing security in this region. The principal method employed to achieve the aims of this article was the analytical and descriptive method. The research is based on the data originating from resources of international organizations, chiefly the Asian Development Bank and the World Trade Organization. The discussion is accompanied by the information presented in the tabular form.

## Characteristics of the Asia-Pacific region

In geographical terms, the Asia-Pacific region is the largest area in the world.<sup>2</sup> Due to lack of a uniform definition, it is difficult to accurately delineate its borders, and accounts related to the countries of the region that are present in the subject literature are made in different frameworks. As is usual, the generally accepted distinction between the East Asia and Asia-Pacific implies excluding Australia, New Zealand and the countries of Oceania from the former area. However, there is a noticeable tendency to treat these economies as a consistent sub-system of world economy, i.e. the area of Asia-Pacific, which is also reflected in the approach of international organizations such as WTO.<sup>3</sup> Another categorization that may be found in the subject literature is the division into three sub-regions: North-East Asia, South-East Asia and Oceania.<sup>4</sup> When attempting to further specify the boundaries of the region one may also employ the criterion of APEC (Asia-Pacific Economic

<sup>2</sup> B. Drelich-Skulska, 'Charakterystyka regionu Azji i Pacyfiku', in B. Drelich-Skulska (ed.), *Azja-Pacyfik. Obraz gospodarczy regionu*, Wrocław 2007, p. 19.

<sup>3</sup> For instance, WTO classifies Australia, New Zealand and Oceania to Asia or East Asia. Cf. P. Kozielski, *Australia i jej rola w kształtowaniu procesów integracyjnych w obszarze Azji Pacyfiku*, Warszawa 2015, p. 172; WTO, World Trade Report 2011, *The WTO and preferential trade agreements: from co-existence to coherence*, Geneva 2011, pp. 239–240, [https://www.wto.org/english/res\\_e/booksp\\_e/anrep\\_e/world\\_trade\\_report11\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report11_e.pdf) (accessed 27.06.2019).

<sup>4</sup> P.W. Preston, *Pacific Asia in the Global System*, Oxford 1998, p. 4, as cited in K. Starzyk (ed.), *Zagraniczne inwestycje bezpośrednie w gospodarkach Azji Pacyfiku*, Warszawa 2001, p. 12.

Co-operation) membership, currently counting 21 countries.<sup>5</sup> In line with the ADB typology, it is assumed in the present article that Asia-Pacific consists of regional and non-regional members.<sup>6</sup>

The region's size is directly related to the immense diversity of countries comprising it. The area combines countries of dissimilar history, tradition, culture and various political systems and levels of economic development, however, one may also observe a relative degree of convergence of interests, which are building awareness and a need for regional affiliation. We may encounter there countries that are enormous in terms of population or territory, but also those that belong to the smallest states in the world, varied in relation to their ethnicity, religion (the majority of the world's religions), system (from constitutional monarchies, through democratic republics, to communist states and military dictatorships) or the social order (e.g. disparate levels of education). Taking into account the economic potential, this region's countries do not make up a uniform group.<sup>7</sup> We may find there economies which are highly developed and rich, even of the superpower status, as well as those which are of the lowest level of development, with GDP *per capita* not exceeding USD 1000.<sup>8</sup> The economic disparities of such a magnitude between countries and regions pose a serious threat to their economic security. It is also connected with the issue of ecological security since the majority of threats of this sort are caused by human activity, what's more, striving for rapid economic growth is often accompanied by environmental degradation. Furthermore, the ecological security in some regions is threatened by a variety of climatic and natural conditions.<sup>9</sup> Thus, due to the specificity of this vast region, originating in its multifaceted diversity in combination with the process of emerging as the global economic center of gravity, the region faces a number of dangers, which pose considerable challenges in terms of security both, on the regional, as well as the global level.

## Concept and essence of security

The subject literature offers numerous definitions of security. This notion may be defined simply as a state without any threats. It is, at the same time, the most

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<sup>5</sup> Cf. E. Halizak, *Stosunki międzynarodowe w regionie Azji i Pacyfiku*, Warszawa 1999, p. 51; APEC, <https://www.apec.org> (accessed 25.06.2019).

<sup>6</sup> Details pertaining to this division have been explained thoroughly in the subsequent part of this paper.

<sup>7</sup> The founding countries of ASEAN, i.e. Indonesia, Malaysia, Philippines, Singapore and Thailand may be regarded as the least diverse regional group. However, as new members joined the bloc over the following years, the group was becoming less homogeneous, which resulted in the emergence of two sub-groups: ASEAN-5 (original members) as well as CLMV (Cambodia, Laos, Myanmar, Vietnam). Cf. ASEAN, <https://asean.org> (accessed 25.06.2019).

