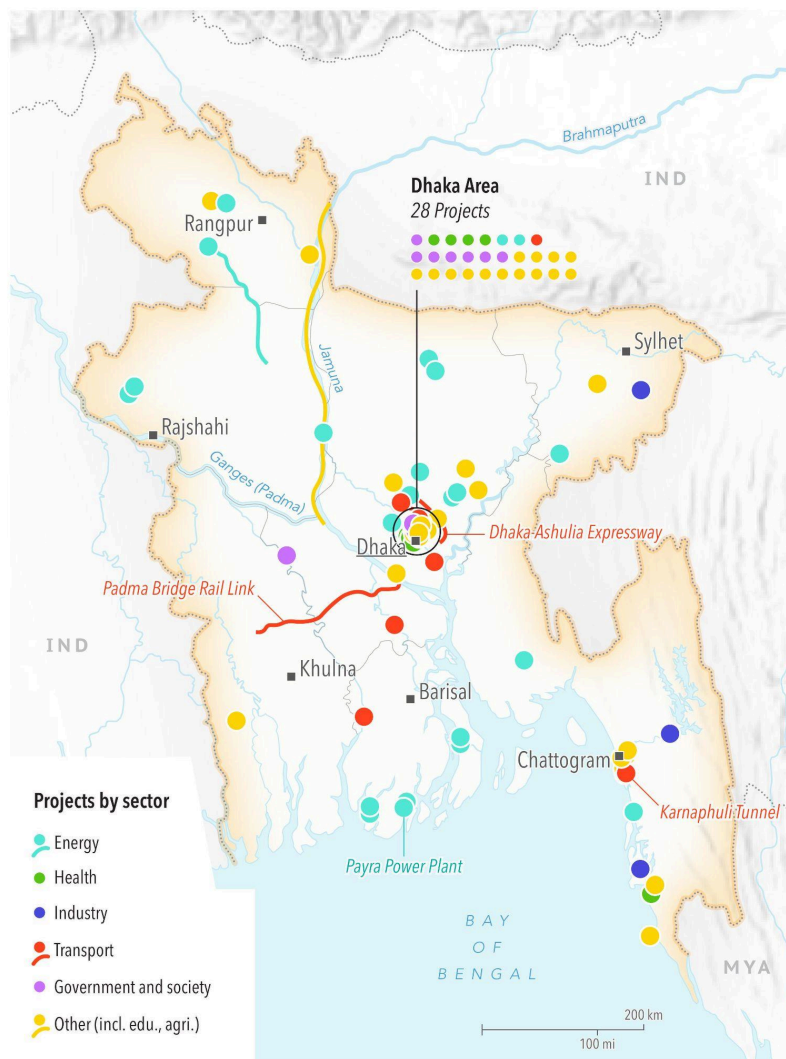# Bangladesh

The Scale, Scope, and Composition of Chinese Development Finance

October 2025


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Key concepts: aid, non-concessional loans, and vague flows

In this profile, China's official development finance portfolio is represented across three main categories: aid, non-concessional loans, and vague. Loans from Chinese state-owned entities can either qualify as aid or non-concessional loans, based on how their borrowing terms compare to regular market terms (i.e., the level of financial concessionality) and whether or not they have development intent (i.e., if the primary purpose of the financed project/activity is to improve economic development and welfare in the recipient country). Aid from Chinese state-owned entities includes grants, in-kind donations, and concessional loans with development intent. The "non-concessional loans" category captures loans from Chinese state-owned entities that are provided at or near market rates and those that primarily seek to promote the commercial interests of the country from which the financial transfer originated. An export credit is a specific type of loan issued by a Chinese state-owned bank or company that requires an overseas borrower to use the proceeds of a loan to acquire goods or services from a Chinese supplier. Export credits are not considered aid since they have a commercial rather than a development purpose. See Appendix B for more details.

Aid

Grants

Concessional loans

Vague

Loans with unclear repayment terms

Non-concessional loans

Export Credits

Other Non-concessional loans
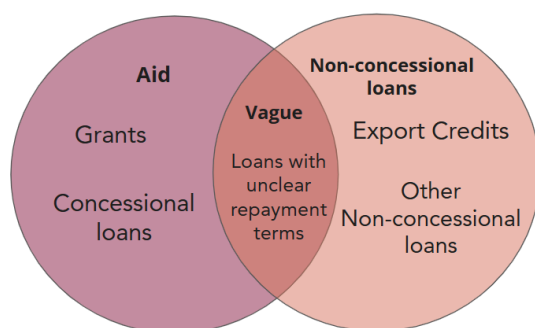
Key concept: What is concessionality?

