

Tracking the Cross-Border Lending Activities of the World's Largest Official Creditor

July 10, 2024

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About AidData

- Interdisciplinary research lab at William & Mary with 35 full-time faculty and staff, 100+ RAs, ~\$75 million in cumulative grant, gift, and contract revenue (since 2004)
- Expertise in large-scale, micro-data collection, tracking underreported financial flows, causal inference, remote sensing, GIS, machine learning, and large-n survey methods
- Main outputs: open-access datasets, flagship policy reports, peer-reviewed articles in disciplinary and interdisciplinary journals
- Work undertaken in collaboration with an international network of economists and political scientists from Harvard, Georgetown, Göttingen, Heidelberg, Kiel Institute for the World Economy, World Bank, HKU, others



Partners

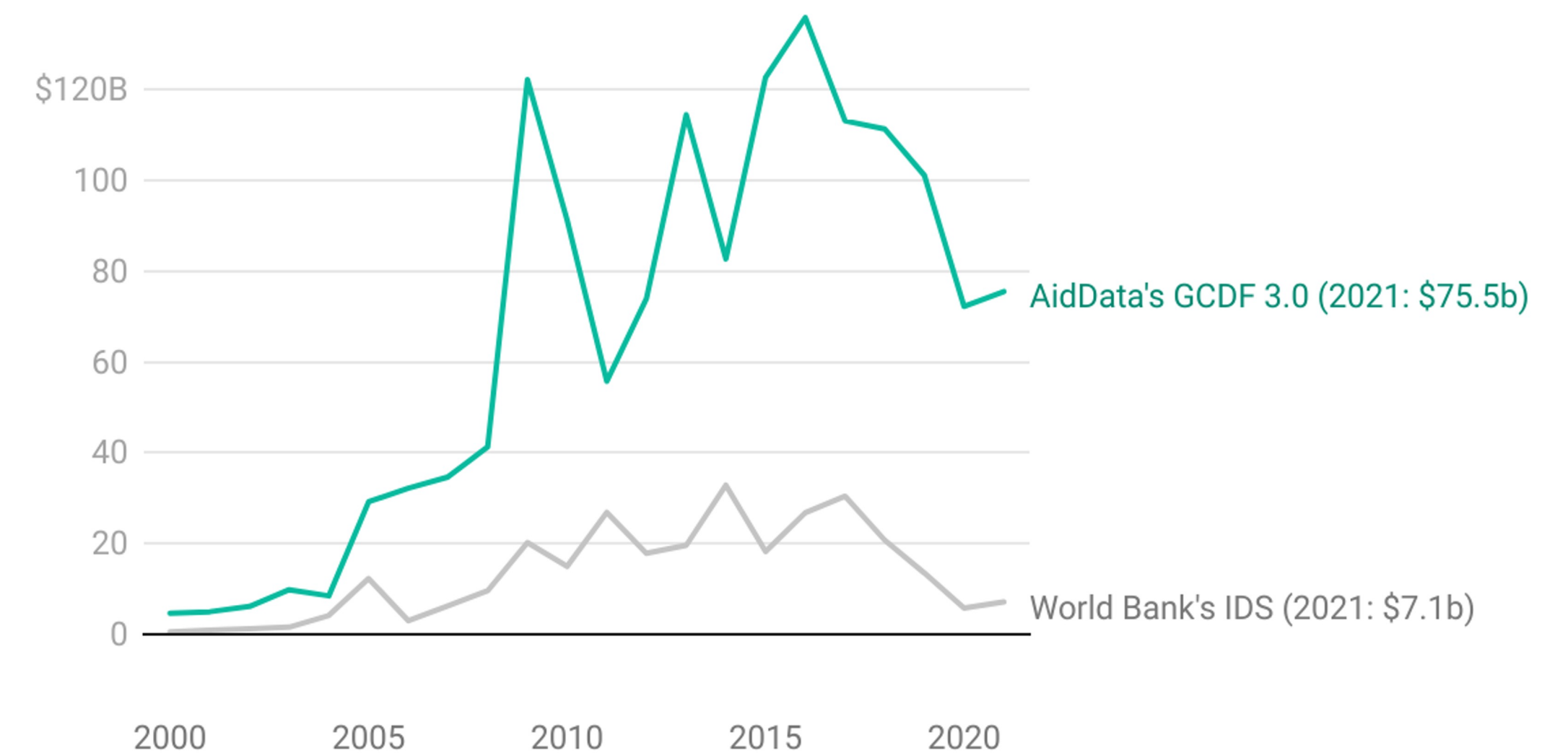


Measurement Challenge

- China is now the world's largest official creditor, but it does not participate in the OECD's Creditor Reporting System (CRS).
- China recently began reporting to the BIS on the cross-border lending activities of its banks, but the data are not made public on a bilateral basis.* Nor are the data made available at the individual loan level.
- Bottom-up data collection from World Bank's Debtor Reporting System (DRS), but very limited creditor coverage, debtor coverage, and debt instrument coverage

Official sector lending commitments from China to LICs and MICs by source

Constant 2021 USD Billions



Created with Datawrapper

* The BIS data indicate that total outstanding credit from Chinese banks to LIC, MIC, and HIC borrowers increased in nominal terms between 2015 and 2021—from \$1.45 trillion to \$2.63 trillion.

Overview

What ground am I going to cover?

Efforts to systematically measure:

1. Official sector* loan and grant commitments from China to low-income countries (LICs) and middle-income countries (MICs)
2. Official sector loan and grant commitments from China to high-income countries (HICs)
3. Terms and conditions in China's official sector lending contracts with borrowers in LICs, MICs, and HICs
4. Restructurings, haircuts, and financial returns (for China's official sector lending to PPG borrowers in LICs and MICs)

** We rely on OECD (2018:10) definition of official sector transactions: "those undertaken by central, state or local government agencies at their own risk and responsibility, regardless of whether these agencies have raised the funds through taxation or through borrowing from the private sector. This includes transactions by public corporations i.e. corporations over which the government secures control by owning more than half of the voting equity securities or otherwise controlling more than half of the equity holders' voting power; or through special legislation empowering the government to determine corporate policy or to appoint directors."*

Official sector loan and grant commitments from China to LICs and MICs



AIDDATA
A Research Lab at William & Mary

Global Chinese Development Finance Dataset (GCDF) Version 3.0

Scope parameters

- All official sector financial flows from China to low- and middle-income countries that would qualify as **official development assistance (ODA)** or **other official flows (OOF)**
- **20,985 projects/activities** supported by grant and loan commitments from **791 Chinese lenders and donors** worth **\$1.34 trillion** across **165 countries**
- **1,225 co-financiers**—including Western commercial banks, MDBs, and OECD-DAC development finance institutions
- **22 commitment years** (2000-2021), with details on the **timing of project/activity implementation over 24-year period** (2000-2023)
- **5,037 borrowing/recipient institutions** categorized by type and country of origin
- **133 variables**, including including financial commitment amount, currency of denomination, interest rate, maturity, grace period, commitment fee, management fee, insurance fee, penalty (default) interest rate, credit enhancements (collateral, guarantees, and insurance), level of concessionality (IMF method and OECD method), first and last repayment dates, ODA vs. OOF categorization, financial distress (dummy)
- **Calendar-day level** commitment, commencement, and completion dates to measure timing of treatment exposure
- Version 3.0 of GCDF dataset is downloadable via <https://www.aiddata.org/data/aiddatas-global-chinese-development-finance-dataset-version-3-0>

GCDF Dataset Versioning and Peer Review

American Economic Journal: Economic Policy 2021, 13(2): 135–174
<https://doi.org/10.1257/pol.20180631>

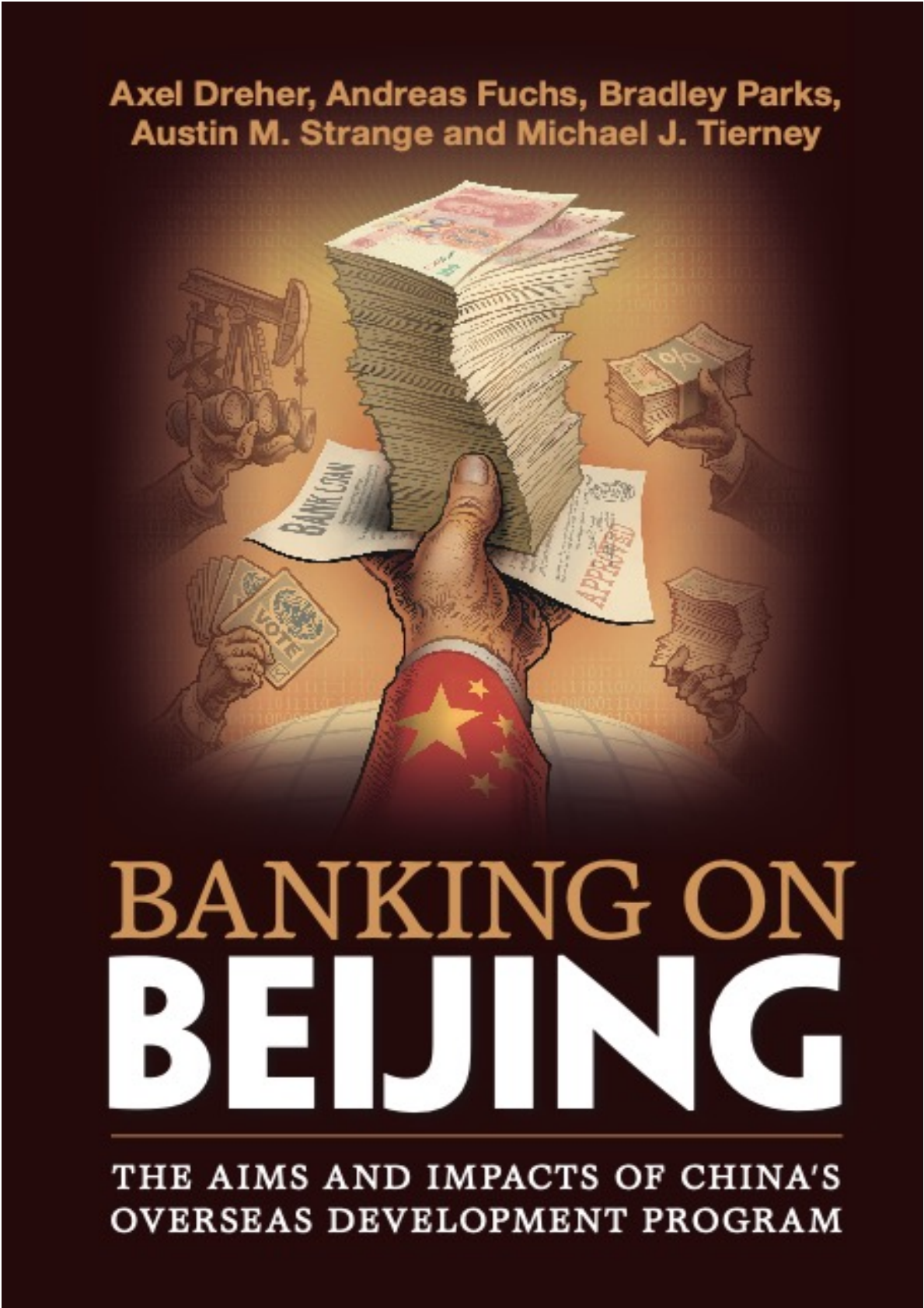
Aid, China, and Growth: Evidence from a New Global Development Finance Dataset[†]

By AXEL DREHER, ANDREAS FUCHS, BRADLEY PARKS, AUSTIN STRANGE,
AND MICHAEL J. TIERNEY*

This article introduces a new dataset of official financing from China to 138 developing countries between 2000 and 2014. It investigates whether Chinese development finance affects economic growth in recipient countries. The results demonstrate that Chinese development finance boosts short-term economic growth. An additional project increases growth by between 0.41 and 1.49 percentage points 2 years after commitment, on average. While this study does not find that significant financial support from China impairs the overall effectiveness of aid from Western donors, aid from the United States tends to be more effective in countries that receive no substantial support from China. (JEL F35, O19, O47, P33, P34)

The scale and scope of China’s overseas grants and loans now rivals or exceeds that of other major donors and lenders (Horn, Reinhart, and Trebesch 2019). Its flagship Belt and Road Initiative (BRI)—a “Belt” of road, rail, port, and pipeline projects that create an infrastructure corridor from China to Central Asia and Europe and a “Maritime Silk Road” that links China to South and Southeast Asia, the Middle East, and Africa through a series of deepwater ports along the littoral

* Dreher: Alfred-Weber-Institute for Economics, Heidelberg University, Berghheimer Strasse 58, 69115 Heidelberg, Germany; CEPR; CESifo; Georg-August University Goettingen; KOF Swiss Economic Institute (email: mail@axel-dreher.de); Fuchs: Department of Economics and Centre for Modern East Asian Studies, Georg-August University Goettingen, Platz der Göttinger Sieben 5, 37073 Göttingen, Germany; Kiel Institute for the World Economy (IfW) (email: mail@andreas-fuchs.net); Parks: AidData, Global Research Institute, College of William and Mary, P.O. Box 8795, Williamsburg, VA 23187-8795; Center for Global Development (email: bparks@aiddata.wm.edu); Strange: Department of Politics & Public Administration, University of Hong Kong, Jockey Club Tower, Centennial Campus, Pokfulam Road, Hong Kong; Harvard University (email: astrange@hku.hk); Tierney: AidData, Global Research Institute, College of William and Mary, P.O. Box 8795, Williamsburg, VA 23187-8795 (email: mjtier@wm.edu); Matthew Shapiro was coeditor for this article. The authors are grateful for generous support from the John D. and Catherine T. MacArthur Foundation (14-106444-000-INP), the William and Flora Hewlett Foundation (#2017-5577 and #2013-8499), Humanity United (#9748421), the Academic Research Fund of Singapore’s Ministry of Education (MOE2014-T2-2-157), and the German Research Foundation (DR 640/5-1 and FU 997/1-1). We thank two anonymous reviewers, David Dollar, Vera Eichenauer, Quan Li, Anna Minasyan, Philip Roessler, Xiang Shao, Zhigang Tao, James Williams, Tianyang Xi, Yang Yao, as well as participants at the “Tracking International Aid and Investment from Developing and Emerging Economies” workshop held at Heidelberg University in September 2017, the Development Seminar at Peking University’s National School of Development in November 2017, the Harvard Shanghai Conference on Africa and Asia in November 2017, the Fudan University School of International Relations and Public Affairs Shipai Workshop in December 2017, the Sheffield Workshop in Political Economy at the University of Sheffield in January 2018, the CSAE Conference on “Economic Development in Africa” at University of Oxford in March 2018, the Annual Meeting of the European Public Choice Society at Università Cattolica del Sacro Cuore Rome in April 2018, the Annual Economic Research Southern Africa Workshop on “Structural Constraints on the Economy, Growth and Political Economy” at the University of the Witwatersrand in September 2019, the Biennial Conference of the Economic Society of South



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scientific data

OPEN

DATA DESCRIPTOR

AidData’s Geospatial Global Chinese Development Finance Dataset

Seth Goodman[✉], Sheng Zhang[✉], Ammar A. Malik, Bradley C. Parks & Jacob Hall

AidData’s Global Chinese Development Finance Dataset (Version 3.0) provides detailed information about more than 20,000 development projects across 165 low- and middle-income countries financed by 791 official sector Chinese donors and lenders from 2000 to 2021. In this study, we introduce a methodology for identifying the geospatial features of these projects. Our application of the methodology has resulted in the Geospatial Global Chinese Development Finance Dataset (Version 3.0), which captures the geospatial features of 9,405 projects across 148 low- and middle-income countries supported by Chinese grant and loan commitments worth more than USD 830 billion. The dataset provides details for 6,266 projects containing spatial definitions of roads, railways, power plants, transmission lines, buildings, and other precisely geocoded features. It identifies approximate and administrative-level locations for 3,139 additional projects. The methodology, dataset, and the code used to construct the dataset have been made publicly available to facilitate replication and future applications.

Background & Summary

Through its flagship overseas infrastructure development program, the Belt and Road Initiative, China has emerged as the single largest official source of aid and credit to low-income and middle-income countries¹. Between 2000 and 2021, it issued grant and loan commitments worth \$1.34 trillion for 20,985 projects across 165 low- and middle-income countries^{2,3}. China is now outspending the United States, the World Bank, and all other bilateral and multilateral sources of international development finance⁴. Previous research suggests that China’s overseas project portfolio has effectively promoted economic growth and development^{4–10}. However, a common criticism is that its projects lack adequate environmental, social, and governance (ESG) safeguards^{11,12}. A separate but related criticism is that China has effectively prioritized speed and scale over safety¹. While there is some evidence to support these claims, the empirical study of international development finance from China is rapidly evolving as scholars from the social sciences and the natural sciences seek to overcome an array of informational obstacles^{4,5,13–18}. Chief among these obstacles is the fact that Beijing shrouds its overseas lending and grant-giving program in secrecy¹⁹. Over the last decade, several university research centers and think tanks have used publicly available sources to assemble datasets—including, but not limited to, China’s Overseas Development Finance Database, the Chinese Loans to Latin America and the Caribbean Database, the Chinese Loans to Africa Database, the China’s Global Energy Finance Database, and the China Overseas Finance Inventory Database—that track different sources and types of international development finance from China. All of these datasets have limited scope parameters^{20–27}. Some exclusively track the overseas lending activities of China’s two policy banks: China Eximbank and China Development Bank. Others focus on a single sector or region. None provide a fully comprehensive picture of China’s overseas development program²³. Nor do any of these datasets provide data on the spatio-temporal rollout of China’s overseas development projects that are sufficiently precise for causal inference. To address this major evidentiary gap, the AidData research lab at William & Mary constructed a dataset—known as the Global Chinese Development Finance (GCDF) Dataset (Version 3.0)—that captures all sources and types of financial and in-kind transfers from government and state-owned institutions in China to 165 low- and middle-income countries^{3,5}. It provides comprehensive coverage of all Chinese grant- and loan-financed projects (worth \$1.34 trillion) across all regions and all sectors over 22 commitment years (2000–2021), as well as details on the timing of project implementation over a 24-year period (2000–2023). Projects are assigned

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SCIENTIFIC DATA | (2024) 11:529 | <https://doi.org/10.1038/s41597-024-03341-w>

1

Version 1.0 -->
(2021)

Version 2.0 -->
(2022)

Version 3.0 -->
(2023)

Geospatial
Version 3.0
(2024)

Scope Parameters

Financing Institution Coverage

Dataset unique in that it captures any project that has benefited from a financial transfer or in-kind transfer from any official sector institution in China (based on OECD-DAC measurement standards and definitions).