<sup>8</sup> According to the World Bank data (at current prices, USD). *The World Bank*, <https://data.worldbank.org> (accessed 26.06.2019).

<sup>9</sup> Natural and climatic conditions in the region are the reason for a relatively small share of the agricultural land in the total acreage. Severe floods ruining the farmland and adversely affecting economic growth are often a consequence of artificial irrigation of large areas and river watercourses regulation. This situation has a negative influence on the level of ecological security in some regions of Asia-Pacific, particularly in Indonesia, China or India.

universal definition, which can be referred to a wide array of threats that may have a destabilizing effect on a given country or region.<sup>10</sup>

The problem of security was traditionally the point of interest for strategic studies, which may be defined as studies on the threat, use and control of the military force.<sup>11</sup> Nevertheless, the ending of the Cold War contributed to the growth of studies on security, also including its aspects that go beyond the purely military considerations.<sup>12</sup> In the typology by B. Buzan, accentuating the multidimensional approach to security, one may differentiate between five large, interrelated sectors, namely the military, political, socio-cultural, economic and ecological sector.<sup>13</sup>

It may, thus, be stated that the concept of security refers to virtually all aspects of life and is currently more extensive in its scope than in the past, it also undergoes continual transformations. What it more, it refers to different levels – global, regional, local as well as the level of a social group or an individual.<sup>14</sup>

Being a key category in international relations, security is subject to considerable changes, particularly, since the beginning of the 1990s. The processes of globalization as well as strengthening ties between entities in world economy contribute to the emergence of new threats, which prompts the inclusion of non-military aspects, especially those of the economic or ecological nature, in security analyses.

Economic security<sup>15</sup> consists in “unrestricted access to markets, financial means and natural resources, which guarantee the continual growth of the country as well as sustaining its position”<sup>16</sup>. As mentioned before, it is inextricably linked to the matter of ecological security since threats in this regard often result from the economic activity of man and it concerns such issues as the pollution of water, air and soil. This situation is clearly visible in the examined region and requires taking active measures, which constitutes a great share of activities of numerous organizations, in particular, ADB.

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<sup>10</sup> See more: Strategia Bezpieczeństwa Narodowego Rzeczypospolitej Polskiej, Warszawa 2014, <https://www.bbn.gov.pl/ftp/SBN%20RP.pdf> (accessed 30.11.2019); K. Żukrowska, M. Grącik (eds.), *Bezpieczeństwo międzynarodowe. Teoria i praktyka*, Warszawa 2005, p. 21.

<sup>11</sup> *Ibidem*.

<sup>12</sup> J. Czaputowicz, *System czy nieład? Bezpieczeństwo europejskie u progu XXI wieku*, Warszawa 1998, p. 23.

<sup>13</sup> B. Buzan, *People, States and Fear: The National Security Problem in International Relations*, Brighton 1983; 2<sup>nd</sup> ed., revised.: *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, London 1991; K. Żukrowska, M. Grącik (eds.), *Bezpieczeństwo międzynarodowe...*, *op. cit.*, p. 74.

<sup>14</sup> B. Drelich-Skulska, P. Skulski (eds.), *Bezpieczeństwo międzynarodowe w regionie Azji i Pacyfiku...*, *op. cit.*, p. 22.

<sup>15</sup> Certainly, the dominant threat to the economic security of the Asia-Pacific region are the enormous disparities in economic development between regions, countries and within borders of one country, e.g. China (between the Eastern and Western provinces). Cf. *Ibidem*, p. 28.

<sup>16</sup> J. Czaputowicz, *System czy nieład? Bezpieczeństwo europejskie...*, *op. cit.*, p. 24.

## Origins and evolution of Asian Development Bank activities in the region

Since the end of the Cold War, institutions have played a key role in shaping security both, in the global, as well as the regional dimension. Thus, while analyzing the problem of security in the Asia-Pacific region, the significance of international organizations ought to be emphasized since their activities are instrumental in both, minimizing potential dangers, as well as resolving dilemmas in some areas of functioning of states. A crucial role is, therefore, played by the United Nations (UN), as well as regional organizations such as ASEAN (Association of South-East Asian Nations). One of the fundamental conditions for eliminating potential threats to security in the region is cooperation of all countries, which is expected to providing sustainable development. It needs to be stressed that the prime mover and coordinator of activities for the collaboration in the region of Asia-Pacific is the Asian Development Bank, which also provides a substantial part of funding.<sup>17</sup>

The idea of establishing a development bank for the region of Asia-Pacific first emerged as early as the late 1950s<sup>18</sup>, however, a concrete outline of the concept of founding such an institution was presented at the 1963 'Ministerial Conference on Asian Economic Cooperation', convened on the initiative of the United Nations Economic Commission for Asia and the Far East (ECAFE). Two years later, during the second Ministerial Conference, the agreement establishing the Asian Development Bank was signed and the bank started its operations by the end of 1966. Its registered office is situated in Manila. The organizational structure comprises: the Board of Governors, the Board of Directors and the President. The first president of the bank was the Japanese vice-minister and the executive director of the International Monetary Fund and the World Bank – Mr. Takeshi Watanabe.<sup>19</sup>