Concessionality is a measure of the generosity of a loan or the extent to which it is priced below-market rates. It varies from 0% to 100%, with higher values representing more concessional loans. Non-concessional loans are those provided at or near market rates. The Organisation for Economic Co-operation and Development (OECD) determines which official sector financial flows constitute "aid" based on a grant element threshold for concessionality. Given that China does not report its loans or lending terms to the OECD, some of its official sector financial flows cannot be classified as "aid" or "non-concessional." In this report, such loans are assigned to the "vague" category.

South Asian countries that have joined the BRI

Bangladesh   In BRI   Not in BRI

Bangladesh

Bangladesh and China's Belt and Road

Bangladesh is a country located in South Asia. In March 2019, during President Xi's state visit to Bangladesh, the two countries signed a "Memorandum of Understanding on Jointly Formulating a Plan for Cooperation of the Belt and Road," officially marking Bangladesh's entry into the BRI. While many countries in the region have joined the BRI, Bangladesh's largest neighbor, India, has not participated in the BRI.

Historic relationship

The People's Republic of Bangladesh and the People's Republic of China (PRC) have maintained a bilateral diplomatic relationship since 1975, four years after current-day Bangladesh's proclamation of independence from Pakistan in 1971. Bangladesh has experienced multiple periods of instability, incited by domestic mass protests and violence as well as an influx of Rohingya refugees due to conflicts in neighbouring Myanmar.

Present-day relationship

China has become one of Bangladesh's most important external partners, anchoring the relationship in development finance for the country's energy and infrastructure needs. Bangladesh seeks to carefully balance its relationship with both Beijing and New Delhi, but Chinese development finance has nonetheless become a cornerstone of its own economic growth strategy. Even amid political upheaval, ties with Beijing have held steady. In 2016, Prime Minister Sheikh Hasina elevated ties with China to a "comprehensive strategic partnership."[1] Six years later, on the eve of her political downfall, Hasina again traveled to Beijing to meet President Xi Jinping and upgraded relations to a "comprehensive strategic cooperative partnership." Months later, mass student-led protests swept Hasina from power, ushering in an interim government under Dr. Muhammad Yunus in 2024.[2] Yet Dhaka's alignment with Beijing has endured. In March 2025, Yunus paid his own visit to Beijing, after which Bangladeshi and Chinese authorities announced that Chinese companies had pledged investments, loans, and grants worth $2.1 billion to Bangladesh, including financing for large-scale infrastructure projects such as the Mongla port, and encouraged Chinese investments for the Teesta River Comprehensive Management and Restoration Project.[3]

[1]China's MFA (2025). "China and Bangladesh." https://www.fmprc.gov.cn/mfa_eng/gjhdq_665435/2675_665437/2681_663366/.
[2]For more information on Bangladesh's contemporary political history, see BBC (2019) at https://www.bbc.com/news/world-south-asia-12651483.
[3]Bangladesh Observer (2025). "BD secures $2.1 billion in commitments from China." https://www.observerbd.com/news/518957#google_vignette.

Overview: Chinese development finance in Bangladesh from 2000-2022

$21.4 billion
in loans and grants provided by official sector donors from China.

97%
Chinese development finance is provided via loans.