Coverage includes **180** official sector lenders and **611** official sector donors, including:

- Central Government Agencies (MOFCOM, CIDCA)
- Local Government Agencies (Chongqing Municipal Government, Tianjin Municipal Government)
- State-Owned Policy Banks (China Development Bank, China Eximbank)
- State-Owned Commercial Banks (Bank of China, ICBC, China Construction Bank, Bank of Communications, China CITIC Bank, Bank of Shanghai, Postal Savings Bank of China, China Merchants Bank, Harbin Bank)
- State-Owned Companies (China National Petroleum Corporation, China Machinery Engineering Corporation, Poly Technologies, NORINCO, AVIC)
- State-Owned Funds (Silk Road Fund)
- Central Bank (PBOC), including direct bilateral lending and funds channeled through earmarked multilateral institutions like Africa Growing Together Fund and the China Co-financing Fund for LAC)

Scope Parameters

Recipient/Borrowing Institution Coverage

5,037 recipient/borrowing institutions categorized by type*:

- Government Agency
- State-Owned Enterprise
- State-Owned Bank
- Joint Venture (JV) or Special Purpose Vehicle (SPV)**
- Private Sector Institution
- Nongovernmental Organization
- Intergovernmental Organization

Every recipient/borrowing institution also categorized by country of origin:

- Host Country
- China
- Third Country

On loan-by-loan basis, dataset identifies third-party institutions that provide repayment guarantees, credit insurance, and/or collateral; these 'accountable agencies' are categorized by type and country of origin.

* Loans that qualify as PPG debt can also be identified by using the 'level of public liability' variable in the dataset.

** AidData currently codes the host country based on the ultimate destination of the projects/activities supported by the proceeds of the loan and not based on the jurisdiction where the JV/SPV is legally incorporated.

Scope Parameters

Financial Instrument Coverage*

- Interest-free and other concessional lending instruments
- Export credits (buyer's credits and seller's credits) of preferential and non-preferential nature
- Vendor financing (supplier's credit) facilities
- Limited recourse project finance transactions
- Contributions to syndicated/club loans
- Inter-bank lending arrangements
- Commodity prepayment (PxP) facilities
- Deferred payment and EPCF arrangements
- Liquidity support facilities (LSFs) and foreign currency deposit loans**
- PBOC currency swap borrowings**
- PBOC/MOF loans and grants issued via trust fund agreements with multilateral institutions (so-called 'multi-bi' grants and loans)
- Grants, technical assistance, and debt forgiveness

* The dataset also allows for disaggregation of loans by purpose: capex (investment projects), working capital, refinancing, mergers and acquisitions (M&A), balance of payments support.

** Rollover facilities can be easily included or excluded, depending on one's research requirements. For more details, see <https://www.aiddata.org/publications/aiddata-tuff-methodology-version-3-0>

Methods

AidData's Tracking Underreported Financial Flows (TUFF) Methodology*

- 100+ faculty, staff, and RAs at William & Mary **synthesize and standardize information from a wide variety of official sources:**
 - Grant and loan agreements published in government registers and gazettes
 - Aid and debt information management systems of finance/planning ministries
 - Annual reports, financial statements, and stock exchange filings of companies, banks, and government institutions
 - IMF Article IV reports and IMF/World Bank DSAs
 - Chinese Embassy and Chinese ECCO websites
 - Reports published by oversight institutions in host countries (e.g., auditor generals, public accounts committees)
- Information gaps filled with unofficial sources (field research, NGO reports, media reports)
- Dataset based on **147,703 sources in a more than a dozen languages**; average record based on ~7 sources; **90% of records underpinned by at least one official source**; data quality scores assigned to all records
- **All sources made public at individual record level**, including letters of intent, term sheets, commercial contracts, unredacted loan agreements, debt rescheduling agreements, forensic audits

Execution Version

INDICATIVE TERMS AND CONDITIONS

In Favour of

AMU POWER COMPANY LIMITED

For

LAMU Power Project

By



ICBC

中国工商银行

Industrial and Commercial Bank of China Limited

Dated June 8, 2015

Facility A	
Facility Type:	Senior Secured Term Loan Facility
Currency:	United States Dollars ("USD")
Amount:	USD One Thousand Two Hundred and Forty Million (USD\$1,240,000,000) or an amount up to 85% of the EPC Contract price and 85% of Sinasure premium, subject to Sinasure consent. The Facility A will be exclusively for 85% of the EPC Contract price and 85% of Sinasure premium
Final Maturity Date:	Not to exceed 18 years from Financial Close (including a 4-year Capital Grace Period) with Sinasure coverage provided that the Final Maturity Date will not exceed 15 years from Financial Close (including a 4-year Capital Grace Period) in case of unavailability of the Sinasure coverage (or coverage from another financial institution acceptable to ICBC providing a guarantee or insurance) for the 3-year period from the end of 15th year to the end of the 18th year from Financial Close.
Disbursement:	Disbursement of Facility A shall be made through the Project Accounts at the request and on behalf of the Borrower, subject to confirmation of construction schedule milestones by the Lenders' Technical Advisor.
Capital Repayments:	Capital will be repaid quarterly in arrears commencing after the Capital Grace Period
Interest Payments:	Interest will accrue at the Facility A Interest Rate and will be payable at the end of each quarter, hereinafter referred to as "Interest Period". Subject to Sinasure Approval, Capital Repayments and Interest Payments shall be made through equal quarterly instalments (mortgage or annuity style), with quarterly adjustments in Interest Payment for changes in the Facility A Interest Rate.
Facility A Interest Rate:	The aggregate of the: 1. Reference Rate 2. Margin

PARTIES	
Project:	The financing, designing, construction, ownership, maintenance, and operation of a 981.5 MW coal fired power plant in Lamu County, Kenya, which will sell power to Kenya Power and Lighting Company ("KPLC") under a 25-year Power Purchase Agreement ("PPA")
Project Company:	Amu Power Company Limited, a special purpose vehicle created by the Sponsors as the major Shareholders ("Project Company")
Borrower:	Project Company
Sponsors:	1. Gulf Energy Limited or its affiliate; and 2. Centum Investment Company Limited or its affiliate. or any other Sponsor approved by the Mandated Lead Arrangers
Lenders:	1. ICBC 2. any other bank or financial institution or a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets that becomes a lender to the Project prior to Financial Close, or if after Financial Close, as a result of any syndication process. Best efforts will be made to limit the lending syndicate to no more than 8 Lenders
EPC Contractor:	A consortium of Sichuan Electric Power Design & Consulting Company Limited and Power Construction Corporation of China with joint and several liability.
Partial Risk Guarantee ("PRG") Provider:	African Development Fund ("ADF") to cover KPLC's payment obligations under the PPA equivalent to 3 months capacity and energy payments plus 2 months of fuel payments.

CHINA EXIMBANK GCL NO. (2015) 6 TOTAL NO. (545)

GOVERNMENT CONCESSIONAL LOAN AGREEMENT

ON UGANDA UPGRADING AND EXPANSION OF THE ENTEBBE INTERNATIONAL AIRPORT PHASE I PROJECT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF UGANDA

REPRESENTED BY

THE MINISTRY OF FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT OF UGANDA

as Borrower

AND

THE EXPORT-IMPORT BANK OF CHINA

as Lender

DATED March 31, 2015

“Repayment Reserve Account” means a Dollar denominated account of the Borrower on which the Minimum Reserve Amount must be maintained.

“Sales Collection Account” means a Uganda Shillings denominated account of End-user for the purpose of collecting Airport Revenues.

(2) The Repayment Reserve Account and the Sales Collection Account shall be opened and maintained with the Escrow Account Bank and be subject to the escrow arrangement under the Escrow Account Agreement. The Repayment Reserve Account shall be used to maintain the minimum amount of balance as a debt service reserve as required by the Lender and the Lender shall be entitled to utilize the funds in the Repayment Reserve Account. The Sales Collection Account shall be used to collect the revenues of Entebbe International Airport (including but not limited to revenues generated from the Project) and the required amount of funds in the Sales Collection Account shall be transferred to the Repayment Reserve Account as required by the Lender.

(3) All the revenues (proceeds) of Entebbe International Airport (including but not limited to revenues generated from the Project) shall be applied in priority to payment of any and all amounts due and payable under this Agreement.

6.10 The Borrower hereby represents, warrants and undertakes that its obligations and liabilities under this Agreement are independent and separate from those stated in agreements with other creditors (whether official creditors, Paris Club creditors or other creditors), and the Borrower shall not seek from the Lender any kind of comparable terms and conditions which are stated or might be stated in agreements with other creditors.

(2) The parties shall keep the terms and conditions of this Deed confidential and no party shall reveal or otherwise disclose the information in this Deed to any third party without the prior written consent of the other party save where the information is in the public domain or is necessarily disclosed in the ordinary course of business or by operation of law.

(3) The obligation of confidentiality shall endure in perpetuity.

(4) The Parties shall not at any time during the term of this Deed release any statement to the press or make any other public statement of any nature which could reasonably be expected to be published in any media regarding the relationship or the subject matter of

ESCROW ACCOUNT AGREEMENT

IN RESPECT OF UGANDA UPGRADING AND EXPANSION OF THE ENTEBBE INTERNATIONAL AIRPORT PHASE I PROJECT

Between

THE GOVERNMENT OF THE REPUBLIC OF UGANDA
REPRESENTED BY THE MINISTRY OF FINANCE, PLANNING AND
ECONOMIC DEVELOPMENT OF UGANDA
(hereinafter referred to as the “Borrower”)

and

THE CIVIL AVIATION AUTHORITY OF THE REPUBLIC OF
UGANDA

(hereinafter referred to as “End-User”)

and

THE EXPORT-IMPORT BANK OF CHINA

(hereinafter referred to as the “Lender”)

and

STANBIC BANK UGANDA LIMITED

(hereinafter referred to as the “Escrow Account Bank”)

Dated 3rd December 2015

15

No. [DSSI2021PHASE2-028]

AGREEMENT ON DEBT SUSPENSION

BETWEEN

THE CABINET OF MINISTERS OF THE KYRGYZ REPUBLIC
REPRESENTED BY THE MINISTRY OF FINANCE
AS BORROWER

AND

THE EXPORT-IMPORT BANK OF CHINA
AS LENDER

Dated _____



Execution Version

Amendment Agreement

Date: 13 September 2022

between

The Export-Import Bank of China
as Lender

and

The Republic of Ecuador
represented by the Ministry of Economy and Finance of
the Republic of Ecuador
as Borrower

relating to the Buyer Credit Loan Agreement dated 29 October 2014 (Contract No. 1410302052014211795), as amended by a consent letter dated 22 January 2018, a second consent letter dated 24 December 2018 and a third consent letter dated 17 August 2020, for the purpose of partially financing the project identified as "500kV Extra-High Voltage Transmission Line Systems and Associated Works of 230 kV"



CHINA EXIMBANK GCL NO.8E(18)1997

THE SUPPLEMENTAL AGREEMENT OF
THE LOAN AGREEMENT ON EAST COAST HOUSING
PROJECT-PHASE 2
UNDER THE CHINESE CONCESSIONAL LOAN

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF
SEYCHELLES
REPRESENTED BY THE DEPARTMENT OF FINANCE

AND

THE EXPORT-IMPORT BANK OF CHINA



Date: March 18, 2021
To: Ministry of Finance of Ethiopia
From: Sovereign Business Department (Concessional Loan Dept.)
The Export-Import Bank of China
Fax: (8610)-66086308

Subject: Disbursement Notice for Addis Ababa - Adama Toll
Motorway Road financial Supplement Loan and Link Road Project

Your Excellency,

The Export-Import Bank of China presents its compliments to your esteemed Ministry.

We are glad to inform your good Ministry that we have made the disbursements for the captioned Project on March 15 and 16, 2021. We are sending herewith a copy of the Table of Disbursements updated till today concerning Preferential Buyer Credit Loan Agreement China Eximbank PBC NO. (2013) 35 TOTAL NO. (279).

Yours sincerely,

Ms. LI Yan
Regional Director
Sovereign Business Department (Concessional Loan Dept.)
The Export-Import Bank of China

Attachment: -Table of Disbursements

THE EXPORT-IMPORT BANK OF CHINA
TABLE OF DISBURSEMENTS

Preferential Buyer Credit Loan Agreement China Eximbank PBC NO. (2013) 35
TOTAL NO. (279) for Addis Ababa - Adama Toll Motorway Road financial
Supplement Loan and Link Road Project

(Amounts expressed in USD)

Date of Disbursement	Amount Disbursed	Outstanding Balance	Purpose
2014/06/26	100,707,143.90	100,707,143.90	Advance Payment
2014/11/17	40941780.28	141,648,924.18	Progress Payment
2014/12/22	25384969.23	167,033,893.41	Progress Payment
2015/06/12	15,133,515.73	182,167,409.14	Progress Payment
2015/06/30	24,221,555.29	206,388,964.43	Progress Payment
2015/09/22	8,858,069.08	215,247,033.51	Progress Payment
2015/10/23	12,870,031.74	228,117,065.25	Progress Payment
2016/02/29	21,763,228.43	249,880,293.68	Progress Payment
2016/08/19	15,093,235.16	264,973,528.84	Progress Payment
2016/11/30	15,901,936.27	280,875,465.11	Progress Payment
2017/06/14	3,617,707.32	284,493,172.43	Progress Payment
2017/06/22	3,317,569.64	287,810,742.07	Progress Payment
2017/06/23	4,129,676.75	291,940,418.82	Progress Payment
2019/12/24	5,861,882.71	297,802,301.53	Progress Payment

2021/03/15	8,338,128.14	306,140,429.67	Progress Payment and Retention Money
2021/03/16	248,224.39	306,388,654.06	Progress Payment
Total	306,388,654.06		

Project ID: 350

China Eximbank provides \$423 million preferential buyer's credit for Phase 1 of Kribi Deep Sea Port Project (Linked to Project ID#53396, #53116)

Commitment amount

\$520.24 million

Adjusted commitment amount

\$520.24 million

Constant 2021 USD

Summary

Funding agency [Type]
Export-Import Bank of China (China Eximbank) [State-owned Policy Bank]

Recipient	Sector	Flow type
Cameroon	Transport and storage (Code: 210)	Loan

Level of public liability	Financial distress	Infrastructure
Central government debt	Yes	Yes

Category

Intent

Commercial

Development

Representational

Financial Flow Classification

Official Development Assistance

Other Official Flows

Vague (Official Finance)

Geography



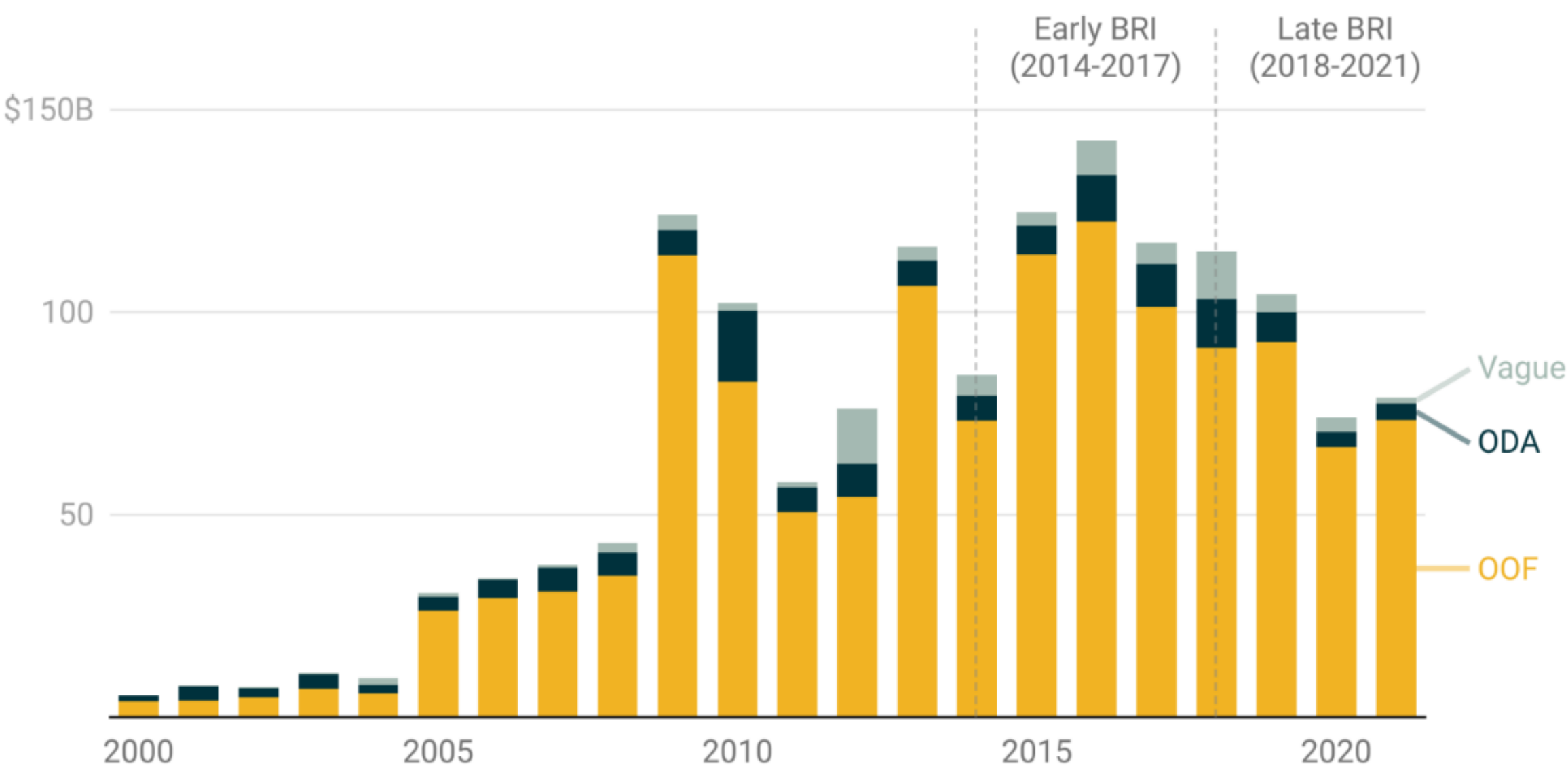
Description

On January 12, 2011, China Eximbank signed a preferential buyer's credit (PBC) agreement [CHINA EXIMBANK PBC No.(2011) 1 TOTAL NO.(152) No. 1420303052011210025] with the Republic of Cameroon worth \$423,000,000 USD for Phase 1 of Kribi Deep Sea Port Project. The borrowing terms of the PBC were as follows: a 2% interest rate, a 0% default (penalty) interest rate, a 7 year grace period, a 20 year maturity, a 0.3% commitment fee, and a 0.3% management fee. The borrower agreed to deposit project-related revenues in a revenue account to facilitate repayment. The proceeds of the PBC were to be used by the borrower to finance 85% of the total cost (\$497,468,255) of a commercial contract between China Harbour Engineering Company Limited and Cameroon's Ministry of Economy. The Republic of Cameroon originally agreed to cover the remaining 15% of the project cost, but it later renegotiated and reportedly did not pay for this component of the project. As of December 31, 2020, the loan (PBC) had achieved a 100% disbursement rate. The loan's outstanding amount was equivalent to CFA 191.5 billion as of December 31, 2020. The purpose of the project was undertake the first phase of the construct of a deep seaport in the Atlantic coast town of Kribi. 300 km south of Yaounde. Upon completion. the main port was expected to receive large vessels with a