In accordance with its statute, membership in ADB may be granted to countries which are members of ECAFE, its associate members as well as to other countries of the region or even those which lie beyond it, providing they belong to UN or specialized agencies.<sup>20</sup>

The ADB's founders were 31 countries, currently, it comprises 68 entities, including 49 countries of the region of Asia-Pacific (regional members) and 19 of the so-called non-regional members (the USA, Canada, countries of the Western Europe and Turkey).<sup>21</sup> A crucial distinction is also made within the group of regional members, i.e. into the sub-group of the developed member economies, consisting of Australia, Japan and New Zealand, and the sub-group of the developing member economies (developing Asia) – the remaining 46 countries belong to this group.

<sup>17</sup> As regards the issue of global security, the institution of key importance is the United Nations, and it is this organization which holds the superior position in the system of international organizations in relation to other entities of the regional character. Cf. Drelich-Skulska B., Skulski P. (eds.), *Bezpieczeństwo międzynarodowe w regionie Azji i Pacyfiku...*, op. cit., pp. 281ff.

<sup>18</sup> UNESCO, *Guide to Archives of International Organizations*, <https://unesdoc.unesco.org/archives> (accessed 30.06.2019); ADB History, <https://www.adb.org/about/history> (accessed 20.06.2019).

<sup>19</sup> *Ibidem*.

<sup>20</sup> E. Oziewicz, T. Michałowski (eds.), *Międzynarodowe stosunki gospodarcze*, Warszawa 2013, p. 372.

<sup>21</sup> *ADB Members*, <https://www.adb.org/about/members> (accessed 20.06.2019).

The principal goal of activities of the organization was combating poverty and contributing to the improvement of functioning of the population. The rationale for founding the bank was a necessity for establishing a financial institution that would contribute to increasing the level of economic development as well as strengthening cooperation in this region of the world by providing financing.<sup>22</sup> The adopted aims have been achieved mainly by managing the available resources and making use of them for financing economic development while taking into account predominantly the needs of the least developed and poorest countries of the region, as well as supporting development-oriented projects. Another important aspect worth noting is the fact that the member countries are assisted in harmonizing their development policies, taking into consideration more effective management of available resources, increasing the degree of complementarity of economies as well as facilitating the sustainable development of foreign trade, in particular, the intra-regional trade. The bank is also expected to provide technical assistance related to the implementation of development projects.<sup>23</sup>

As the years passed and adjustments were made in order to cope with the current world economy problems, the scope of the bank's activities also evolved. Over the following decades, this institution's operations were involved in the implementation of numerous projects that had been intended to spur development in the region. What could be observed, however, were the changes in the approach towards financing such initiatives as well as areas for which these funds were allocated. The initial stage of the bank's operations, i.e. 1960s, was a period when ADB's efforts concentrated on the production of food and the development of rural areas.<sup>24</sup> In the 70s, however, the area of high interest for the institution was the development of educational and healthcare programs, then, also infrastructural initiatives, which involved primarily building networks of roads and electricity, which, in turn, impacts economic progress.<sup>25</sup> It is worth mentioning that the outcomes of the first oil shock of 1973 resulted in increased support for projects involving power industry, particularly, those promoting the development of domestic sources of energy. A milestone was the establishment of the Asian Development Fund (ADF) in 1974, whose purpose is to support the poorest members of the bank. It is relevant that until the end of the decade in question, the situation of some countries improved substantially and they were not forced to use the bank's assistance. As a consequence of the second oil shock in the 1980s, the bank continued implementation of projects reinforcing infrastructure, particularly, power industry.

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<sup>22</sup> The aims of the Bank's activities have been defined in Article 1 of the Statute. Cf. E. Oziewicz, T. Michałowski (eds.), *Międzynarodowe stosunki gospodarcze, op. cit.*, p. 372; B. Drelich-Skulska, P. Skulski (eds.), *Bezpieczeństwo międzynarodowe w regionie Azji i Pacyfiku...*, s. 311–312.

<sup>23</sup> E. Oziewicz, T. Michałowski (eds.), *Międzynarodowe stosunki gospodarcze, op. cit.*, p. 373.

<sup>24</sup> In 1960s and 70s, the Special Agricultural Fund operated alongside ADB and its main goal was financing, among other things, the program for the development of agriculture in Asia under the name "Green Revolution".