87
grants, technical assistance, and training activities offered.
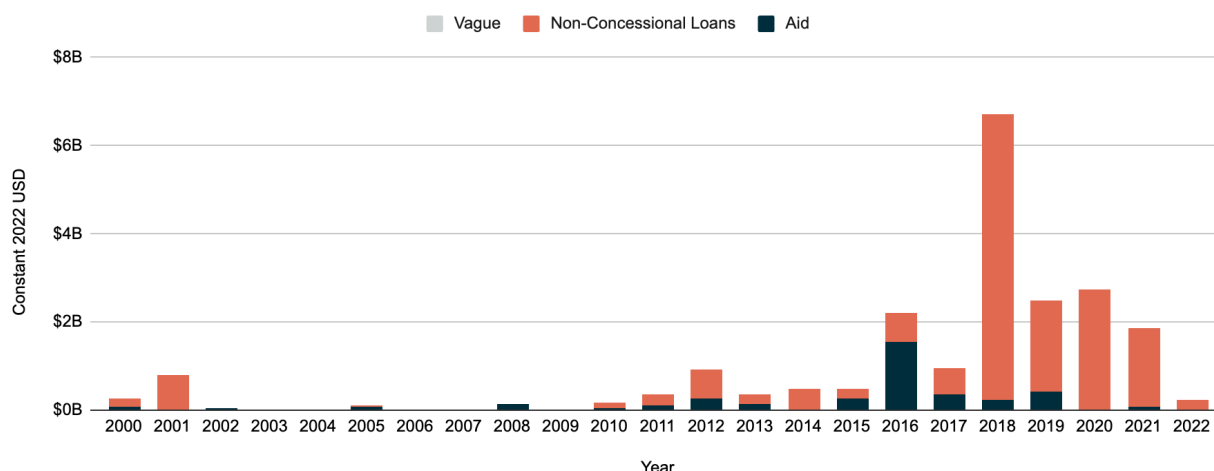
7th
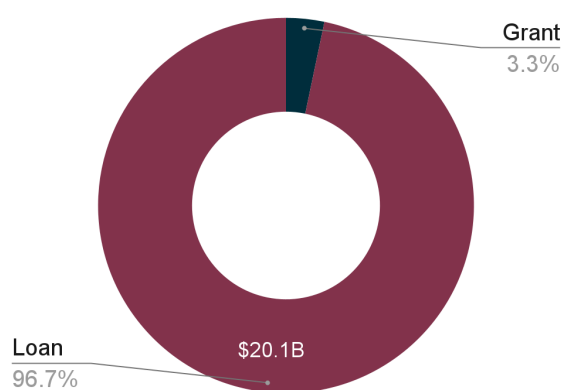largest recipient of Chinese aid and credit in Asia.

58%
China's infrastructure portfolio has significant ESG risk exposure.

Official sector financial commitments from China to Bangladesh, 2000-2022[4]

Portfolio by type of finance

Grant
3.3%

Loan
96.7%

$20.1B

Loans include concessional and non-concessional loans.

Portfolio by funder

Other
8.7%

MOFCOM
3.0%

ICBC
5.3%

BOC
8.7%

$1.8B

$1.8B

$15.4B
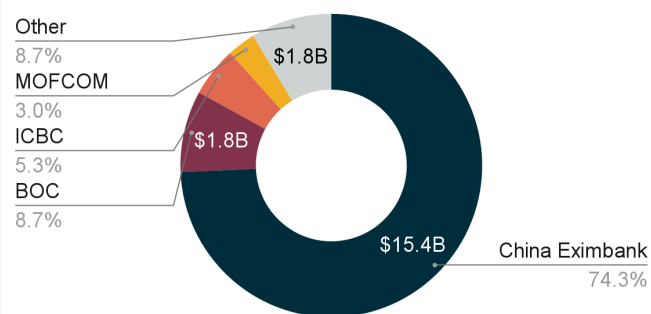
China Eximbank
74.3%

China Eximbank: Export-Import Bank of China; BOC: Bank of China; ICBC: Industrial and Commercial Bank of China; MOFCOM: China Ministry of Commerce

[4]For definitions of the categories of *aid*, *non-concessional loans*, and *vague*, please see Key Concepts on page 2 or Appendix B.