Nature, volume, and composition of China's overseas loan and grant portfolio

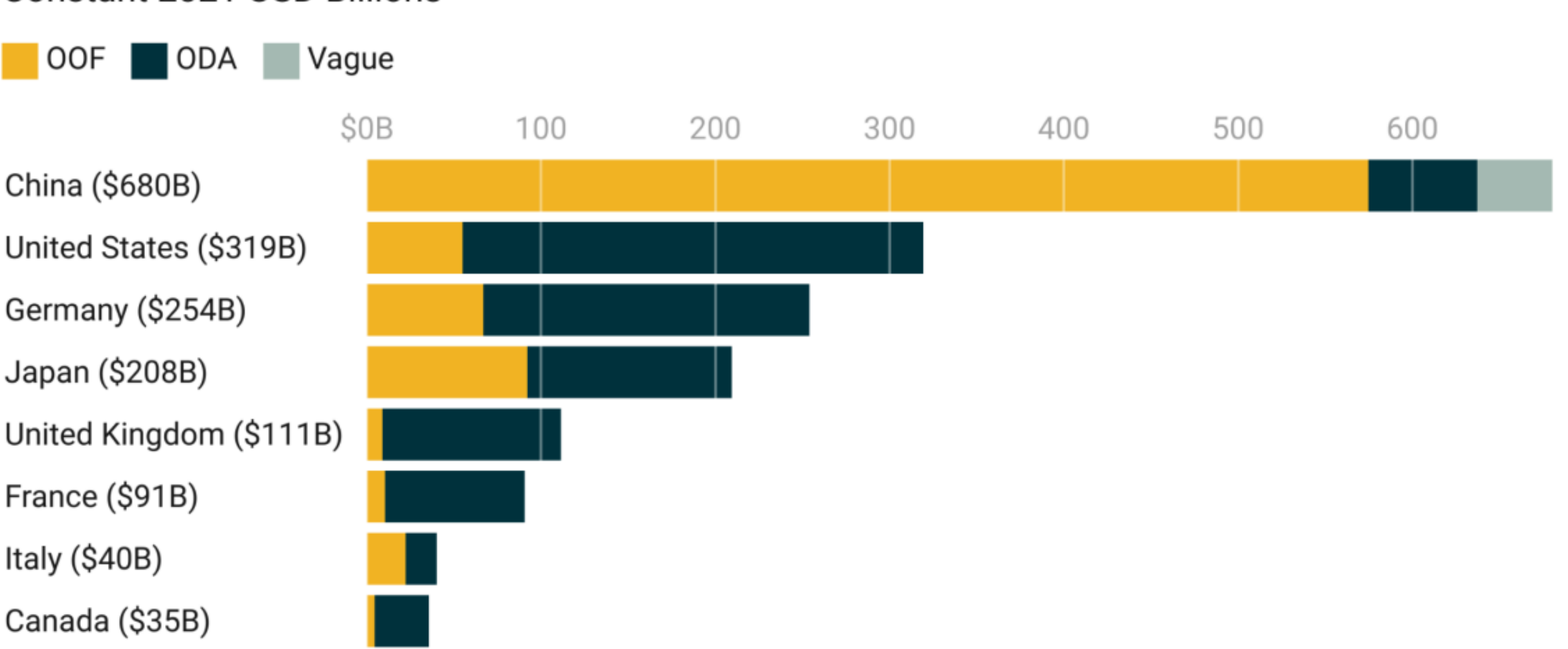
Official financial flows from China to the developing world, 2000-2021

Constant 2021 USD Billions



Official financial flows from China and the G7 to the developing world during the BRI era, 2014-2021

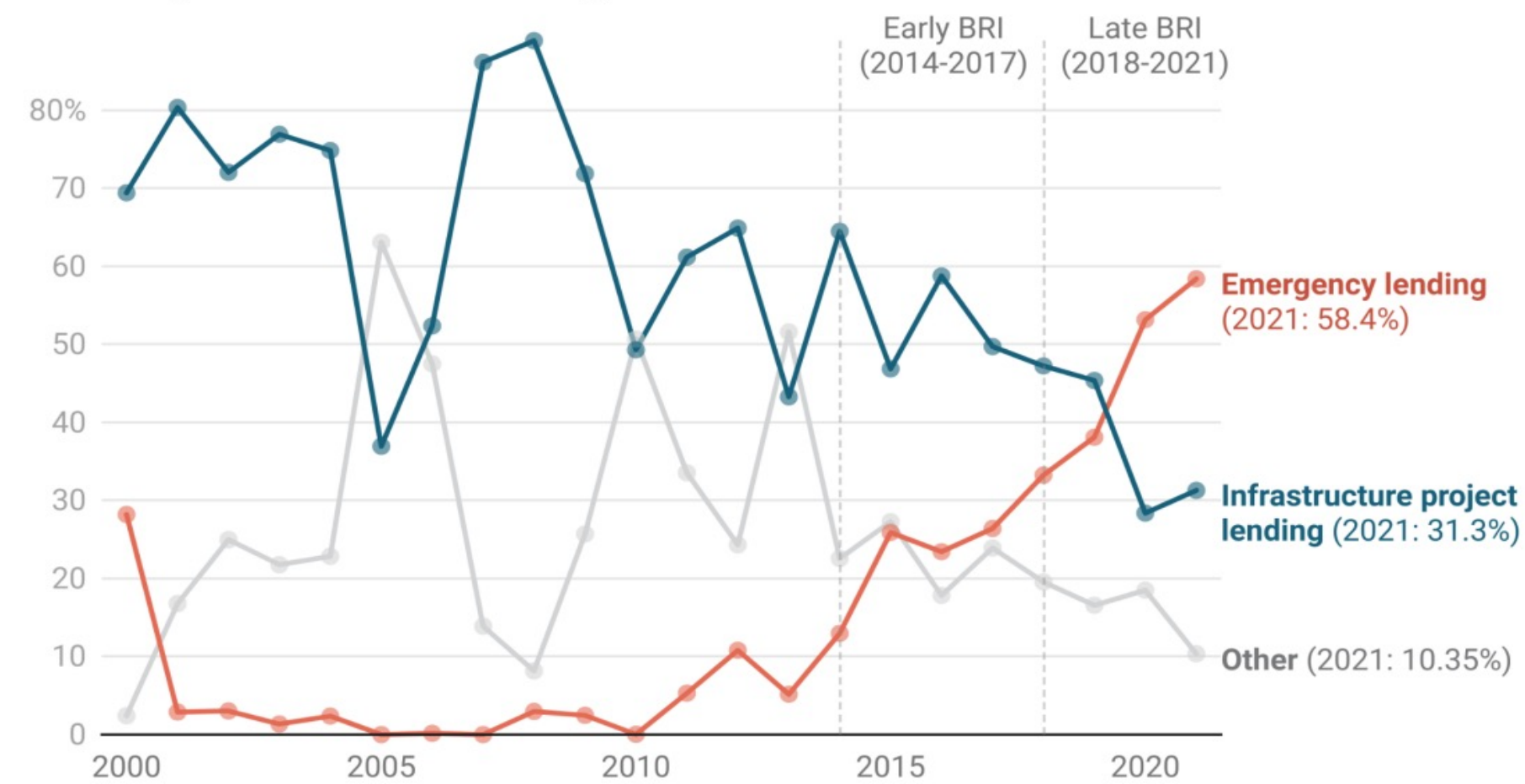
Constant 2021 USD Billions



* These figures are drawn from Parks, Bradley C., Ammar A. Malik, Brooke Escobar, Sheng Zhang, Rory Fedorochko, Kyra Solomon, Fei Wang, Lydia Vlasto, Katherine Walsh, and Seth Goodman. 2023. *Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative*. Williamsburg, VA: AidData at William & Mary

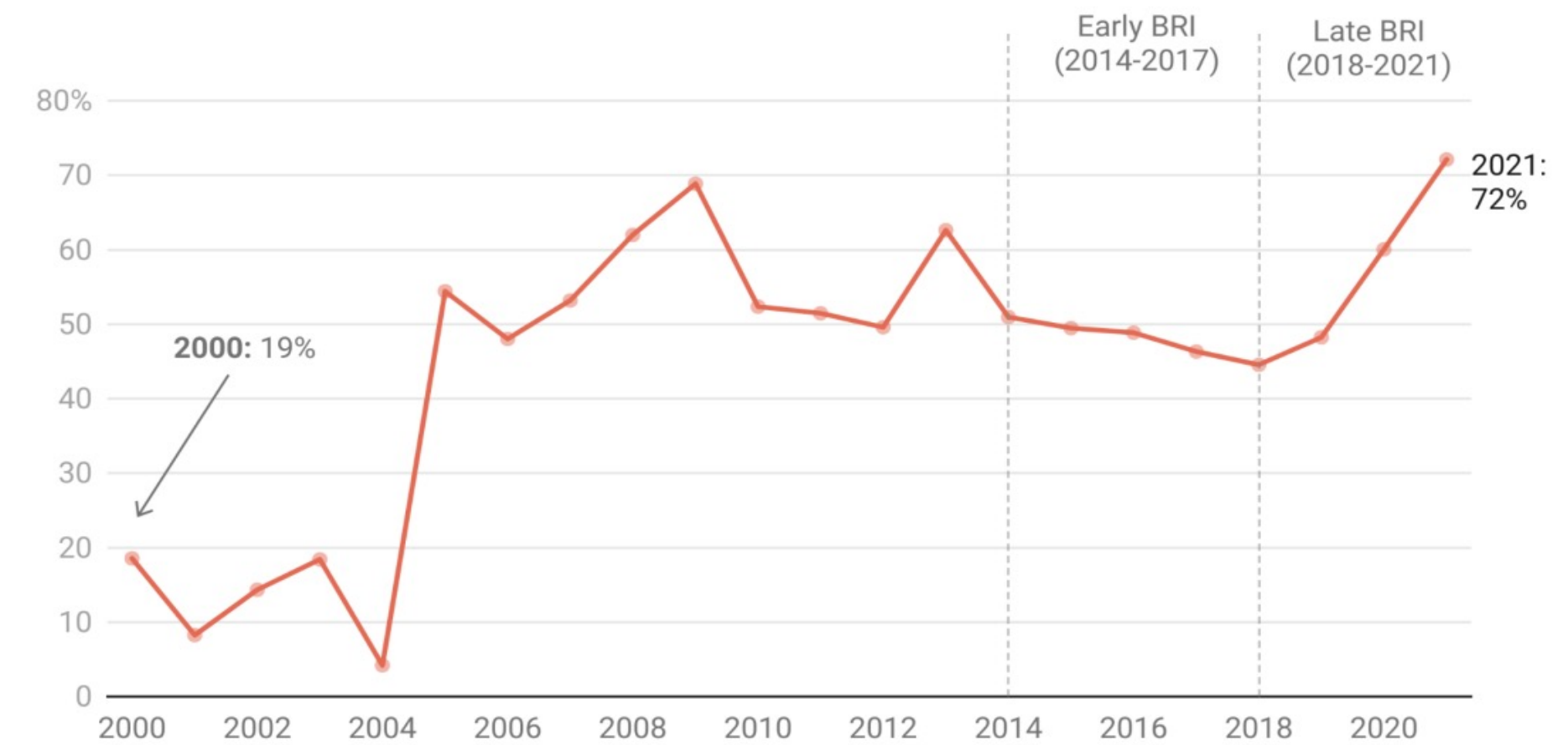
Composition of China's loan portfolio by financial instrument

Percentage of official sector lending from China to low- and middle-income countries



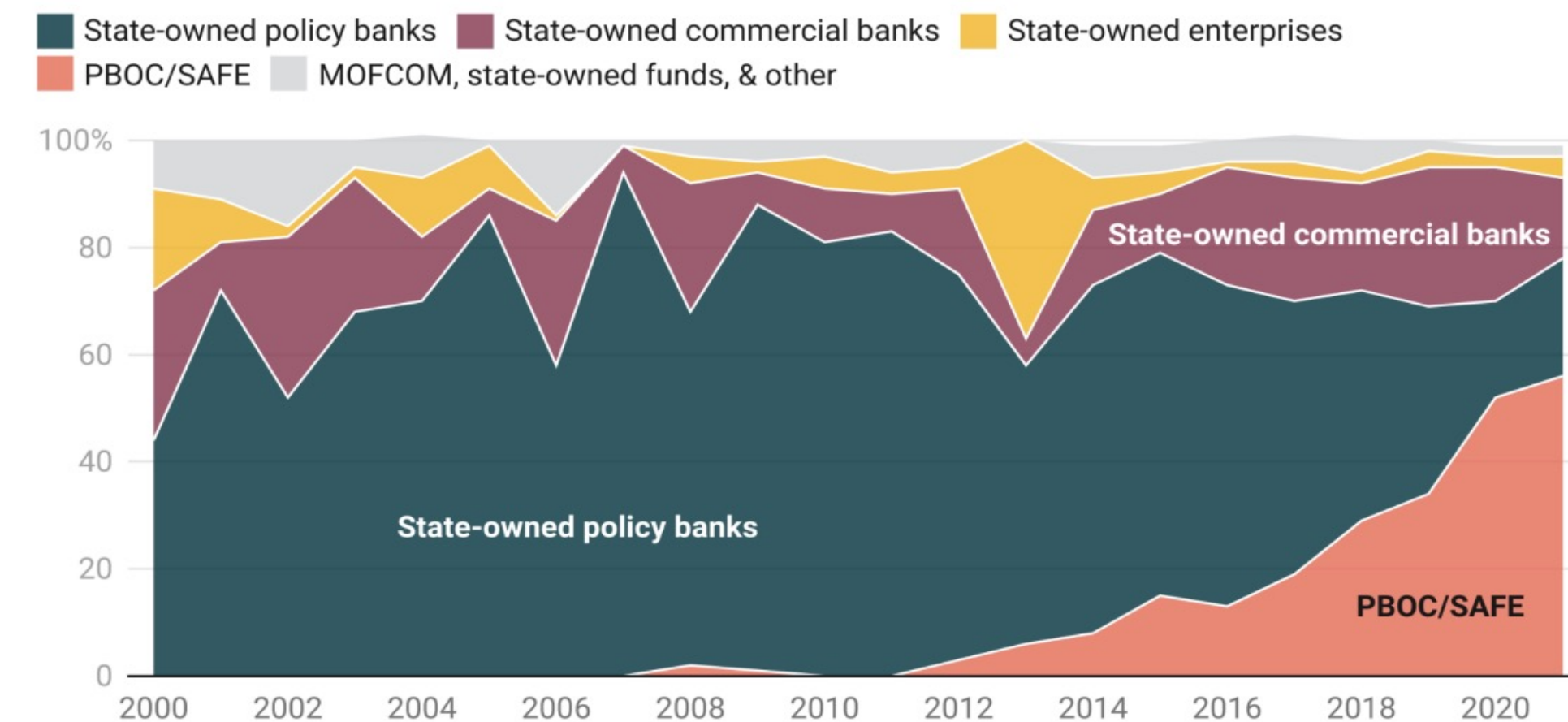
Loan portfolio backed by collateral

Percentage of China's official sector lending commitments (in constant 2021 USD) to LICs and MICs backed by collateral