<sup>25</sup> B. Drelich-Skulska, 'Rola organizacji międzynarodowych w procesach integracyjnych Azji Wschodniej na przykładzie Azjatyckiego Banku Rozwoju', *Zeszyty Naukowe Kolegium Gospodarki Światowej*, no. 25, 2009, p. 72.

More support was also allotted to social infrastructure, environment, education, urban planning or the issue of healthcare. In 1982, the first field office was opened in Bangladesh in order to move the bank's operations closer to the people in need. Next, ADB started cooperation non-governmental organizations. In the 1990s, ADB's activity focused on facilitating regional cooperation. Following the end of the Cold War, the number of members was growing owing to the inclusion of countries of Central Asia. A vital move of ADB, a response to the 1997 Asian crisis, was the implementation of programs and projects supporting the financial sectors in the countries of region as well as establishing a network of social security for the poorest. At the end of the decade, in 1999, seeing that economic growth bypasses some parts of the region, an overarching goal of poverty reduction was adopted. With the beginning of the new century, assistance in achieving the 'Millennium Development Goals' of the bank's members became the focal point. It was necessary in that time to face a number of unexpected incidents related to numerous epidemics or devastating natural disasters, which demanded enormous regional collaboration. They constituted a serious threat to e.g. ecological security. The assistance to combat those threats that was rendered by ADB both, on the national, as well as the regional level, was of paramount importance.<sup>26</sup>

Despite overcoming the aftermath of the 2008+ economic crisis by the majority of countries of the region, which was a considerable threat to their economic security, and a relatively high average GDP growth rate<sup>27</sup>, this region is still largely inhabited by the poor population and the problem of inequality continues to remain a pressing issue. As a result of the wide gap between the rich and the poor, the primary focus of ADB's activities has been put on promoting development that facilitates social inclusion in the region.

It must also be stressed that the level of achievement of the 'Millennium Development Goals' was not spread out evenly between particular regions and countries. In spite of the fact that the bank's assistance greatly contributed to reducing extreme poverty, this region is still inhabited by 1.2 billion people living on less than USD 3 per day.<sup>28</sup> Furthermore, facing up to challenges such as sustainable development and protection of the environment is still seen as a necessity, which, in turn, is related to reducing dangers originating from human activity.

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<sup>26</sup> ADB allocated over USD 850 million to recovery aid for selected areas of India, Indonesia, Sri Lanka, among others, which were hit by the tsunami in December 2004. Over USD 1 billion was allotted to help victims of the earthquake in Pakistan, in 2005. In 2009, the capital base was tripled (from 55 to USD 165 billion), which offers more financial means to react to outcomes of the world economic crisis. *ADB History*, <https://www.adb.org/about/history> (accessed 20.06.2019).

<sup>27</sup> In 2010, the regional average GDP growth rate stood at 9%. The pace and level of economic recovery were astonishing, China was referred to as the engine of economic growth. Cf. E. Majchrowska, *Wpływ członkostwa w WTO na handel zagraniczny Chin. Implikacje dla gospodarki światowej*, Kraków 2014, p. 181.

<sup>28</sup> *ADB History*, <https://www.adb.org/about/history> (accessed 20.06.2019).

## Asian Development Bank's methods of providing economic and ecological security

The projects financed by the bank are related to infrastructure (a key element in the process of growth); strengthening economic cooperation in the regional dimension; protection against degradation of the natural environment; development in the financial sector, food policy and education. They are instrumental in mitigating threats e.g. of the economic or ecological nature, and, in turn, a significant increase in the level of security in these areas, which is critical owing to the specificity of countries of this region. Infrastructural investments are a key element in achieving economic growth, and, consequently, eliminating poverty. What is more, they result in strengthening the integration processes in the region.<sup>29</sup>

The principal methods of providing financial aid by ADB include loans, grants, equity investments and guarantees. Over the period 2010–2017, the bank successfully carried out over 340 projects in 33 countries, totaling over USD 100 billion. The largest number of projects were implemented in China (51), Bangladesh (29), Indonesia (28), Vietnam (27) and India (25). The sectors that received the biggest support were transport and communication, power industry, finance, agriculture and natural resources.<sup>30</sup>

As regards the sources of financing of the bank's operations, they comprise the so-called ordinary capital resources<sup>31</sup> and the special funds. The former include ADB's own funds (paid-in capital of member countries) as well as funds borrowed by this institution, acquired by issuing bonds into international capital markets. However, among the special funds, the most important role is played by the above-mentioned Asian Development Fund by means of which grants are distributed and loans with very low interest-rates are offered to the most impoverished countries of the region. Besides the ADF, there are other special funds such as Technical Assistance Special Fund, ADB Institute Special Fund, Asian Tsunami Fund, Asia Pacific Disaster Response Fund as well as the High-Level Technology Fund, established in 2017.<sup>32</sup>

The countries with the highest share in the basic capital of ADB include Japan and the USA (each 15.57%), Australia (5.77%), Canada (5.21%), Germany (4.31%), China (6.43%), India (6.32%), Indonesia (5.43%) and South Korea (5.03%). The regional members hold 63.39%, and the non-regional members have 36.61% of the total share, as of 2018.<sup>33</sup>

<sup>29</sup> ADB, *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*, Mandaluyong City 2008, <https://www.adb.org/sites/default/files/institutional-document/32121/strategy2020-print.pdf> (accessed 15.06.2019).