Section 1: China's development finance portfolio

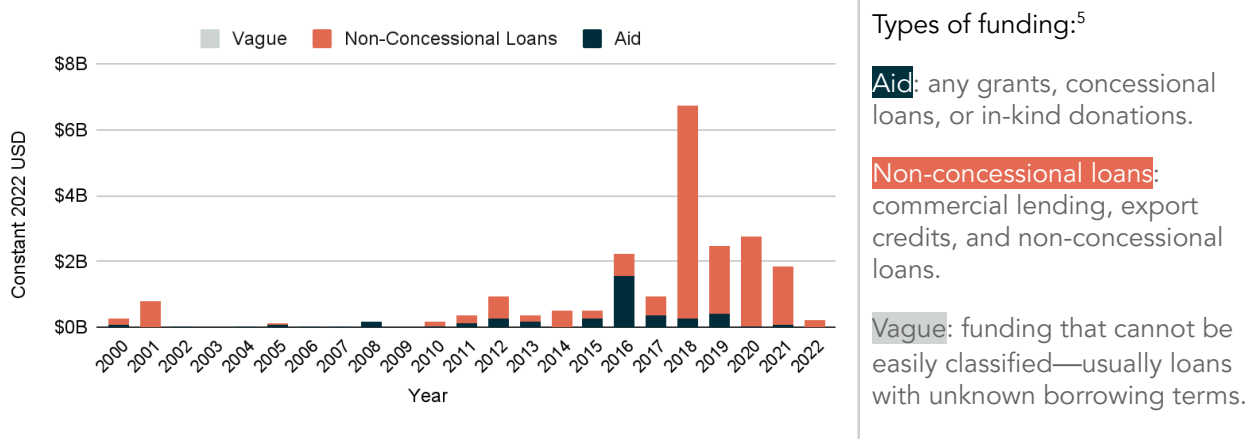Bangladesh joined China's BRI in 2019. However, even before the agreement was signed, China had established itself as a major lender to Bangladesh (see Figure 1.1). China is one of Bangladesh's largest trading partners and bilateral donors. For a list of bilateral diplomatic visits between China and Bangladesh in the BRI era, see Appendix A.

How much development finance has China provided Bangladesh since 2000?

Between 2000 and 2022, official sector lenders and donors from China provided grant and loan commitments worth $21.4 billion for 155 projects and activities in Bangladesh. That makes Bangladesh—a country with a relatively large economy (GDP: $437.4 billion) and population (171.5 million residents)—the seventh largest recipient of Chinese aid and non-concessional lending in Asia and the 18th largest recipient in the developing world. In 2018, China dramatically scaled up its commitments to Bangladesh, with more than $6.8 billion committed in that year alone. Most of this financing was directed toward the energy and transport sectors, including large-scale power generation projects and upgrades to Dhaka's transport infrastructure. The 2018 surge reflected Beijing's growing interest in cementing Bangladesh's role as a Belt and Road hub in South Asia. It also underscored Dhaka's willingness to absorb significant volumes of external financing at a time when its infrastructure gap was expanding and domestic fiscal resources were limited.

After this surge, China's official sector financial commitments fell in line with the more typical annual average, albeit on a declining trajectory: $4.2 billion in 2019, $2.8 billion in 2020, and $1.9 billion in 2021. These financial commitments were notable given that Beijing was reigning in BRI financing worldwide during this period, particularly amid the COVID-19 pandemic. Flagship projects during these years illustrate the breadth of Beijing's role. In 2020, China Eximbank provided a $748 million preferential buyer's credit for the Power Grid Network Strengthening Project, which involved nearly 990 kilometers of new transmission lines and 41 new substations across Dhaka and Mymensingh. In 2021, Bank of China participated in a syndicated loan for the 350 MW Barishal Coal-Fired Power Plant (BEPCL) in Barguna district. Together, these projects highlight China's continued willingness to bankroll Bangladesh's power and infrastructure ambitions even as it reduces lending elsewhere.

Figure 1.1: Official sector financial commitments from China to Bangladesh

Types of funding:[5]

Aid: any grants, concessional loans, or in-kind donations.

Non-concessional loans: commercial lending, export credits, and non-concessional loans.

Vague: funding that cannot be easily classified—usually loans with unknown borrowing terms.

[5]For more information on these categories, please see Appendix B.

How does China compare to other development partners?

China is Bangladesh's largest overall development partner, though the World Bank Group and Japan provide more aid flows specifically. Support from these bilateral and multilateral lenders largely benefits Bangladesh's health, trade, and commerce sectors. China's development finance portfolio in Bangladesh, on the other hand, is largely focused on infrastructure projects—like the Padma Bridge Rail Link Project and the 1320 MW Payra Coal-Fired Thermal Power Plant—via the provision of non-concessional loans and export credits.

→ **United States:** The U.S. has slashed its foreign assistance budget and drastically downsized its international aid organization, USAID, in February 2025. This will impact aid delivery to Bangladesh, particularly in the humanitarian aid and health sectors.