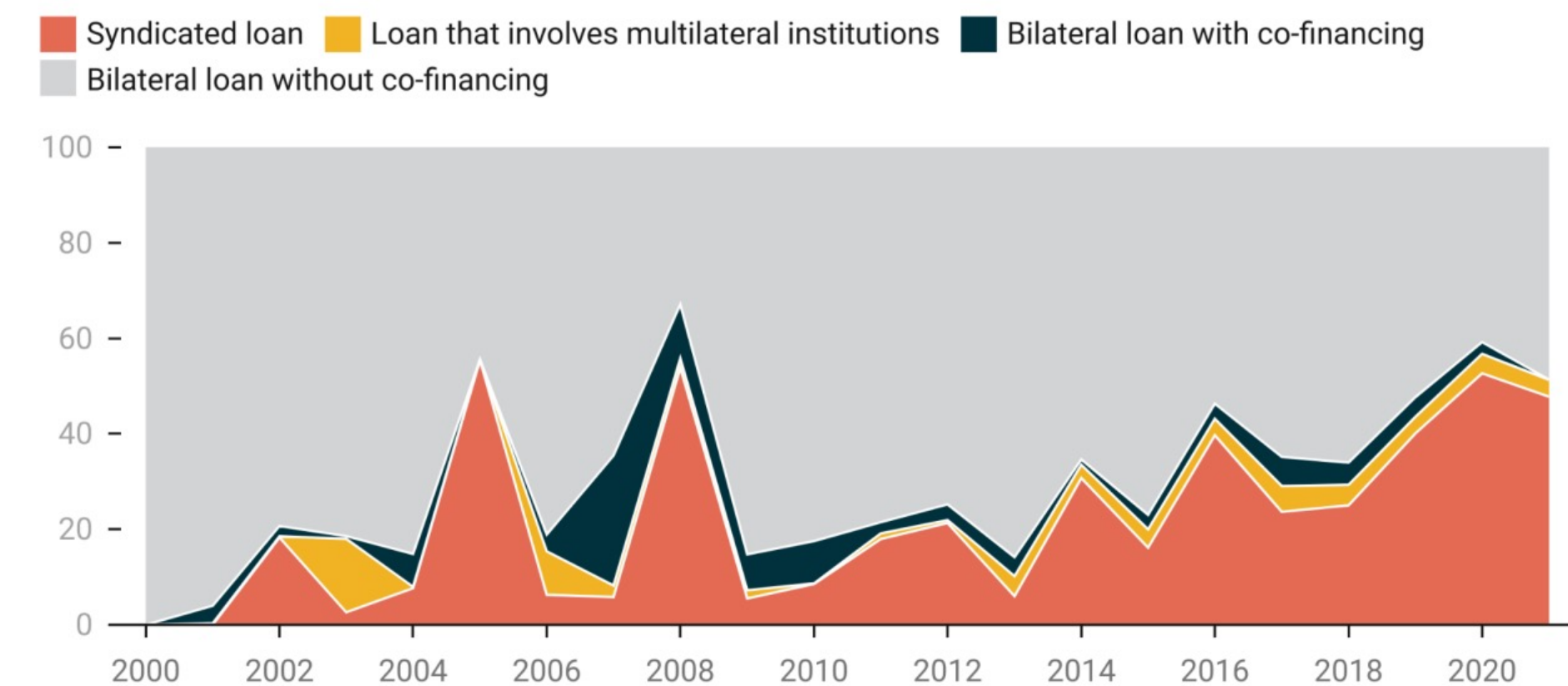
Composition of China's loan portfolio by creditor category

Percentage of official sector lending from China (in constant 2021 USD) to low- and middle-income countries



Composition of non-emergency lending portfolio by channel of delivery

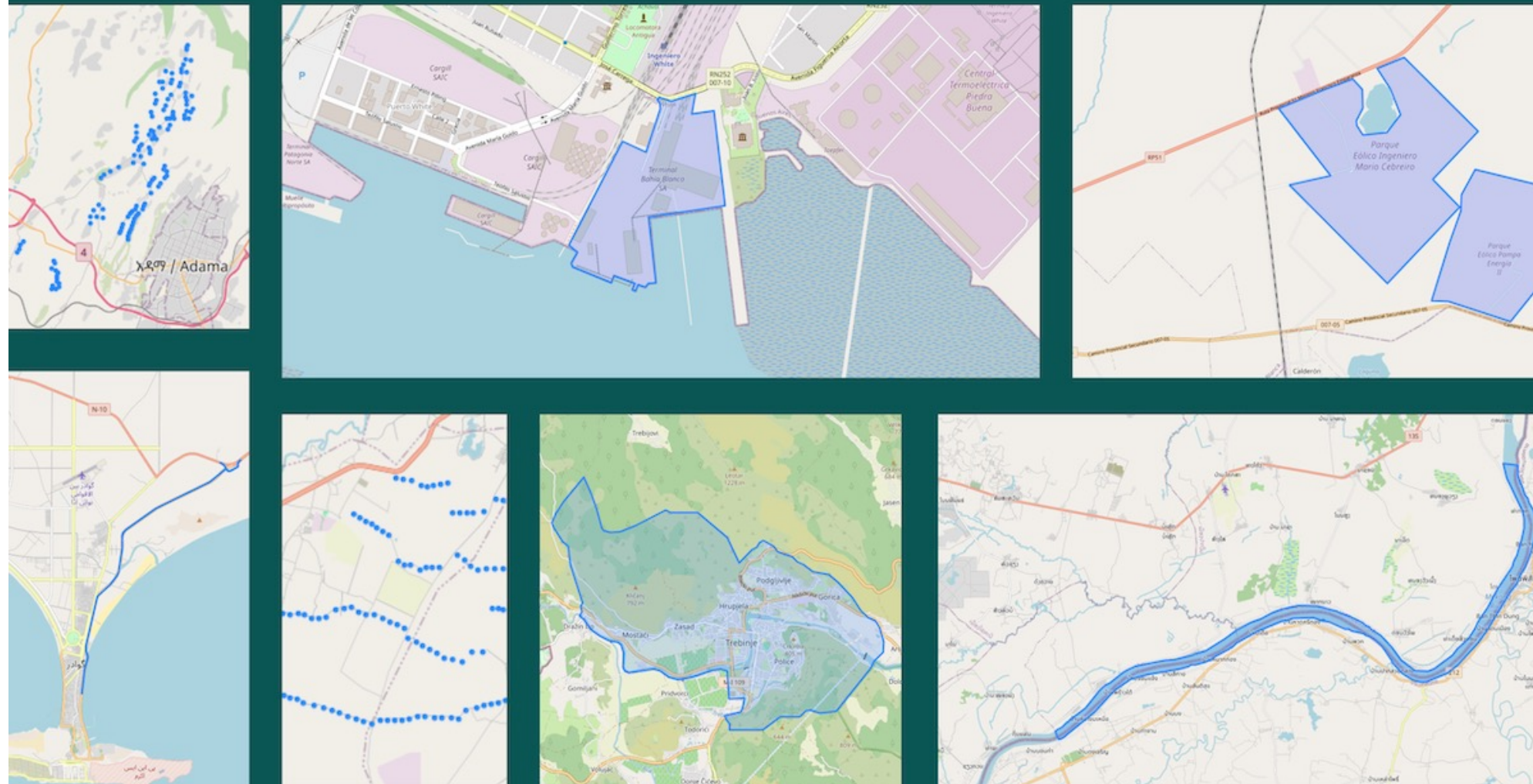
Percentage of official sector lending commitments from China (in constant 2021 USD) to LICs and MICs



* These figures are drawn from Parks, Bradley C., Ammar A. Malik, Brooke Escobar, Sheng Zhang, Rory Fedorochko, Kyra Solomon, Fei Wang, Lydia Vlasto, Katherine Walsh, and Seth Goodman. 2023. *Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative*. Williamsburg, VA: AidData at William & Mary. For a country-year panel dataset on China's emergency rescue lending operations between 2000 and 2021, see Horn, Sebastian, Bradley C. Parks, Carmen M. Reinhart, and Christoph Trebesch. 2023. *China as an International Lender of Last Resort*. NBER Working Paper No. 31105. Cambridge, MA: National Bureau of Economic Research (NBER).

Nature's **scientific data**

AidData's Geospatial Global Chinese Development Finance Dataset



June 2024

Seth Goodman, Sheng Zhang, Ammar A. Malik,
Bradley C. Parks, and Jacob Hall

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- Geospatial GCDF (Version 3.0) dataset published in June 2024 (Goodman et al. 2024).
 - It is accessible via <https://www.aiddata.org/data/aiddatas-geospatial-global-chinese-development-finance-dataset-version-3-0>
 - The geospatial data on Chinese grant- and loan-financed projects and activities can also be easily merged with outcome/covariate data and extracted in customizable geographical (subnational) units via GeoQuery (<https://geo.aiddata.org/>)
- **First wave** of causally-ID'ed studies used annual, **ADM1- or ADM-2 level treatment, outcome, and covariate data.**
- **Second wave** focused on measuring **spatio-temporal rollout of treatment at higher levels of precision** (e.g., village level, 1 km x 1 km grid cell level, daily/monthly/quarterly rather than annual observations)
- These data can be particularly useful for:
 - identifying **spatially and temporally heterogenous treatment effects**
 - **unpacking macro-level effects** (i.e., understanding relationships between local and national/international effects)

Select a Boundary to Begin Data Extraction

Brazil GADM 2.8

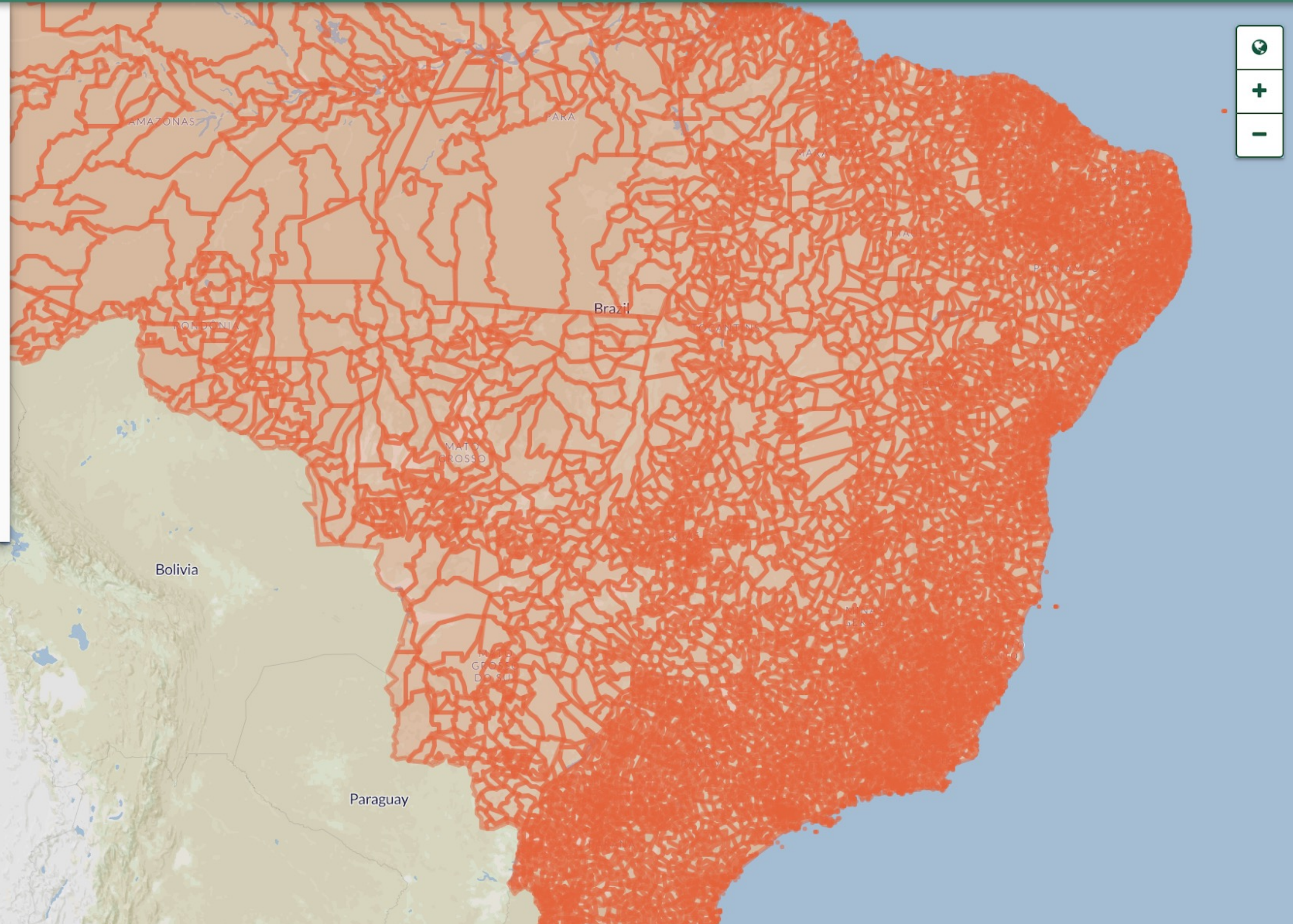


Select a Subboundary

- ☐ Brazil ADM1 Boundary - GADM 2.8
- ☐ Brazil ADM2 Boundary - GADM 2.8
- ☒ Brazil ADM3 Boundary - GADM 2.8

« BACK

SEARCH DATASETS »



Thika Superhighway Project

China Eximbank-financed project implemented between 2009 and 2011

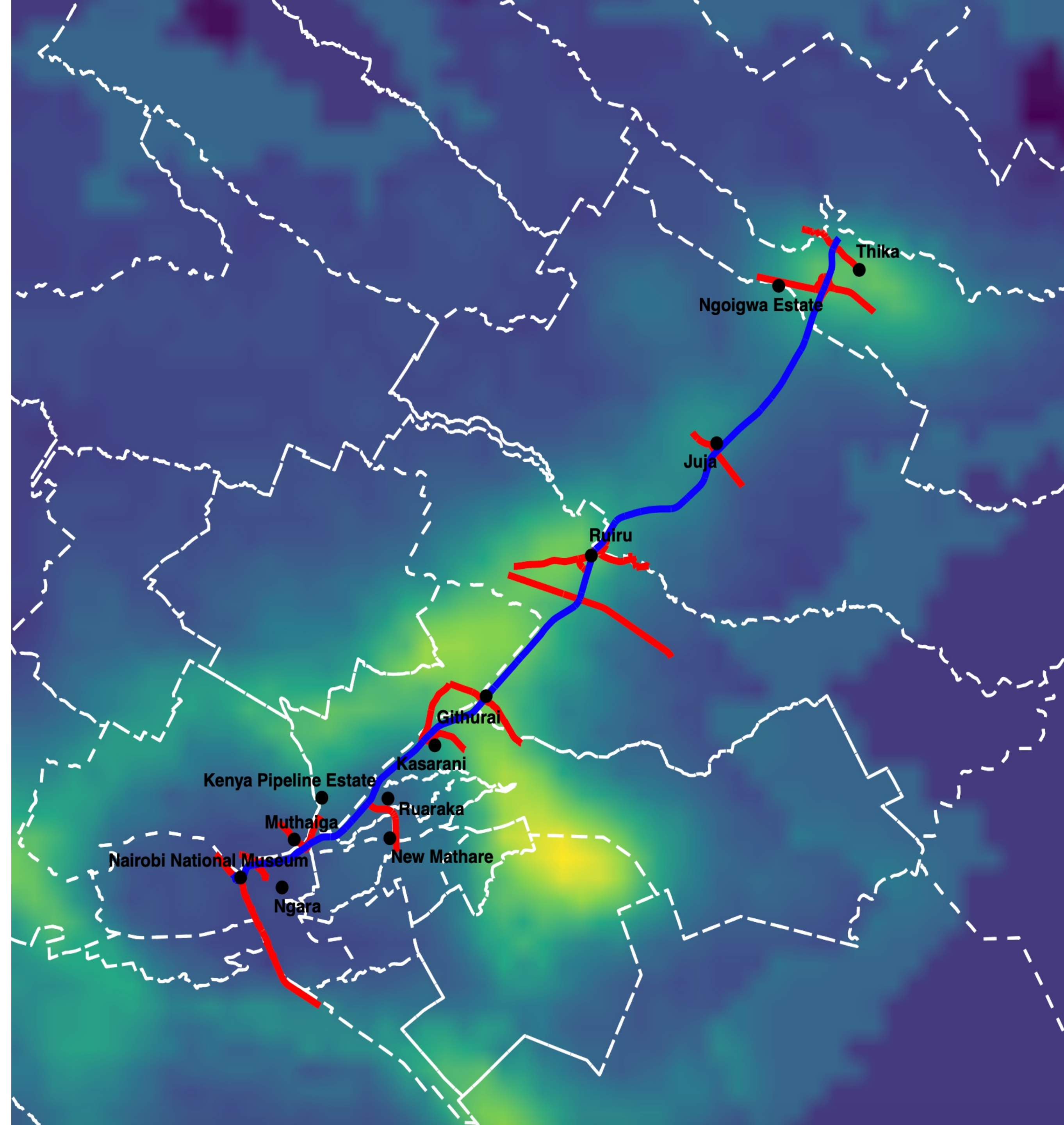
Goal was to reduce congestion and travel times between Nairobi and satellite towns by widening and improving an existing 50km highway

Map visualizes spatial distribution of changes in remotely sensed local economic activity during and after project implementation; **particularly large increases in the near the interchanges that connect satellite towns to the highway**

Journey speeds rose from 8 km per hour to at least 45 km per hour in sections with the highest registered traffic

Travel times from Thika to Nairobi fell from 2-3 hours to 30-45 minutes

* This analysis is drawn from Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J. Tierney. 2022. *Banking on Beijing: The Aims and Impacts of China's Overseas Development Program*. Cambridge, UK: Cambridge University Press.





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Highway to the forest? Land governance and the siting and environmental impacts of Chinese government-funded road building in Cambodia[☆]

Christian Baehr^a, Ariel BenYishay^{b,*}, Brad Parks^b

^a Princeton University, United States of America

^b William & Mary, AidData, United States of America

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ABSTRACT

China is now the world's largest official source of infrastructure financing to the developing world, providing more than \$85 billion of financing annually. However, very little is known about the environmental risks posed by these projects. We study the siting and impacts of Chinese government-funded road improvements in Cambodia, where over the past two decades China's state-owned banks have supplied more than \$4 billion for 30 projects building, rehabilitating, and upgrading over 3000 km of major roadways. Cambodia's forests contain some of the most biologically diverse habitats in the world, and they have experienced high levels of deforestation over the past two decades. We generate and subnationally geo-reference a dataset of Chinese government-financed road projects between 2003 and 2021. We first show that, unlike financing from the World Bank, Chinese government financing for road projects is disproportionately located in areas with more plantations and concessions. We then merge these data with two decades of satellite data on forest cover. Using the spatial and temporal roll-out of the highway improvements for causal identification, we find that these projects led to significant declines in forest cover, particularly in nearby plantations, where more than half of tree cover was lost. These effects are largest after the construction is completed, and driven by changes in market access for rubber plantations (mediated by shifts in global rubber prices).