<sup>30</sup> ADB, *Successful ADB Projects*, <https://www.adb.org/about/our-work> (accessed 25.06.2019); E. Oziewicz, T. Michałowski (eds.), *Międzynarodowe stosunki gospodarcze, op. cit.*, p. 373.

<sup>31</sup> They are used for financing loans, which are granted on terms comparable to market terms. Cf. *Ibidem*.

<sup>32</sup> *High-Level Technology Fund*, <https://www.adb.org/site/funds/funds/high-level-technology-fund> (accessed 25.06.2019); E. Oziewicz, T. Michałowski (eds.), *Międzynarodowe stosunki gospodarcze, op. cit.*, pp. 373–374.

<sup>33</sup> *ADB Annual Report 2018*, <http://www.adb.org/ar2018> (accessed 15.06.2019).



ADB also provides technical assistance, which involves project preparation as well as conducting advanced research in the general area of economic aspects pertaining to the countries of the region. The effect of these analyses are numerous research papers and reports aiding business practice in the countries of the region. The value of the total ADB's financial aid is presented in the table 1.

Table 1. The value of the total financial aid (loans, equity investments, grants, guarantees, technical assistance) provided by ADB (including co-financing) over the years 2010–2018 (USD million)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Value	17,936	20,374	20,925	20,991	22,841	26,540	25,468	31,818	35,817

Source: Author's own elaboration, based on: *ADB Annual Report 2014*, <https://www.adb.org/documents/adb-annual-report-2014>; *ADB Annual Report 2018*, <http://www.adb.org/ar2018> (accessed 15.06.2019).

It needs to be noted that the beginning of the 1990s revealed some problems related to the projects initiated by ADB. Due to the substantial scattering of these projects, some of them were characterized by low effectiveness and the financial resources were simply wasted. At the same time, it was also a period of growing tendencies associated with the liberalization of trade in world economy<sup>34</sup>, moreover, the number of ADB members was rising consistently after the Cold War had come to an end.<sup>35</sup> These aspects contributed to the process of drawing up the 1994 'Regional Cooperation Policy', which, alongside other ADB programs, constituted the basis for the 'Regional Cooperation and Integration' (RCI). It is in favor of the 'open regionalism' in the Asia-Pacific, regarding it as the foundation of the 'liberal global economy'.<sup>36</sup>

RCI is a process thanks to which individual countries become more affiliated to their region. It plays a key role in accelerating economic growth, eliminating poverty and economic inequalities, and, in turn, contributes to improving economic security. On account of closer integration in trade, as well as intra-regional supply chains, the developmental gaps between developing member economies of ADB become narrower, which allows economies to spur their own expansion.<sup>37</sup>

It must be emphasized at this point that the Asia-Pacific countries actively participate in integration processes, both on the regional scale and globally (see table 2). The countries of the region first joined these initiatives in the mid-nineties. Despite the significant diversity, the economic interdependence between countries of the region is growing due to the development and bolstering of trade in

<sup>34</sup> It concerns the establishment of the WTO and an almost simultaneous onset of the third wave of trade regionalism.

<sup>35</sup> In the 90s, ADB was joined by countries of Central Asia, among others.

<sup>36</sup> B. Drelich-Skulska, *Rola organizacji międzynarodowych w procesach integracyjnych Azji Wschodniej...*, *op. cit.*, p. 74; *ADB's Focus on Regional Cooperation and Integration*, <https://www.adb.org/themes/regional-cooperation/main> (accessed 30.06.2019).

<sup>37</sup> *Ibidem*.

the region. Benefits derived from this cooperation compel the countries to intensify these efforts.<sup>38</sup>

Table 2. FTAs by scope (cumulative) in Asia-Pacific countries (1980–2019)

Year	1980	1995	2000	2005	2010	2015	2019
Bilateral	0	27	46	98	135	158	178
Plurilateral	2	4	5	25	42	63	76

Source: Author's own elaboration, based on: *Asia Regional Integration Center*, <https://aric.adb.org> (accessed 20.06.2019).