→ **United Kingdom:** The UK announced plans to cut its international development budget to 0.3% of its gross national income starting in 2027, which will likely decrease aid delivery to Bangladesh.

→ **Switzerland:** Switzerland's development agency plans to reduce its aid budget by $487.7 million over the next four years, following a parliamentary directive. As part of this scale-back, it will end its partnership with Bangladesh by 2028. The agency will continue some work in Bangladesh, with a focus on climate, migration, and humanitarian aid.

Figure 1.2: Top bilateral and multilateral development partners, 2000-2022

Figure 1.2 contains the top nine development partners providing aid and other financing to Bangladesh. However, only China has detailed bilateral export credit flows to Bangladesh. This level of granularity is not available for other development partners, as the OECD does not provide export credit data for bilateral relationships; it only provides data on total export credit flows by two aggregate donor groupings, G7 and DAC member countries.

Total export credits from G7 Countries: $6.9 billion.

*Total export credits from DAC member countries (including G7): $8.7 billion.*

How does China use export credits?
The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by a set of international rules that limit the provision of *subsidized* export credits to domestic companies with overseas operations. However, China never agreed to participate in the "Gentlemen's Agreement" and it has consistently used concessional export credit to help its firms gain a competitive edge in overseas markets.

Which donors and lenders from China are active in Bangladesh?

Between 2000 and 2022, 30 official sector donors and lenders from China provided aid and non-concessional loans to Bangladesh. In comparison, on average, 19 state-owned donors and lenders are active in other developing countries. 88% of China's development finance portfolio is provided through 4 main donors and lenders (see Figure 1.3). The other 12% is provided by a diverse array of government agencies (including central, regional, or municipal government agencies), state-owned commercial banks, and state-owned companies.

Figure 1.3: Top Chinese donors and lenders
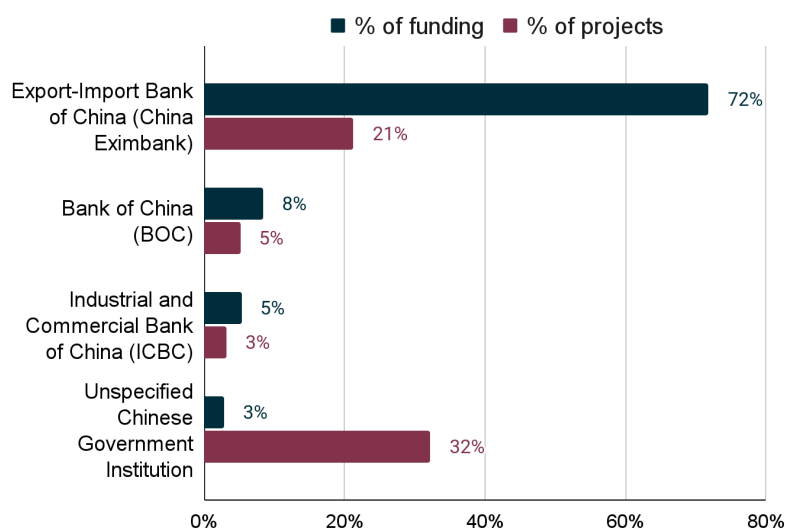
China Eximbank: state-owned policy bank that primarily provides concessional loans and export credits.

BOC: state-owned policy bank that provides less concessional lending than China Eximbank.

ICBC: state-owned commercial bank that provides non-concessional loans.

Unspecified Chinese Government Institution: a blanket category for when the specific funder is unknown, but it is clear the funder is part of the Chinese government or official sector institution.

The top funding agencies are both state-owned policy banks. The Export-Import Bank of China issued 33 loans worth $15.3 billion for projects and activities, accounting for almost three-quarters of total official sector financial flows from China to Bangladesh between 2000 and 2022. Notable projects funded by China Eximbank include the Padma Bridge Rail Link Project and the first phase of the 1320MW Payra Coal-Fired Thermal Power Plant Project. In 2022, China Eximbank provided $82.5 million for the 66MW Cox's Bazar Wind Farm Project.

Bank of China (BOC) issued 8 loans worth $1.8 billion for projects and activities, accounting for 8% of total official sector financial flows from China to Bangladesh between 2000 and 2022. All 8 BOC loans focused on power plant construction projects. BOC contributed $51 million to two syndicated loans towards the acquisition and refinancing of the 220MW Bhola Gas-Fired Power Plant by UK-based investor Actis.