1. Introduction

The rapid loss of tropical forests is a major global challenge, despite many efforts to address the problem (Hansen et al., 2013; Achard et al., 2014). In Southeast Asia, tropical forest loss often involves conversion to monoculture (rubber and palm oil) plantations that can increase local and foreign incomes while reducing carbon stocks, biodiversity, and above- and below-ground ecological functions (Clough et al., 2016; Warren-Thomas et al., 2018). Efforts to combat this conversion have focused on reducing land concessions to large-scale producers and altering the incentives of smallholders (e.g., via payments for ecosystem services).

[☆] We received valuable feedback on earlier versions of this paper from Jennifer Alix-Garcia, Anupam Anand, Laura Malaguzzi Valeri, Helen Ding, Joe Thwaites, John Watkin, Christopher Holtz, and Pasita Chaijaroen. We also owe a debt of gratitude to Gabrielle Gaddi, Juliana Mitchell, and Vincent Tandaw, who helped collect and georeference a large dataset of Chinese development projects for this study. Additionally, we thank the John D. and Catherine T. MacArthur Foundation, United States and the US Agency for International Development (under cooperative agreement AID-OAA-A-12-00096) for generous funding that made this study possible. The views expressed here do not necessarily reflect the views of the John D. and Catherine T. MacArthur Foundation, USAID, the U.S. Government, or the College of William and Mary. All remaining errors are our own.

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Spatio-temporal rollout of Chinese loan-financed highway projects in Cambodia

Year of Road Completion

2008

2010

2011

2012

2013

2014

2015

2016

2017

2018

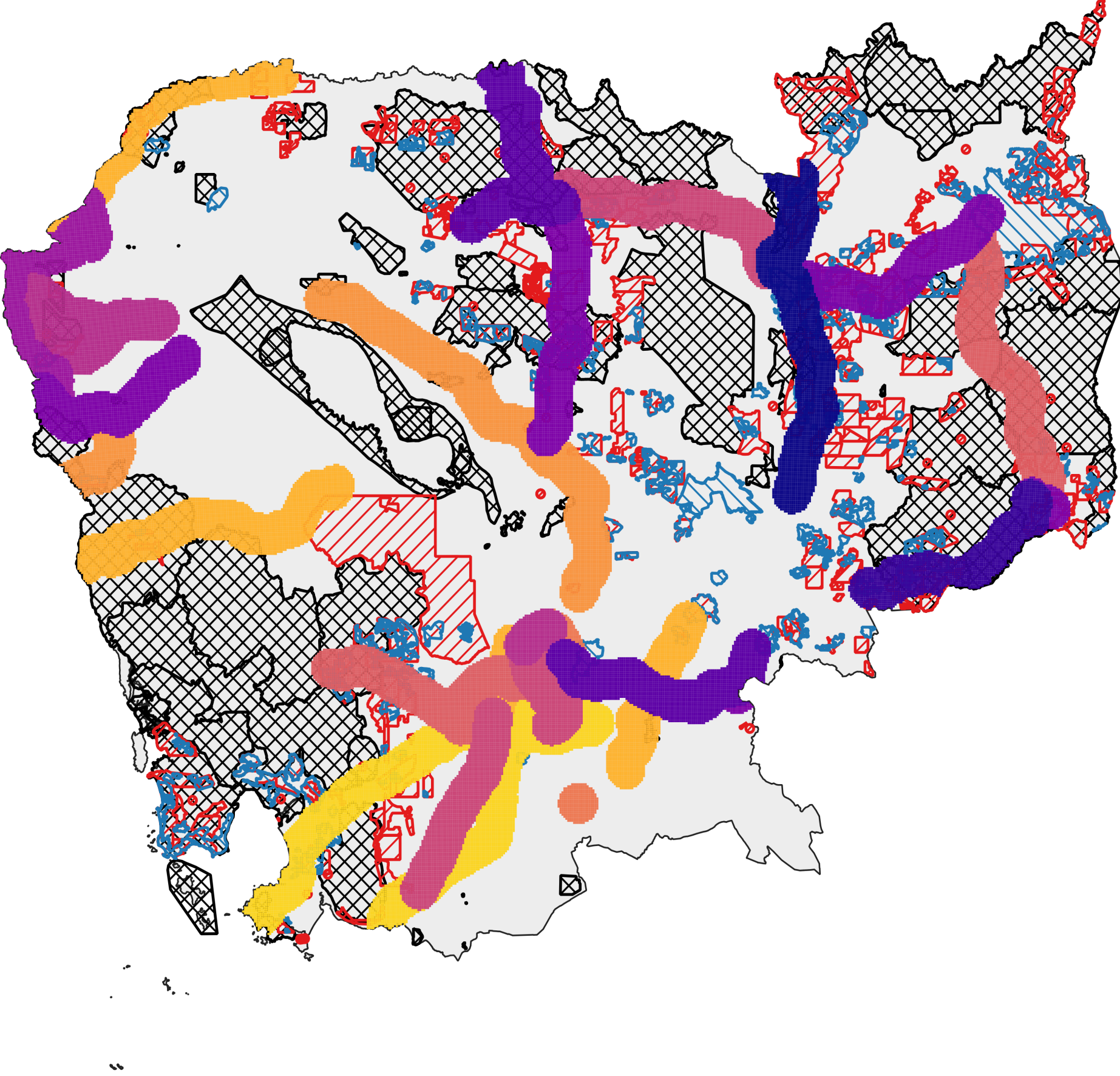
2020

2021

Plantation

Land Concession

Protected Area



Panel estimation with fixed effects at fine spatial and temporal scales to examine how a particularly high-risk set of Chinese development projects—30 China Eximbank and CDB-financed highway construction and rehabilitation projects — affected forest cover outcomes in Cambodia.*

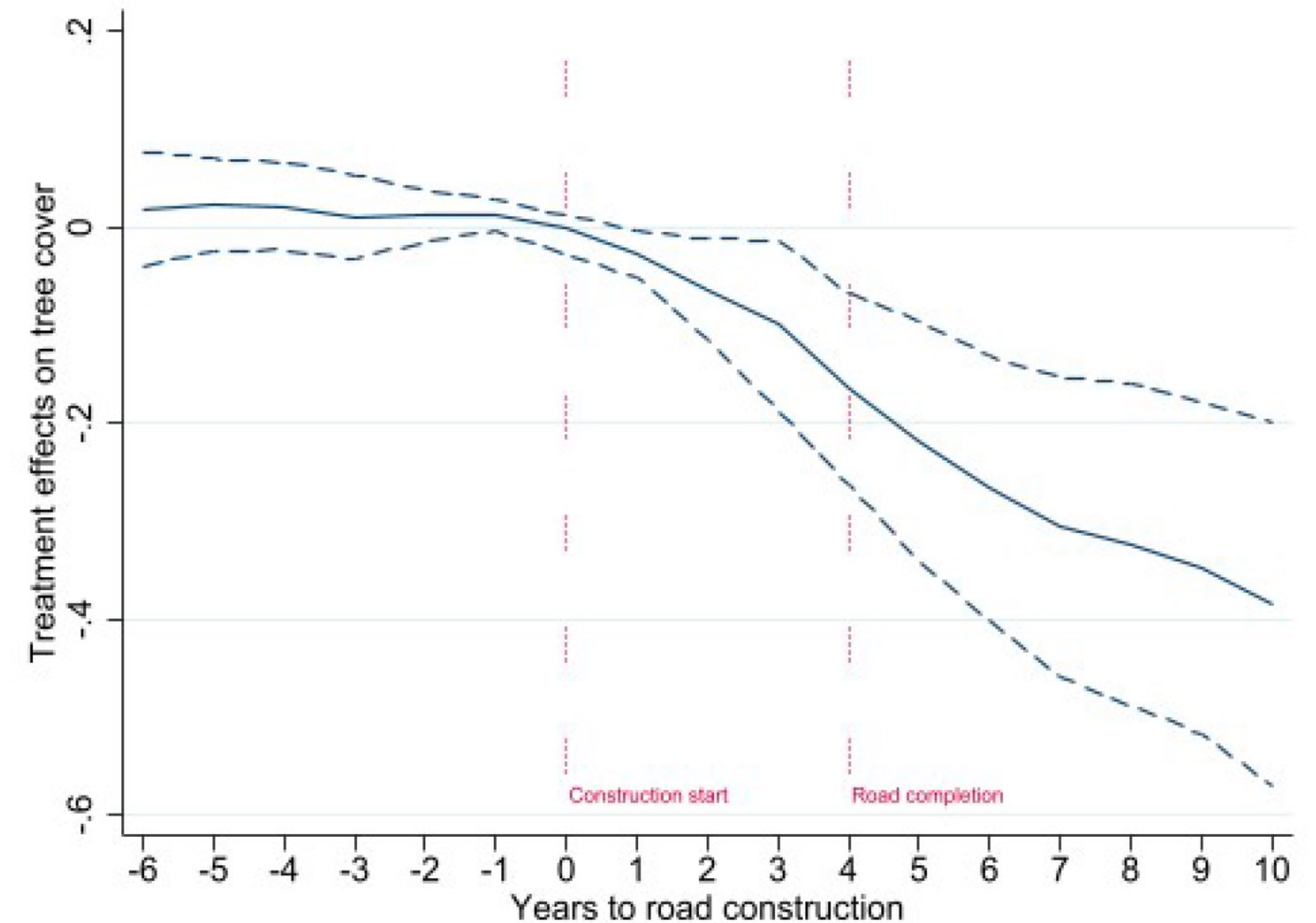
Using very high-resolution data on spatial and temporal rollout of the highway improvements for causal inference, study finds that these **China Eximbank and CDB-financed highway projects led to 25-50% reductions in forest cover.**

The **deforestation effects** appear not long after the beginning of highway construction and the effects **grow substantially larger after construction is completed.**

The largest losses have occurred around new highways in northern Cambodia—an area with especially high levels of forest cover density (at baseline) **where other foreign funders have deliberately avoided new highway construction.**

The worst effects are observed near plantations when rubber prices are high.

Forest Cover Impacts During Pretreatment, Treatment, and Posttreatment Periods



* This analysis is drawn from Baehr, Christian, Ariel BenYishay, and Bradley Parks. 2023. Highway to the forest? Land governance and the siting and environmental impacts of Chinese government-funded road building in Cambodia. *Journal of Environmental Economics and Management* 122: 102898

Official sector loan and grant commitments from China to HICs



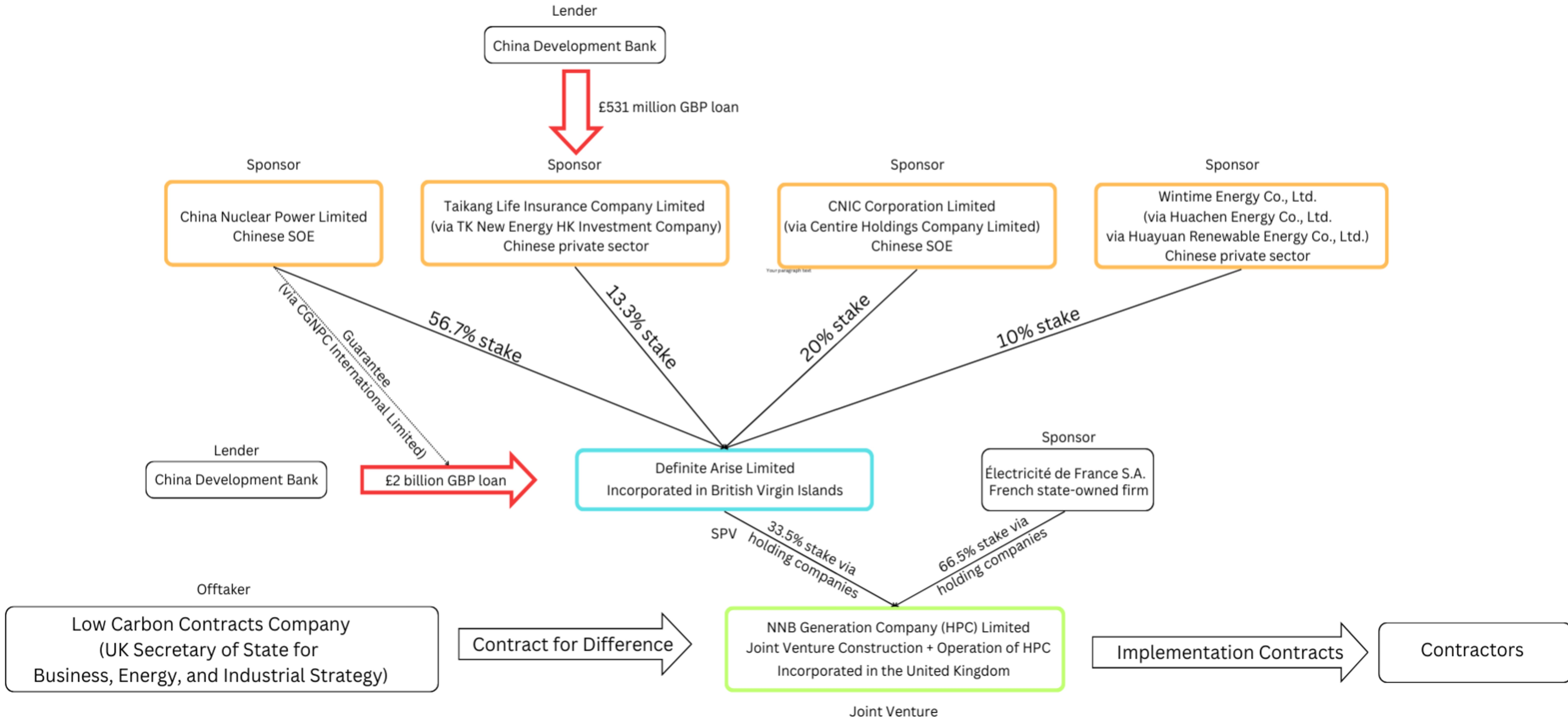
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High-income countries

The nature/scale of the measurement challenge

- **Key shortcoming of GCDF dataset** is that it **does not capture grant or loan commitments to high-income countries** (HICs)
 - BRI includes many HICs (e.g., Greece, Hungary, UAE, Saudi Arabia, Portugal, Poland) and BIS data indicate outstanding credit from Chinese banks to HIC borrowers was ~\$600 billion in 2021.
 - Another ~\$800 billion of outstanding credit directed to borrowers in OFCs (as of 2021). But unclear how much flowing to HICs vs. LICs/MICs via OFCs.
- **In late 2025 or early 2026, AidData plans to publish a comprehensive dataset of official sector financial flows from the PRC all HICs from 2000 to 2023**
- To address the “to vs. through” issue, we will assign 3 countries to each financial transaction in the HIC dataset (and LIC/MIC dataset)
 - Country where the project/activity takes place
 - Country where the borrowing institution is legally incorporated
 - Country where the owner(s) of the borrowing institution is (are) legally incorporated
- China’s HIC lending portfolio primarily consists of M&A lending, limited recourse project finance, and working capital/RC facilities for corporates.
- The dataset will create new **opportunities to understand how states use economic power to achieve geopolitical aims – and with what effects.**

Hinkley Point C Nuclear Power Plant Project



Terms and conditions in China's official sector lending contracts with LICs, MICs, and HICs



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How China Lends, Version 1.0 Dataset

- Implementation of AidData's TUFF methodology led to the discovery of **100** unredacted loan contracts between Chinese state-owned lenders and government borrowers in **24** LICs and MICs. Benchmarking sample consisted of **142** loan contracts from **28** DAC bilateral, non-DAC bilateral, multilateral, and commercial creditors.
- Development of **codebook -- based on Loan Market Association (LMA) template** for single currency term facility agreements in developing markets -- to systematically compare the terms and conditions of Chinese loan contracts and those in the benchmarking sample.
- **Two independent teams** (one at Kiel and one at Georgetown) **coded the contracts.**
- The *How China Lends Dataset, Version 1.0 Dataset* is accessible via <https://www.aiddata.org/data/how-china-lends-dataset-version-1-0>.
 - It captures the financial characteristics (e.g. principal, interest, currency, maturity, amortization schedule, collateral, guarantees) and non-financial characteristics (e.g. seniority, confidentiality, events of default, termination and cancellation rights, governing law, and sovereign immunity) of each loan **contract**
- All contracts are publicly accessible in an **online repository that is searchable by lender, borrower, sector, and contract clause** via <https://www.aiddata.org/how-china-lends>



How China lends: a rare look into 100 debt contracts with foreign governments

Anna Gelpern, Sebastian Horn, Scott Morris, Brad Parks and Christoph Trebesch*

Georgetown Law and Peterson Institute for International Economics, USA; Kiel Institute for the World Economy, Germany; Center for Global Development, USA; AidData, William and Mary and Center for Global Development, USA; Kiel Institute, Kiel University and CEPR, Germany

* We thank Olivier Blanchard, Lee Buchheit, Guy-Uriel Charles, Mitu Gulati, Patrick Honohan, Nicholas Lardy, Adnan Mazarei, Ugo Panizza, Carmen M. Reinhart, Arvind Subramanian, Edwin M. Truman, Jeromin Zettelmeyer, two anonymous reviewers and the participants in March 2021 workshops at the Peterson Institute for International Economics (PIIE) and the Wharton School for comments on an earlier version of this paper. We also thank Eva Zhang at PIIE for reviewing our data and replicating our analysis, as well as John Custer, Parker Kim and Soren Patterson at AidData for copyediting, formatting and graphic design of the final publication. We also owe a debt of gratitude to the large team of research assistants – including Aiden Daly, Alex McElya, Amelia Grossman, Andrew Brennan, Andrew Tanner, Anna East, Arushi Aggarwal, Bat-Enkh Baatarkhuu, Beneva Davies-Nyandeho, Carina Bilger, Carlos Hoden-Villars, Caroline Duckworth, Caroline Morin, Catherine Pompe van Meerdervoort, Cathy Zhao, Celeste Campos, Chifang Yao, Christian Moore, Claire Schlick, Claire Wyszynski, Connor Sughrue, Dan Vinton, David (Joey) Lindsay, Eileen Dinn, Elizabeth Fix, Elizabeth Pokol, Emma Codd, Emmi Burke, Erica Stephan, Fathia Dawodu, Florence Noorinejad, Gabrielle Ramirez, Georgiana Reece, Grace Klopp, Haley VanOverbeck, Han (Harry) Lin, Hannah Slevin, Harin Ok, Isabel Ahlers, Jack Mackey, Jiaxin Tang, Jiaying Chen, Jim Lambert, Jingyang Wang, Jinyang Liu, John Jessen, Johnny Willing, Jordan Metoyer, Julia Tan, Julian Allison, Lukas Franz, Kacie Leidwinger, Kathryn Yang, Kathryn Zicarelli, Kathryn Wellacher, Kieffer Gilman Strickland, Kiran Rachamalla, Leslie Davis, Linda Ma, Lydia Vlasto, Mary Kibiswa, Mary Trotto, Mattie Boes, Maya Priestley, Mengting Lei, Mihika Singh, Molly Charles, Natalie Larsen, Natalie White, Nate Gelfand-Toutant, Olivia Le Menestrel, Olivia Yang, Paige Groomer, Paige Jacobson, Patrick Loeffler, Pooja Tanjore, Qjer Tan, Raul De La Guardia, Richard Robles, Rodrigo Arias, Rory Fedorochko, Ryan Harper, Sam LeBlanc, Samantha Rofman, Sania Shahid, Sarah