Making the countries of the region come closer together by means of projects promoting regional cooperation and integration is one of the cornerstones of this bank since its founding. The effects of these activities in the region such as roads, power plants or bridges positively impact economic growth by, among other things, increasing the volume of trade.<sup>39</sup>

On the basis of the fundamental provisions of RCI, in 2008, ADB adopted the document *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*<sup>40</sup>, which specified the course and future operations of the bank in the following decade. In the adopted document, the overarching goal of ADB was re-affirmed, which was the reduction of poverty (“Asia and Pacific region free of poverty”). Other challenges that were identified for the region are e.g. social aspects (inequalities, demographic transformations, the necessity of improving education), limitations stemming from the deficit of the infrastructure, and, above all, threats to the natural environment resulting from the rapid economic growth. As a side note, it needs to be stressed that according to the estimated figures the degradation of the natural environment connected with pollution may decrease the GDP of the Asia-Pacific region countries by approximately 5% over the following 40 years.<sup>41</sup>

<sup>38</sup> P. Pasierbiak, ‘Chiny a wschodnioazjatycka integracja gospodarcza de iure’, *Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach*, no. 266, 2016, p. 170.

<sup>39</sup> In 2008, in Laos the construction of the Route 3 Highway was completed, it stretches from the country's northern border with China to the southern border, near Thailand. In 2013, the Fourth Thai–Lao Friendship Bridge, which links the banks of the river Mekong, was finished. It was instrumental in increasing the volume of trade between countries of the region. Both the road and the bridge are part of the project financed by ADB, i.e. ‘The Greater Mekong Subregion North–South Economic Corridor Project’, which is meant to link Kunming in China with Bangkok via the north-west part of Laos. The project involves modernization of roads, construction of bridges as well as taking other measures to facilitate cooperation in terms of trade between these three countries. It's one of tens of projects in the Asia-Pacific region in which ADB promotes regional collaboration and integration as a foundation for operations of this institution in the region. Cf. *ADB's Focus on Regional Cooperation and Integration*, <https://www.adb.org/themes/regional-cooperation/main> (accessed 25.06.2019).

<sup>40</sup> ADB, *Strategy 2020: The Long-Term Strategic Framework...*, *op. cit.*, <https://www.adb.org/sites/default/files/institutional-document/32121/strategy2020-print.pdf> (accessed 15.06.2019).

<sup>41</sup> Z.W. Puślecki, *Unia Europejska – Chiny. Nowe zjawiska w stosunkach handlowo-ekonomicznych*, Poznań 2018, p. 488.

As mentioned before, the purpose of the bank is to support countries in implementing projects focused on development by means of integration and strengthening ties with the neighboring countries. Building larger regional markets is aimed at improving effectiveness of resources use as well as increasing the competitiveness of the region. Closer cooperation in the region is meant to enhance capacities of the countries and regions in terms of reacting more efficiently to sudden and unexpected changes in the economic situation, which may pose a serious threat to the economic security in the region.<sup>42</sup> Rapid changes in this area force ADB to always keep in step and adjust to new needs and requirements of the developing member states.

The countries of the Asia-Pacific region have made great strides in poverty reduction and economic growth over the last 50 years (see table 3), ADB, on the other hand, has remained the key partner in the course of all these transformations. Nevertheless, some issues require further steps and continuing development projects, what is more, new tendencies emerging in world economy, i.e. technical advances, urbanization or demographic changes constitute considerable challenges that this institution needs to face. The new long-term strategy of the bank is expected to aid in these endeavors.

Table 3. Population and GDP in developing Asia (1966–2015)

Year	1966	1976	1986	1996	2006	2015
GDP (\$ billion)	163	426	1,014	2,937	6,412	18,063
Population (million)	1,718	2,173	2,626	3,124	3,555	3,903
GDP per capita (\$)	95	196	386	940	1,804	4,628
Share of world GDP (%)	8	7	7	9	13	25
Share of world population (%)	51	52	53	54	54	53

Source: *ADB through the decades – ADB's Fifth decade (2007–2016)*, <https://www.adb.org/sites/default/files/publication/216306/adb-fifth-decade-updated-edition.pdf> (accessed 17.06.2019).

The 2030 Strategy<sup>43</sup> sets out new directions for the development of the bank that will meet the changing needs of the region. According to the strategy adopted for the following decade, measures aimed at eliminating extreme poverty will remain to be taken, as well as the concept of achieving the prosperous, inclusive, resilient and sustainable region of Asia-Pacific will be developed. ADB will make its contribution by combining financing, knowledge and the broadly-defined cooperation. The ambitious plans of growth ought to be dovetailed with the specificity of local conditions of individual members of the bank. It is related to increasing

<sup>42</sup> The occurrence of such threats is plausible. The deteriorating conflict between China and the USA may adversely affect the economic growth in the region (in 2018, China's GDP rose by 6.6%, which has been the lowest result for nearly three decades), and, due to the openness of economies, the transmission of the crisis to other countries cannot be ruled out.