3 main findings from Gelpern et al. (2023)*

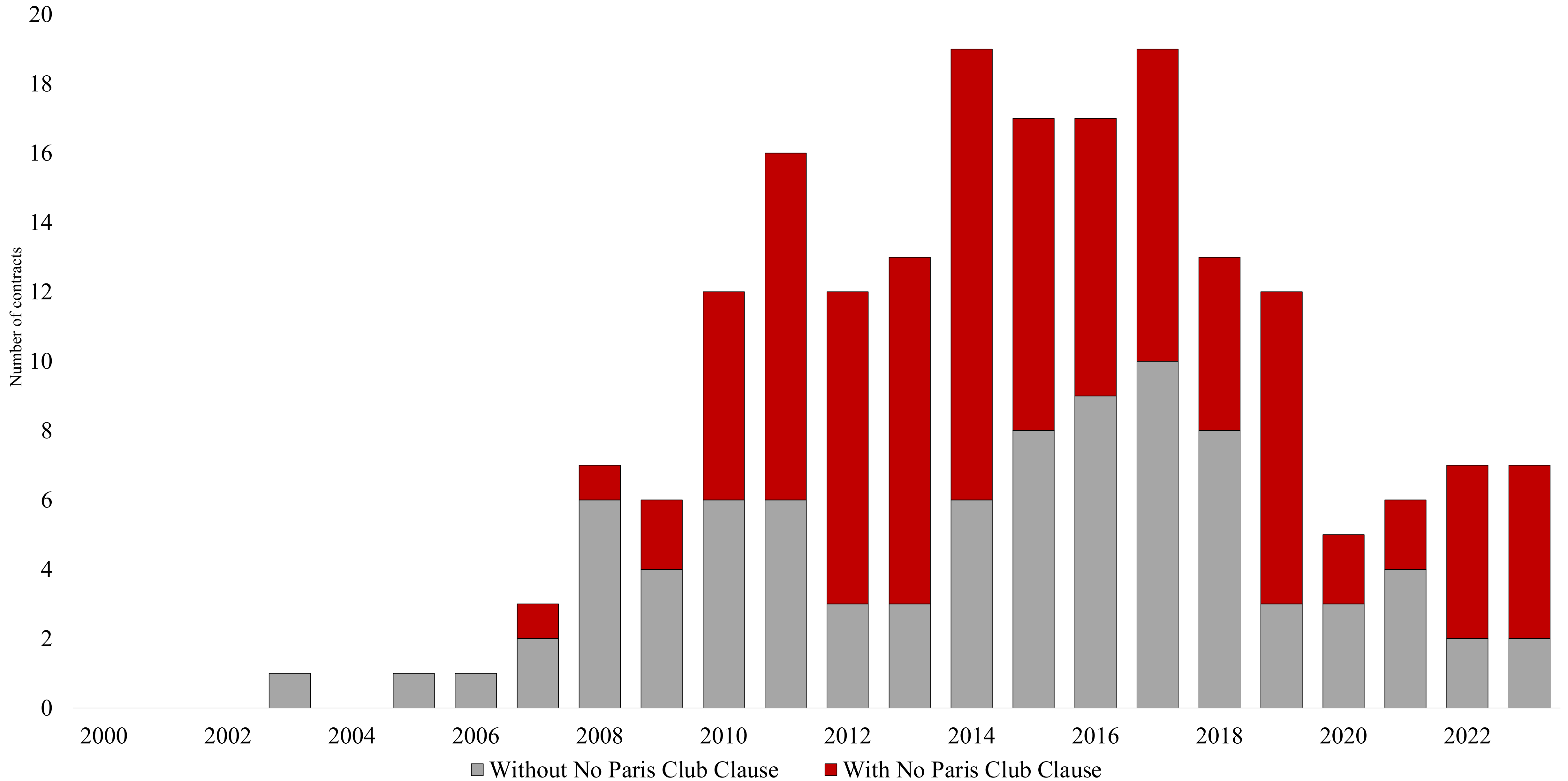
1. Chinese loan contracts impose **unusually expansive confidentiality obligations that prevent borrowers from revealing the terms or even the existence of the loans**. Also, Chinese loan contracts have become more secretive over time, with a confidentiality clause in every contract in the sample since 2014.
2. 75% of Chinese loan contracts in our sample contain a **unique clause that expressly commits borrowers to exclude Chinese claims from restructurings with the Paris Club and from any comparable debt treatment**. No comparable clause in the benchmark sample.
3. Chinese state-owned banks use contracts to position themselves as senior creditors whose loans should be repaid on a priority basis. Nearly a third of the contracts include a **requirement that borrowing countries maintain significant cash balances in lender-controlled escrow accounts**. This practice is rare among multilateral, DAC bilateral, non-DAC bilateral creditors, but less unusual among commercial creditors.

* These findings are drawn from Gelpern, Anna, Sebastian Horn, Scott Morris, Bradley C. Parks, Christoph Trebesch. 2023. How China Lends: A Rare Look into 100 Debt Contracts with Foreign Governments. *Economic Policy* 38 (114): 345–416.

How China Lends, Version 2.0 Dataset

- Implementation of AidData's TUFF methodology led to the discovery of **325** unredacted loan contracts between Chinese state-owned lenders and borrowers in **52** LICs and MICs
- Whereas 1.0 dataset primarily consisted of bilateral loans from China's state-owned policy banks (China Eximbank and China Development Bank) to government borrowers in LICs and MICs, the 2.0 dataset includes:
 - Loans from Chinese state-owned enterprises
 - Loans from Chinese state-owned commercial banks
 - Syndicated loans (with Chinese state-owned creditor participation)
 - Chinese MOF/PBOC loans entrusted to multilateral administrators
 - Loans issued to SOEs, SPVs/JVs (with and without host government ownership), and private sector borrowers
 - Security agreements (e.g., escrow account agreements, share pledge agreements, mortgage agreements)
 - Temporal coverage through 2024
- The *How China Lends Dataset, Version 2.0 Dataset* is currently being developed by researchers at Kiel Institute for the World Economy, WB, Georgetown Law, and AidData. **Slated for public release in Q1 2025.**

No Paris Club Clause in Chinese loan contracts



Restructurings, haircuts, and financial returns



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The new era of “debt restructurings galore”

Number of rescheduled official sector loans from China

Count of rescheduling events for PPG, private, and other loans in low- and middle-income countries by year

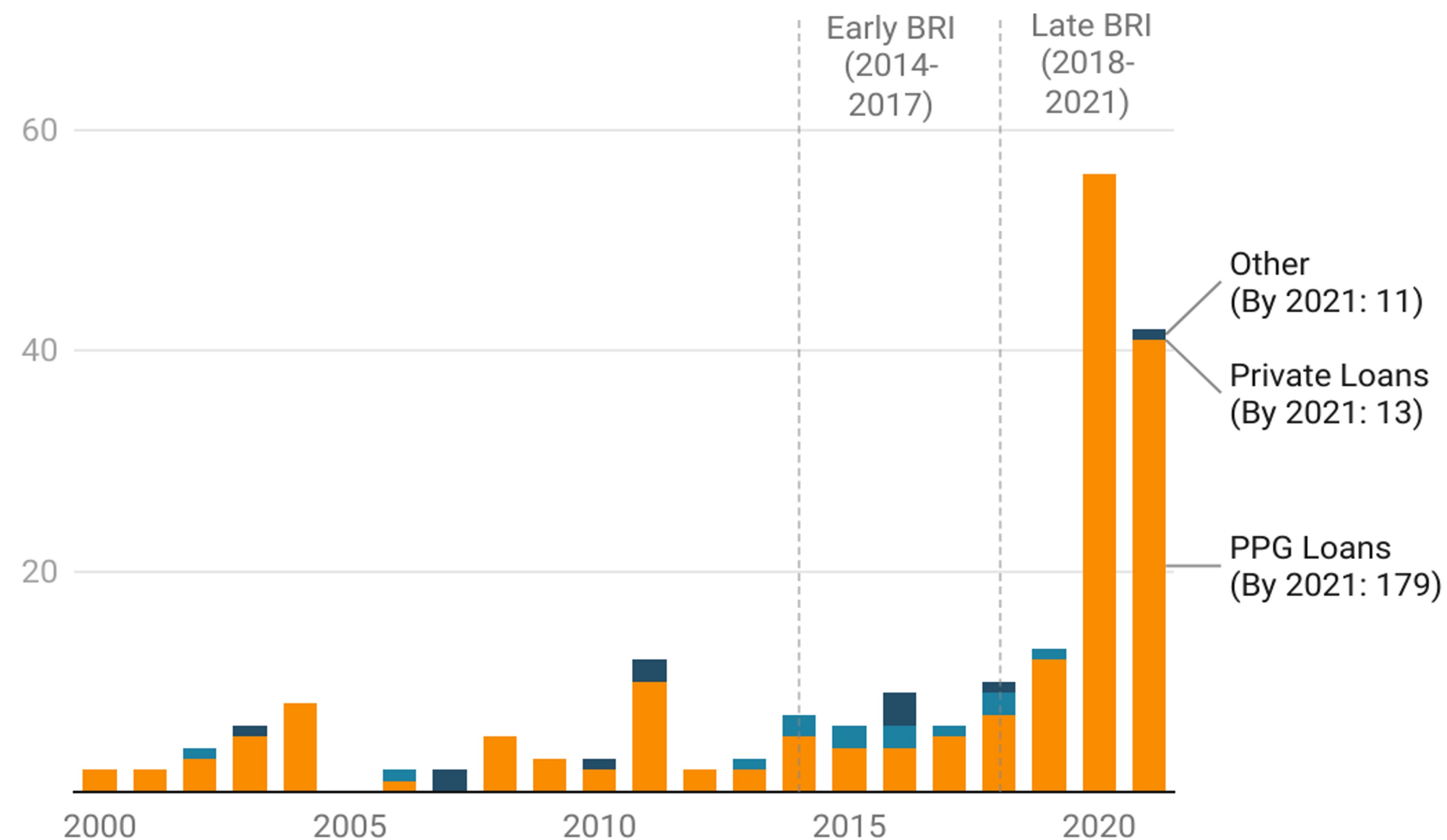


Chart: 'Other' includes potential public liability and unallocable loans • Created with Datawrapper

Since 2019, **PPG debt repayments to China have exceeded loan disbursements to PPG borrowers***

3.0 version of AidData's GCDF dataset documents a sharp increase in restructuring events at the same time

More than two-hundred rescheduling events in 2021 alone, **the majority of which affected PPG loans**

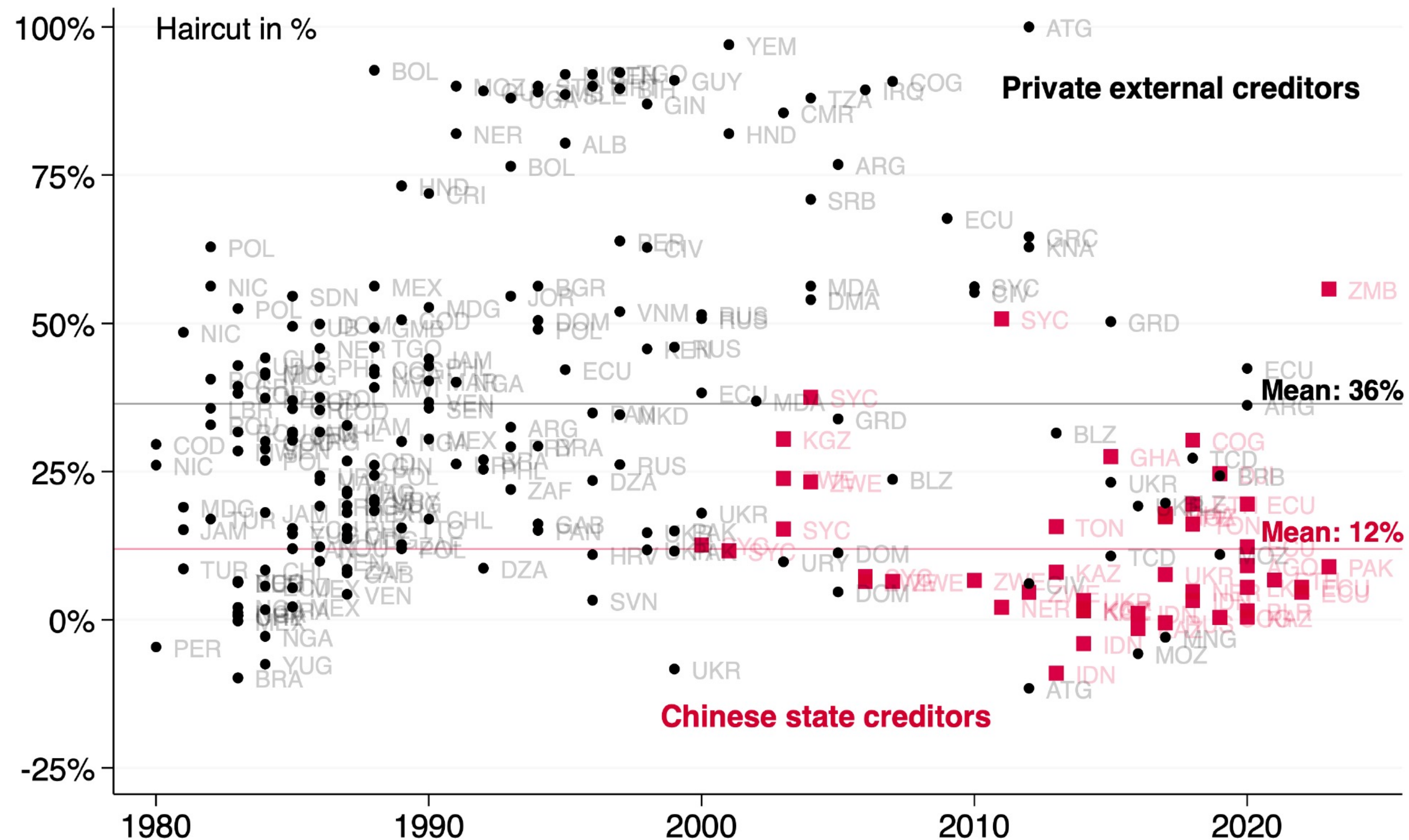
This figure is drawn from Parks, Bradley C., Ammar A. Malik, Brooke Escobar, Sheng Zhang, Rory Fedorochko, Kyra Solomon, Fei Wang, Lydia Vlasto, Katherine Walsh, and Seth Goodman. 2023. *Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative*. Williamsburg, VA: AidData at William & Mary

* Horn, Sebastian, Bradley C. Parks, Carmen M. Reinhart, and Christoph Trebesch. 2023. Debt Distress on China's Belt and Road. *AEA Papers and Proceedings* 113: 131-134.

Restructurings, haircuts, and financial returns

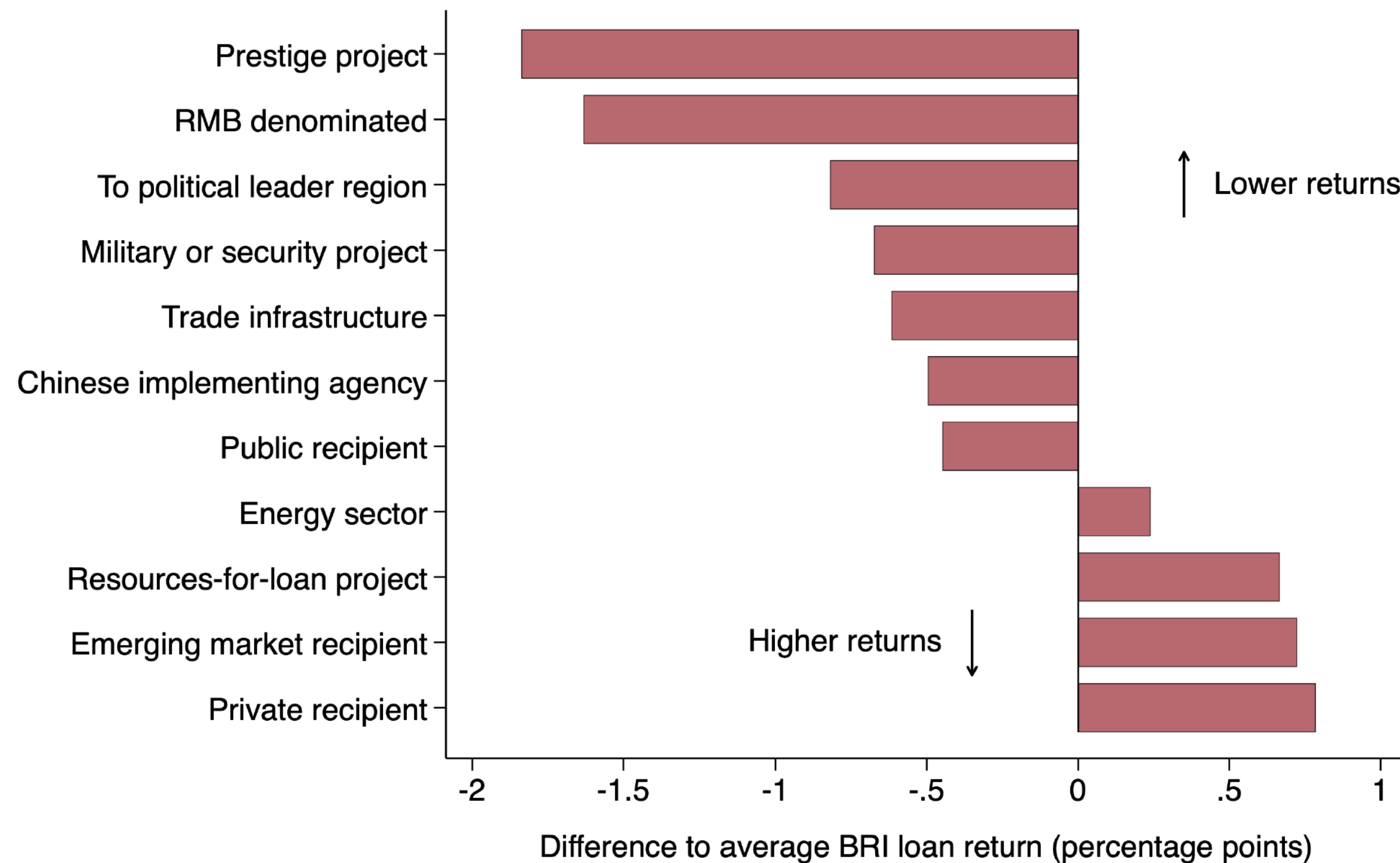
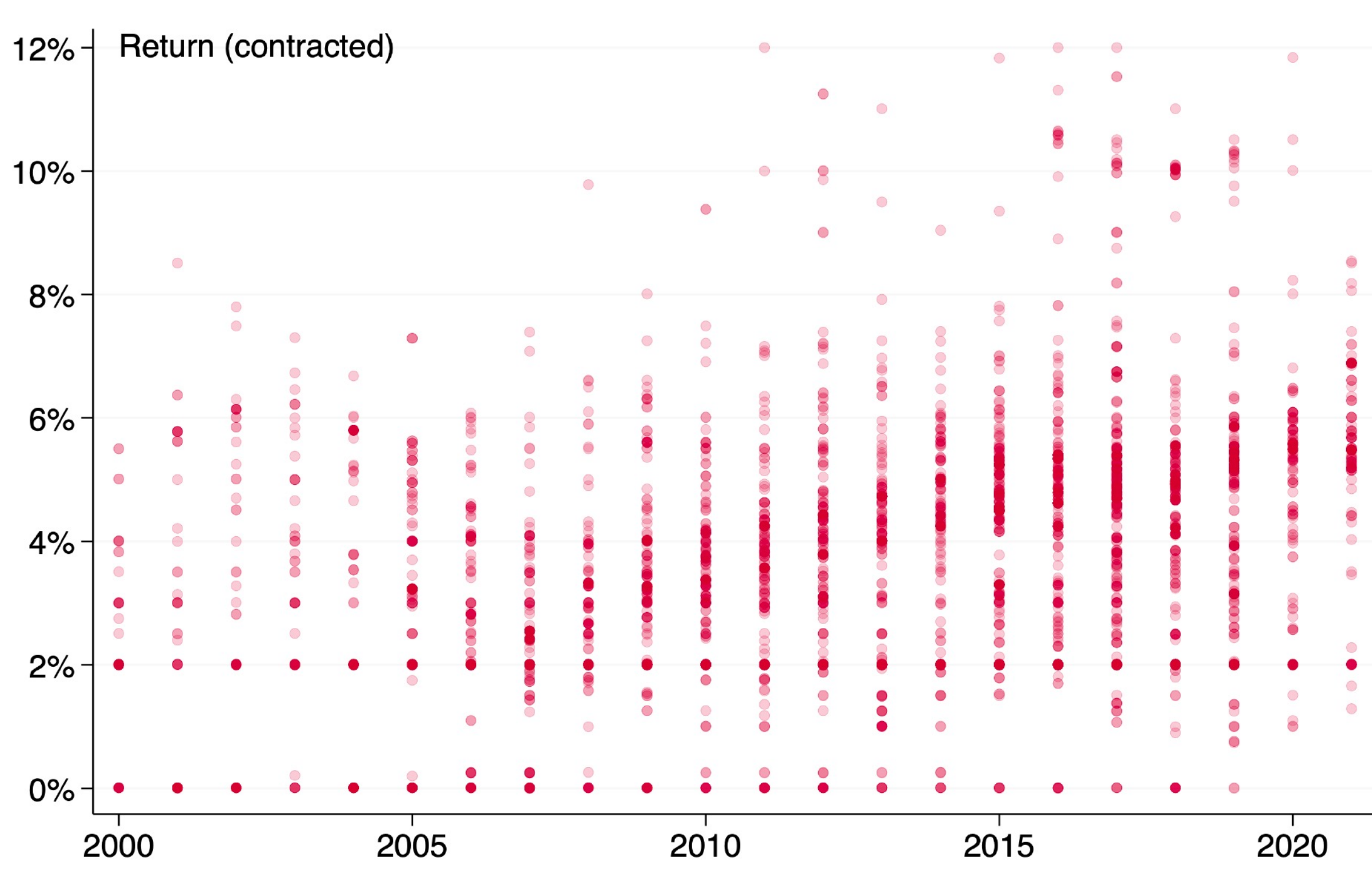
- Franz et al. (2024)* develop a **dataset on the terms of sovereign debt restructurings** between Chinese state-owned creditors and foreign governments over a 24-year period (2000-2023)
 - Based on sovereign debt rescheduling records in AidData's GCDF 3.0 dataset and standard case selection criteria from the literature (e.g., Cruces and Trebesch 2013).
 - Most Chinese restructurings only extend grace periods or maturities (no face value write-offs, few interest rate reductions)
 - Haircuts (measured as $1 - \frac{\text{Present value of new debt}}{\text{Present value of old debt}}$) taken by Chinese creditors on sovereign debt are small (mean: 12%)
- Franz et al. (2024) also develop **dataset on ex-ante (contracted) and ex-post (realized) financial returns for ~3,500 Chinese loans**
 - Ex-ante returns based on contracted repayments using GCDF 3.0 data on commitment amounts, grace periods, maturities, and interest rates. Ex-post returns integrate information on missed payments and restructurings into the contracted schedules to obtain realized repayment flows
 - Realized, real rate of return (so far): 1.7% p.a.
 - China trades off non-financial returns for non-financial returns. Gets bigger non-financial returns -- like trade and investment benefits & geopolitical concessions -- when it issues loans with low financial returns (favorable ex-ante borrowing terms).

Haircuts taken by Chinese creditors are relatively small



* These figures are drawn from Franz, Lukas, Sebastian Horn, Bradley C. Parks, Carmen M. Reinhart, and Christoph Trebesch. 2024. The Financial Returns on China's Belt and Road. Paper presented at Interdisciplinary Sovereign Debt Research and Management Conference on May 29, 2024.

What explains variation in ex-ante (contracted) financial returns?



* These figures are drawn from Franz, Lukas, Sebastian Horn, Bradley C. Parks, Carmen M. Reinhart, and Christoph Trebesch. 2024. The Financial Returns on China's Belt and Road. Paper presented at Interdisciplinary Sovereign Debt Research and Management Conference on May 29, 2024.

A dark blue world map with yellow city lights. The map is centered on the Atlantic Ocean, showing the continents of North America, South America, Europe, Africa, Asia, and Australia. The cities are represented by small yellow dots, with higher concentrations in North America, Europe, and East Asia.

Questions?



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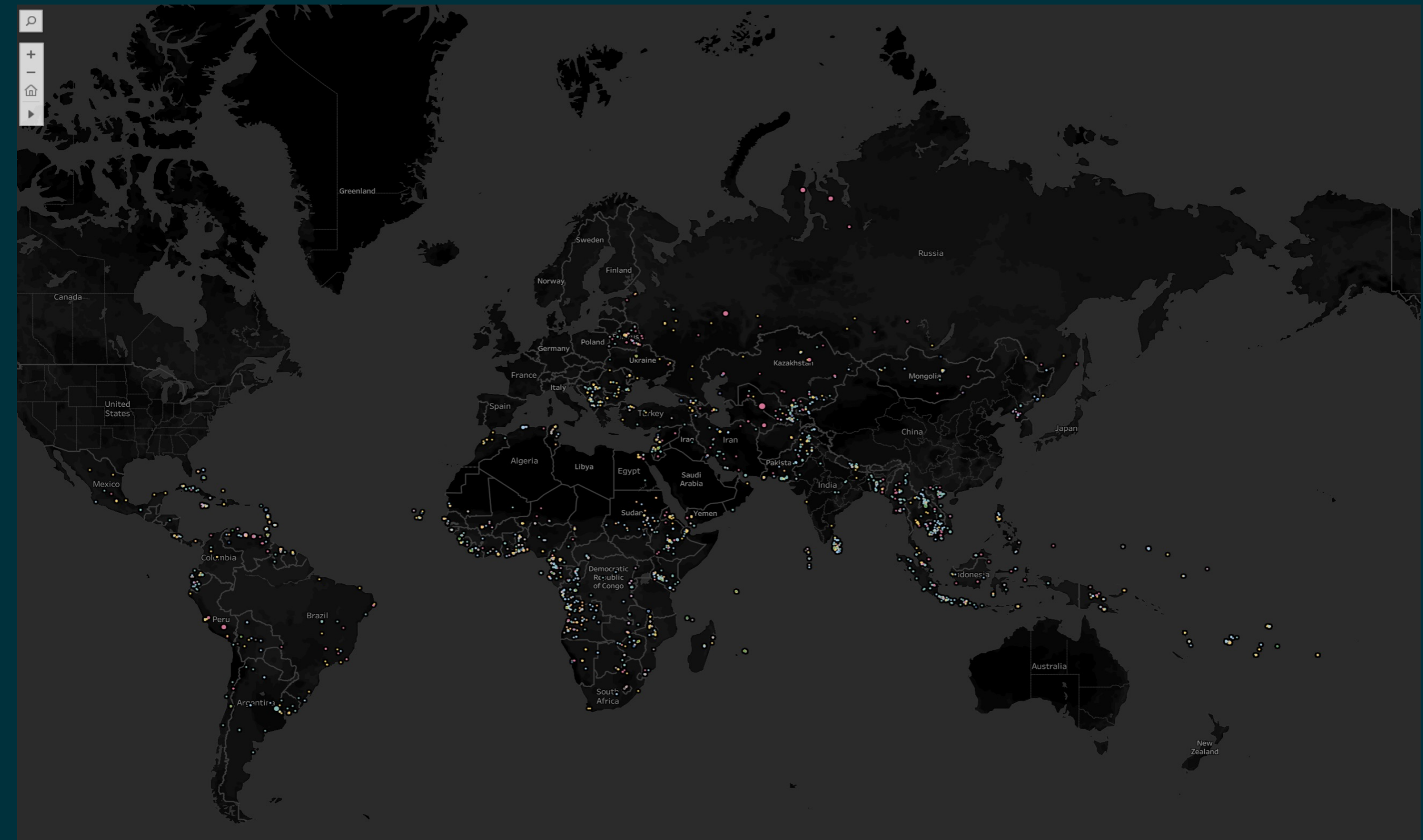
Extra Slides

What are Beijing's motivations for providing concessional and non-concessional credit?

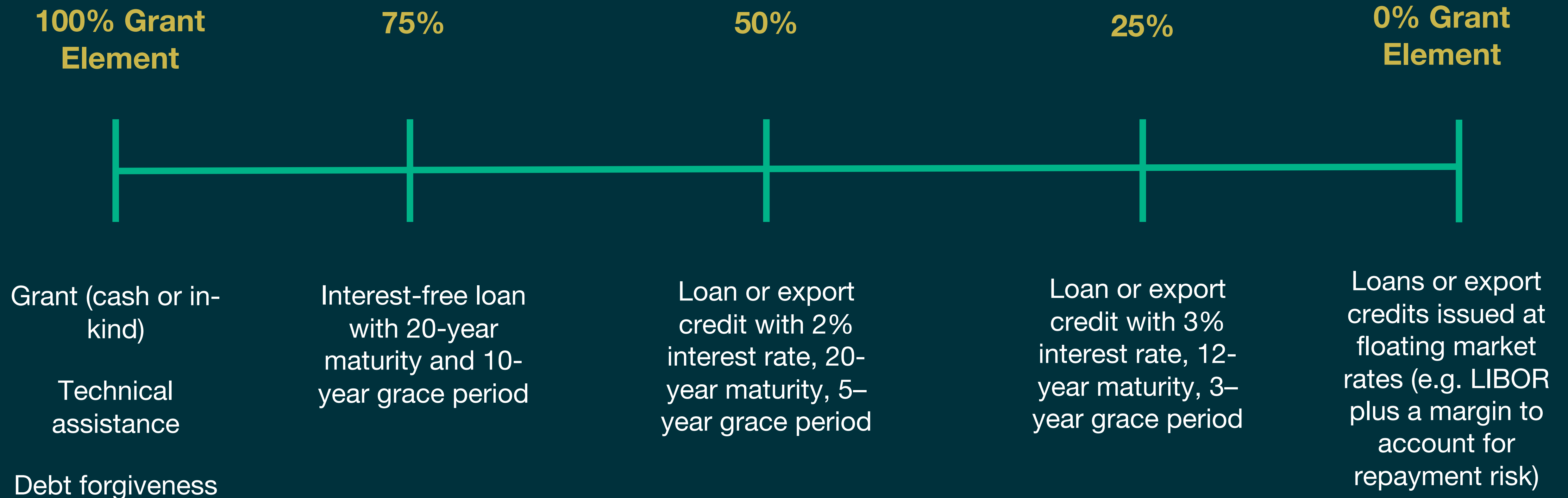
Where is the Money Going?

- Composition of China's official sector financial flows to low-income and middle-income countries: 10% ODA and 90% OOF
- 80% of Chinese ODA goes to 2 regions: Africa (42%) and Asia (38%);
- Chinese OOF more evenly spread across 4 regions: Asia (29%), Americas (26%), Europe (21%), and Africa (20%)
- Chinese ODA primarily consists of highly concessional, RMB-denominated loans for projects that cultivate and cement diplomatic ties and political alliances with other countries
- Chinese OOF primarily consists of USD-denominated loans and export credits that are priced at or near market rates and collateralized against future commodity export receipts or project revenues
- Chinese OOF favors "bankable" projects and resource-rich countries

Rank Order	Top 10 recipients of Chinese ODA	Top 10 recipients of Chinese OOF
1	Iraq	Russia
2	North Korea	Venezuela
3	Ethiopia	Angola
4	Indonesia	Brazil
5	Congo-Brazzaville	Kazakhstan
6	Pakistan	Indonesia
7	Sri Lanka	Pakistan
8	Cuba	Vietnam
9	Bangladesh	Ecuador
10	Myanmar	Laos



Chinese Development Finance on the Concessionality Spectrum



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Grants and interest-free loans from China's Ministry of Commerce	Concessional and semi-concessional loans from China Eximbank	Mostly non-concessional loans from China Development Bank and state-owned commercial banks
<div>Presidential palaces</div> <div>Parliamentary complexes</div> <div>Convention centers</div> <div>Stadiums</div> <div>Opera houses</div> <div>Museums</div> <div>Hospitals</div> <div>Schools</div>	<div>Highways</div> <div>Railways</div> <div>Bridges</div> <div>Power plants</div> <div>Electricity transmission lines</div> <div>Airports</div> <div>Seaports</div> <div>Telecommunication networks</div>	<div>Oil refineries</div> <div>Gas pipelines</div> <div>Cements plants</div> <div>Steel mills</div> <div>Industrial parks</div> <div>Mines</div> <div>Toll roads</div> <div>On-lending to SMEs</div>

Motivations for providing ODA*

Buying important votes at the UNGA, UNSC, and other intergovernmental organizations (e.g., maritime claims in the South China Sea)

- 10% increase in UNGA voting similarity yields 86% increase in Chinese aid, on average

Adherence to One-China policy; denying Taiwan diplomatic recognition

Building international coalitions; nature of Westphalian international system means China can purchase foreign policy support at a lower “price” in very poor/small countries

Sway public sentiment in China’s favor (in the hopes that it will “filter up” to governing elites)

*These results are drawn from Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J. Tierney. 2022. *Banking on Beijing: The Aims and Impacts of China’s Overseas Development Program*. Cambridge, UK: Cambridge University Press. Also, see Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin M. Strange, and Michael J. Tierney. 2018. Apples and Dragon Fruits: The Determinants of Aid and Other Forms of State Financing from China to Africa. *International Studies Quarterly* 62(1): 182–194.

Motivations for providing OOF*

Excess foreign exchange reserves (mostly USD) and desire to earn more attractive returns on those reserves (than they would get at home or by parking in U.S. treasuries)

Securing natural resources that lacks in sufficient quantities at home to sustain high levels of domestic economic growth

Creating overseas demand for industrial inputs (steel, cement, glass, timber) that are oversupplied in China

Help Chinese firms gain foothold in overseas markets and expand/preserve market share once they have a foothold

*These results are drawn from Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J. Tierney. 2022. *Banking on Beijing: The Aims and Impacts of China’s Overseas Development Program*. Cambridge, UK: Cambridge University Press. Also, see Dreher, Axel, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J. Tierney. 2021. Aid, China, and Growth: Evidence from a New Global Development Finance Dataset. *American Economic Journal: Economic Policy* 13 (2): 135-174.

**What are the demand-side factors that drive
China's overseas lending program?**



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Why do govt.'s borrow from China?