<sup>43</sup> ADB, *Strategy 2030. Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*, Mandaluyong City, July 2018, <https://www.adb.org/sites/default/files/institutional-document/435391/strategy-2030-main-document.pdf> (accessed 12.06.2019).

the importance of the ‘country-focused approach’, which is particularly significant owing to the diversity of these countries. It will entail granting long-term financial assistance by the bank, which will support countries of low and lower-middle income. However, financial aid for the middle-income countries will be provided selectively, for singled-out areas, and allocated to places where it is expected to impact the accomplishment of the priority goals, i.e. supporting the underdeveloped areas and poverty pockets. Measures taken in this way will be instrumental in the mitigation of threats of the economic and ecological nature and, at the same time, improving the security level in these areas.

The bank’s support (including operations of the public and private sector, advisory services and knowledge) will concern the following, seven key operational priorities:

- further reduction of poverty and elimination of social inequalities;
- fostering progress in gender equality;
- combating climate change, reinforcing natural disasters resilience<sup>44</sup>, augmenting environmental sustainability<sup>45</sup>;
- making cities more accommodating;
- promoting development of rural areas and providing food security;
- strengthening governance and institutional capacity;
- facilitating regional cooperation and integration.<sup>46</sup>

To conclude, it is worth pointing out that on the account of the size of the Asia-Pacific region and its significance to world economy, achieving the primary global commitments such as the ‘Sustainable Development Goals’ or implementation of the provisions of the climate agreement in Paris<sup>47</sup>, will largely depend on the success in this region.

## Conclusions

Despite the multifaceted heterogeneity of the countries of Asia-Pacific, we may observe this region’s emergence as the new global economic center of gravity, and dynamic transformations that occur in this area, e.g. the intensive trade regionalism. These aspects are a contributing factor in the inclusion of these countries in the mainstream of world economy, which is currently one of the most important characteristics of its development. The diversity of the countries as well as the widespread involvement in global economy, however, constitute a considerable

<sup>44</sup> Over the period 2000–2018, an average of nearly 38 thousand fatalities per year were reported in the countries of the region, as a result of natural disasters. Cf. ADB, *Asian Development Outlook (ADO) 2019: Strengthening Disaster Resilience*, April 2019, <https://www.adb.org/publications/asian-development-outlook-2019-strengthening-disaster-resilience> (accessed 05.07.2019).

<sup>45</sup> Over the years 2019–2030, ADB will allocate a total of approximately USD 80 trillion from their own funds to finance operations related to climate.

<sup>46</sup> ADB, *Strategy 2030. Achieving a Prosperous...*, *op. cit.*, <https://www.adb.org/sites/default/files/institutional-document/435391/strategy-2030-main-document.pdf> (accessed 12.06.2019).

<sup>47</sup> At the Paris climate conference in December 2015, 195 countries adopted the first-ever universal, legally binding global climate deal. Cf. *Paris Agreement*, [https://ec.europa.eu/clima/policies/international/negotiations/paris\\_en](https://ec.europa.eu/clima/policies/international/negotiations/paris_en) (accessed 15.06.2019).

source of threats to security, in particular, from the economic and ecological perspective, and, at the same time, are a challenge for individual countries, as well as international organizations, in terms of mitigation of these risks.

The analysis of main areas of activities of the Asian Development Bank as well as the adopted methods, presented in the paper, provides for the conclusion that this institution is instrumental in increasing the level of security in the region, particularly within the discussed scope. Therefore, it may be stated that ADB provides added value to processes strengthening the stability of the region, which, owing to its significance, may also have a positive impact on the entire world economy.

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## *Azjatycki Bank Rozwoju i jego wpływ na podnoszenie poziomu bezpieczeństwa w regionie Azji i Pacyfiku*

### *Streszczenie*

Wielowymiarowe zróżnicowanie krajów Azji i Pacyfiku oraz ich szerokie powiązania z gospodarką globalną stanowią istotne źródło zagrożeń dla bezpieczeństwa, szczególnie w wymiarze ekonomicznym i ekologicznym, a jednocześnie są wyzwaniem, zarówno dla poszczególnych państw, jak i organizacji międzynarodowych. Dlatego też wszelkie podejmowane działania mające na celu ograniczanie potencjalnych zagrożeń nabierają obecnie szczególnie istotnego znaczenia. W tym kontekście kluczowa staje się rola działających w regionie organizacji międzynarodowych. Wśród nich na uwagę zasługuje działalność Azjatyckiego Banku Rozwoju (Asian Development Bank, ADB), który stanowi główne forum umożliwiające podejmowanie współpracy oraz harmonizujące kooperację państw w regionie. Przedsięwzięcia finansowane przez ADB skupiają się m.in. wokół infrastruktury, wzmacniania regionalnej współpracy gospodarczej, ochrony środowiska naturalnego czy zapewnienia bezpieczeństwa żywnościowego. Poprzez wdrażanie licznych projektów (np. Strategia 2030) działalność tej organizacji w znacznym stopniu przyczynia się do poprawy poziomu bezpieczeństwa regionalnego. ADB wnosi wartość dodaną do procesów wzmacniających stabilność regionu, co – ze

względu na jego znaczenie – może także wpływać w sposób pozytywny na całą gospodarkę światową.