5 Reasons*

1. Willingness to bankroll mega-projects (identified by politicians rather than technocrats)
2. Willingness to lend to risky countries (with unconventional risk mitigation tools)
3. Speed of loan application approval
4. Speed of project implementation
5. Likelihood of near-economic impact (within a politically-relevant time horizon)

Measuring impact at national scale

Chinese development projects are not inferior on national economic growth grounds

Econometric evidence from 138 countries over a 15-year period suggests that:

- On average, the receipt one additional Chinese development project increases economic growth by **0.41 to 1.49 percentage points** two years after the funding for the project is approved
- This economic growth effect is the result of increased investment (gross capital formation) and to a lesser extent consumption
- Sectoral decomposition suggests that econ infrastructure, social infrastructure, and productive sector projects matter most
- On average, World Bank development projects do not register near-term economic growth impacts

What makes Chinese loan contracts different?



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CHINA EXIMBANK GCL NO. (2015) 6 TOTAL NO. (545)

GOVERNMENT CONCESSIONAL LOAN AGREEMENT

ON UGANDA UPGRADING AND EXPANSION OF THE ENTEBBE INTERNATIONAL AIRPORT PHASE I PROJECT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF UGANDA

REPRESENTED BY

THE MINISTRY OF FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT OF UGANDA

as Borrower

AND

THE EXPORT-IMPORT BANK OF CHINA

as Lender

DATED March 31, 2015

(2) The Repayment Reserve Account and the Sales Collection Account shall be opened and maintained with the Escrow Account Bank and be subject to the escrow arrangement under the Escrow Account Agreement. The Repayment Reserve Account shall be used to maintain the minimum amount of balance as a debt service reserve as required by the Lender and the Lender shall be entitled to utilize the funds in the Repayment Reserve Account. The Sales Collection Account shall be used to collect the revenues of Entebbe International Airport (including but not limited to revenues generated from the Project) and the required amount of funds in the Sales Collection Account shall be transferred to the Repayment Reserve Account as required by the Lender.

(3) All the revenues (proceeds) of Entebbe International Airport (including but not limited to revenues generated from the Project) shall be applied in priority to payment of any and all amounts due and payable under this Agreement.

6.10 The Borrower hereby represents, warrants and undertakes that its obligations and liabilities under this Agreement are independent and separate from those stated in agreements with other creditors (whether official creditors, Paris Club creditors or other creditors), and the Borrower shall not seek from the Lender any kind of comparable terms and conditions which are stated or might be stated in agreements with other creditors.

8.7 The Borrower shall keep all the terms, conditions and the standard of fees hereunder or in connection with this Agreement strictly confidential. Without the prior written consent of the Lender, the Borrower shall not disclose any information hereunder or in connection with this Agreement to any third party unless required by applicable law.

Preference to collateralize on liquid assets rather than illiquid (physical) assets

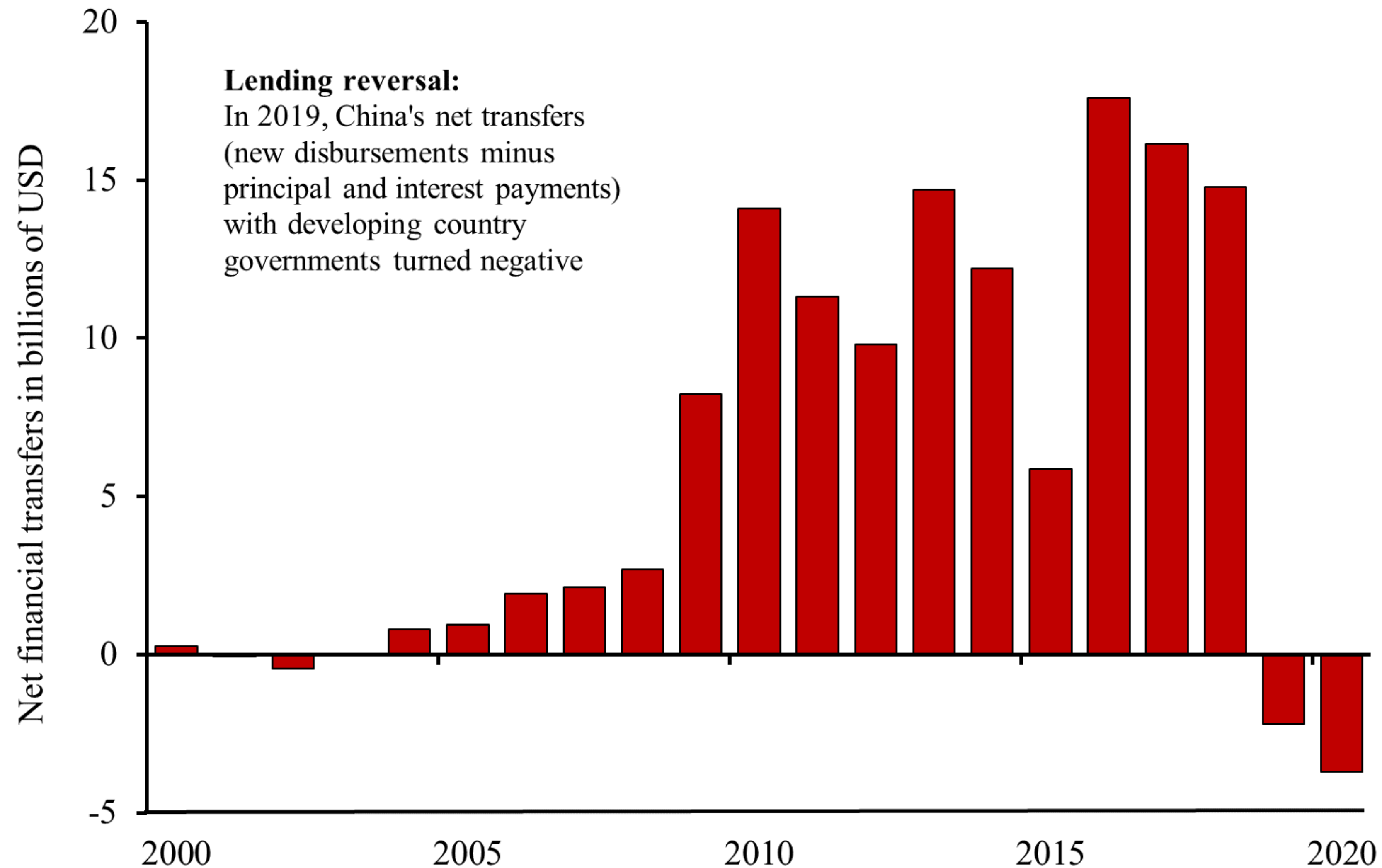
Expectation of debt seniority

Ex ante signal that not willing to reschedule via Paris Club or 'comparable treatment' principle

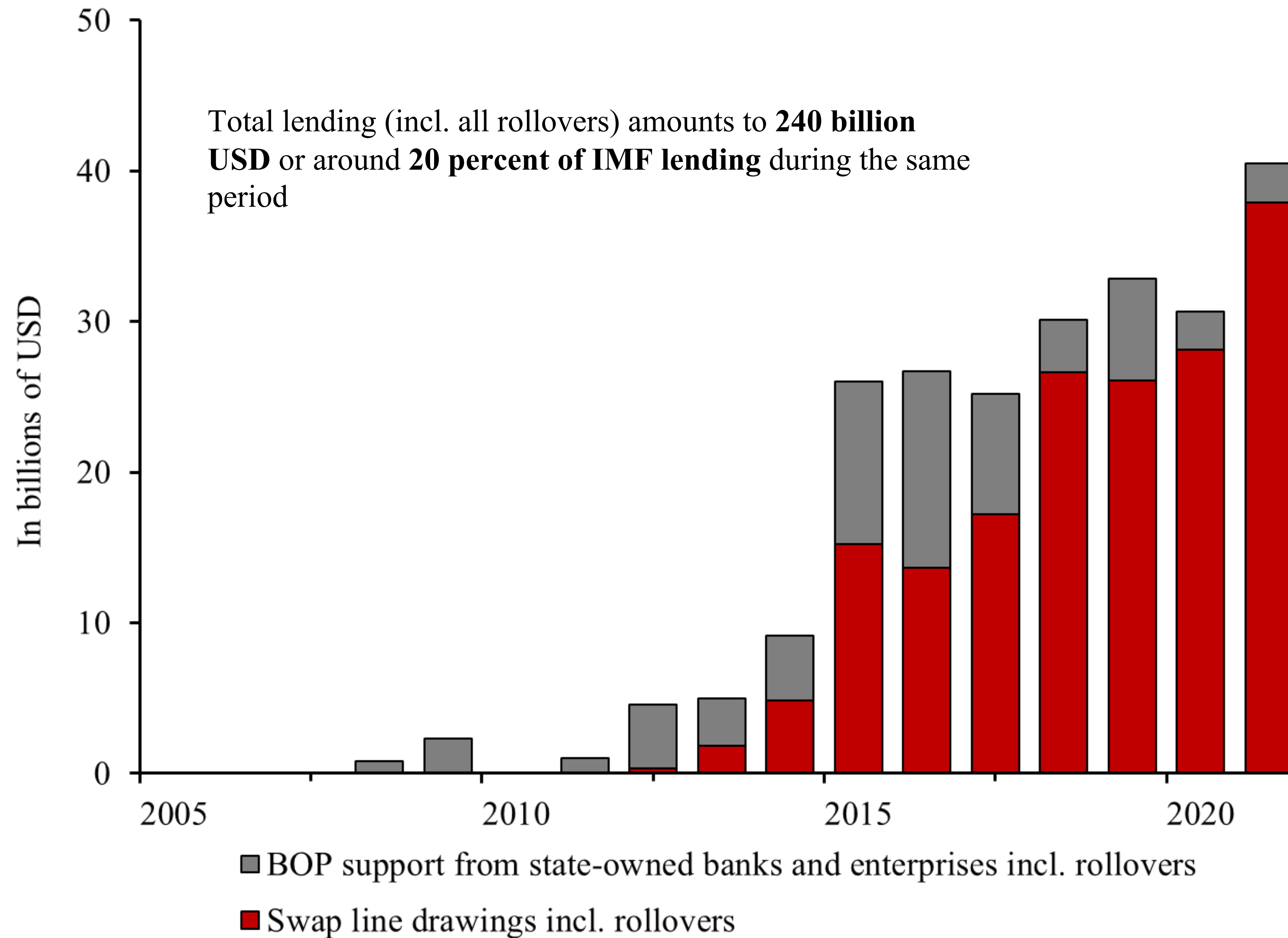
Use of confidentiality clause to bind the borrower (which flips the boilerplate LMA language on its head)

How is China responding to sovereign debt distress in LICs and MICs?

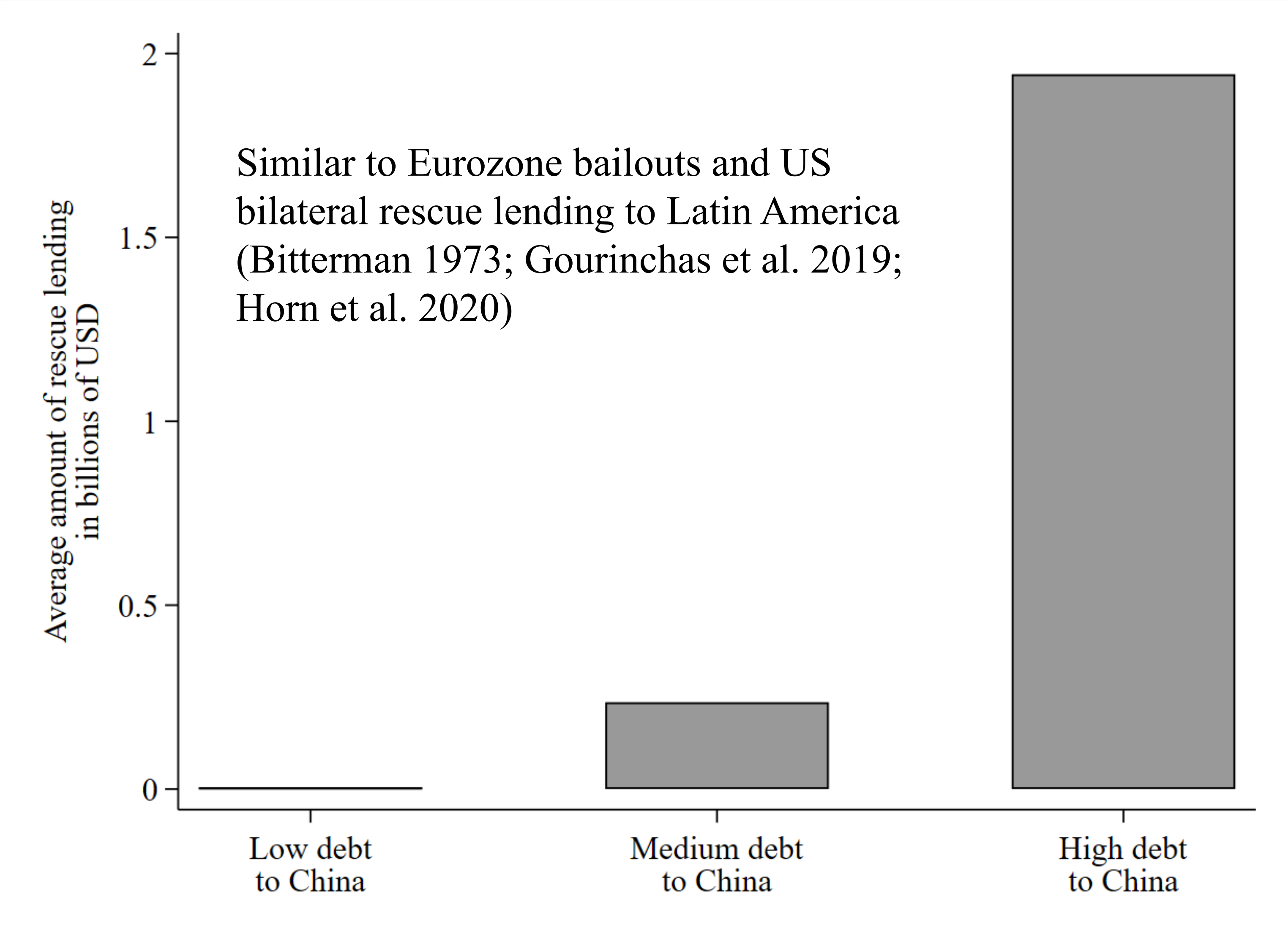
New project lending to sovereigns has decreased sharply



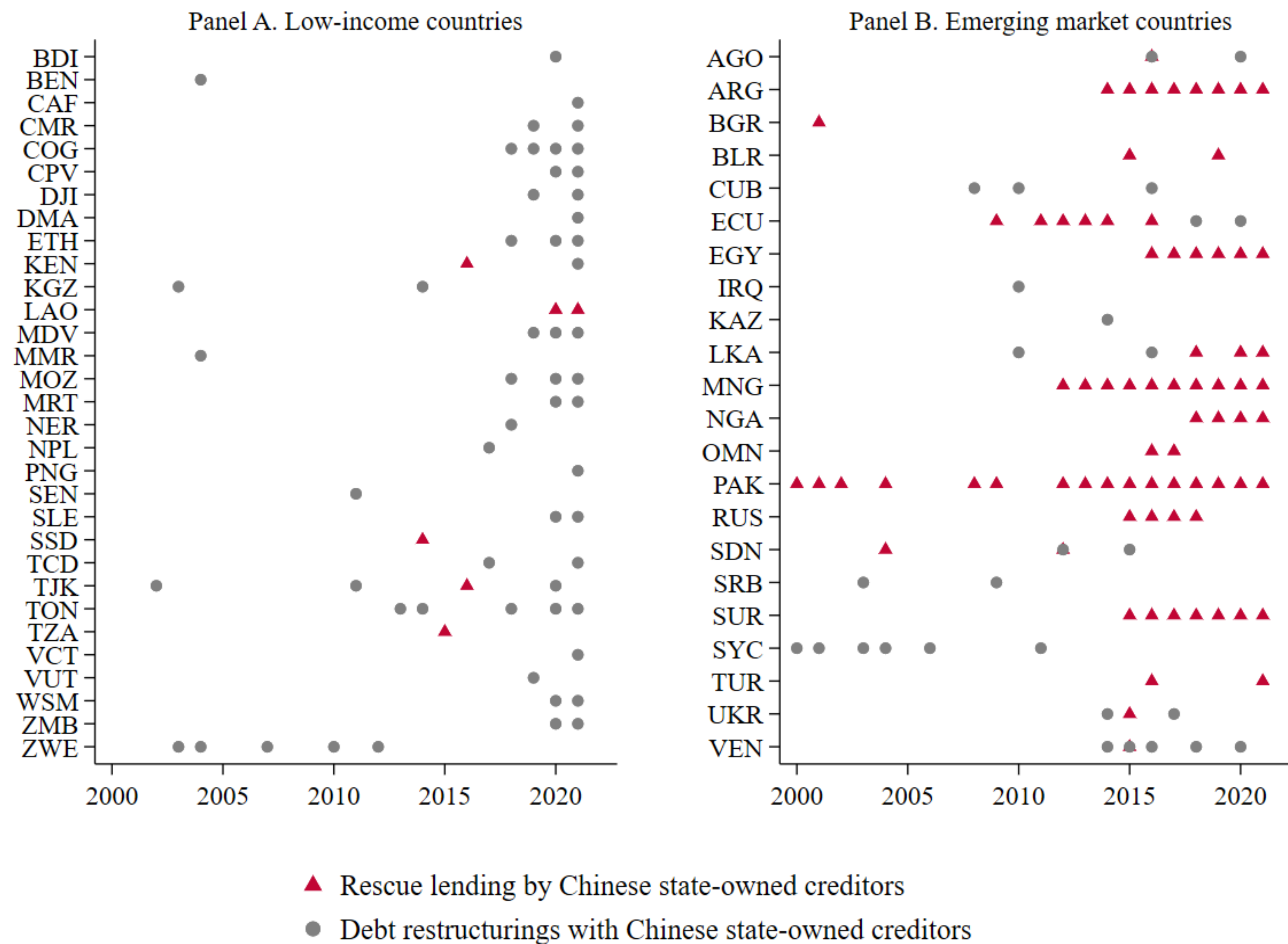
... but emergency rescue lending to sovereigns has increased sharply



Rescue lending is targeted at countries with high levels of debt to Chinese banks and enterprises



Beijing bails out MICs rather than LICs



Chinese rescue lending is relatively expensive