**Słowa kluczowe:** Azjatycki Bank Rozwoju, bezpieczeństwo międzynarodowe, region Azji i Pacyfiku

### *Asian Development Bank and its Impact on Improving Security in the Asia-Pacific Region* *Abstract*

The multifaceted heterogeneity of the countries of Asia-Pacific as well as strong ties with economies worldwide constitute a considerable source of threats to security, in particular, from the economic and ecological perspective, and, at the same time, are a challenge for individual countries, as well as international organizations. Therefore, all activities undertaken to mitigate potential threats are becoming critical. In this context, the key role is played by international organizations functioning in the region. Among them, one that merits particular attention is the Asian Development Bank (ADB), which constitutes the premier forum that caters for undertaking joint efforts and harmonizing cooperation among the countries in the region. Initiatives financed by ADB focus on such issues as infrastructure, reinforcing regional economic cooperation, preservation of the natural environment and ensuring food security. Through implementation of numerous projects (e.g. Strategy 2030), activities of this organization greatly contribute to improving the regional security. ADB provides added value to processes strengthening the stability of the region, which, owing to its significance, may also have a positive impact on the entire world economy.

**Key words:** Asian Development Bank, international security, Asia-Pacific region

### *Die Asiatische Entwicklungsbank und ihr Einfluss auf die Verbesserung des Sicherheitsniveaus in der Asien-Pazifik-Region* *Zusammenfassung*

Die mehrdimensionale Differenzierung der Länder in der Asien-Pazifik-Region und umfangreiche Verbindungen dieser Länder zur globalen Wirtschaft sind eine bedeutende Quelle für die Bedrohung der Sicherheit, besonders auf ökonomischer und ökologischer Ebene und sind gleichzeitig eine Herausforderung, sowohl für einzelne Staaten, als auch für internationale Organisationen. Deswegen sind zur Zeit alle Maßnahmen, die es zum Ziel haben potenzielle Risiken zu vermeiden, besonders wichtig. Diesbezüglich wird die Rolle der in dieser Region tätigen internationalen Organisationen entscheidend. Unter ihnen verdient Aufmerksamkeit die Tätigkeit der Asiatischen Entwicklungsbank (Asian Development Bank, ADB), die ein Forum für die Aufnahme der Zusammenarbeit und für die Harmonisierung der Kooperation der Länder in dieser Region ist. Die von ADB finanzierten Unternehmungen konzentrieren sich u.a. auf die Infrastruktur, Verstärkung der regionalen wirtschaftlichen Zusammenarbeit, auf den Umweltschutz oder Gewährleistung der Ernährungssicherheit. Durch die Einführung zahlreicher Projekte (z. B. Strategie 2030) trägt die Tätigkeit dieser Organisation der Verbesserung der Sicherheit in dieser Region bei. ADB leistet einen Mehrwert zu den

Prozessen, welche die Stabilität in dieser Region verstärken, was – hinsichtlich der Bedeutung der Bank – sich positiv auf die globale Wirtschaft auswirken kann.

**Schlüsselwörter:** Asiatische Entwicklungsbank, internationale Sicherheit, Asien-Pazifik-Region

*Азиатский банк развития и его влияние на повышение уровня безопасности в Азиатско-Тихоокеанском регионе*  
*Резюме*

Многообразие стран Азиатско-Тихоокеанского региона и их широкие связи с мировой экономикой являются существенным источником угроз для безопасности, особенно экономического и экологического характера, а также проблемой для отдельных государств и международных организаций. Поэтому любые принимаемые меры, направленные на снижение потенциальных рисков приобретают особо важное значение. В этом контексте действующие в регионе международные организации стали играть ключевую роль. Среди них особого внимания заслуживает деятельность Азиатского банка развития (Asian Development Bank, ADB), который является основной площадкой для установления сотрудничества и гармонизации действий государств региона. Проекты, финансируемые ADB, в частности, связаны с развитием инфраструктуры, укреплением регионального экономического сотрудничества, охраной окружающей среды, обеспечением продовольственной безопасности. Благодаря внедрению многочисленных проектов (напр. «Стратегия 2030») деятельность этой организации способствует повышению уровня региональной безопасности. ADB поддерживает процессы, усиливающие стабильность региона, что положительно влияет на всю мировую экономику.

**Ключевые слова:** Азиатский банк развития, международная безопасность, Азиатско-Тихоокеанский регион