The Industrial and Commercial Bank of China (ICBC) issued 5 loans worth $1.1 billion (5% of total lending) to Bangladesh. Similar to BOC's lending, ICBC loans were also provided for power station projects, such as the Ghorasal 365 MW Combined Cycle power plant project, and expressway construction. There were no new loan commitments from ICBC in 2022.

32% of all activities in Bangladesh come from unspecified Chinese government agencies. Unspecified Chinese Government Institutions is a blanket category for when the specific funder is unknown, but the funder is clearly part of the Chinese government or official sector institution. Most of the activities funded by these institutions include grants for medical relief, technical assistance, and equipment delivery.

What kinds of financial and in-kind support does China offer Bangladesh?

97% of China's official sector financing to Bangladesh takes the form of loans (totaling $20.7 billion), while 3% ($703 million) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented.

AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China's activities in Bangladesh. When looking at record counts, grants account for 58% of all activity records in Bangladesh (representing 89 records capturing activities taking place between 2000 and 2022).

Figure 1.4: Top financial instruments used by China in Bangladesh
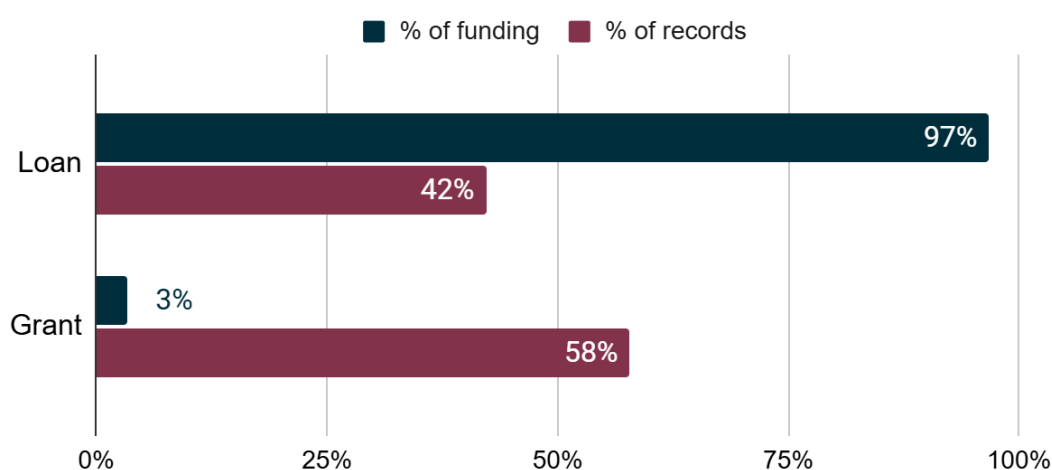
Note: Debt rescheduling and Vague records are excluded from this visual since they are neither loans or grants.

Figure 1.5: Breakdown of grants by project count
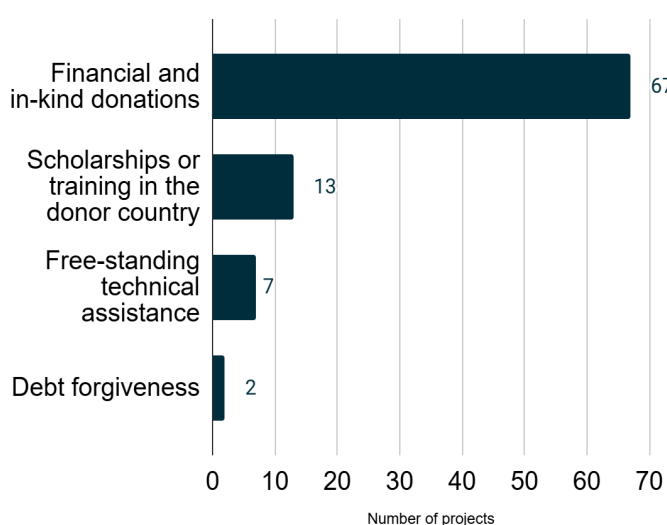
Bangladesh received $703 million via 89 grants from 2004 to 2022. 67 grants were financial and in-kind donations focused on COVID-19 and humanitarian aid.

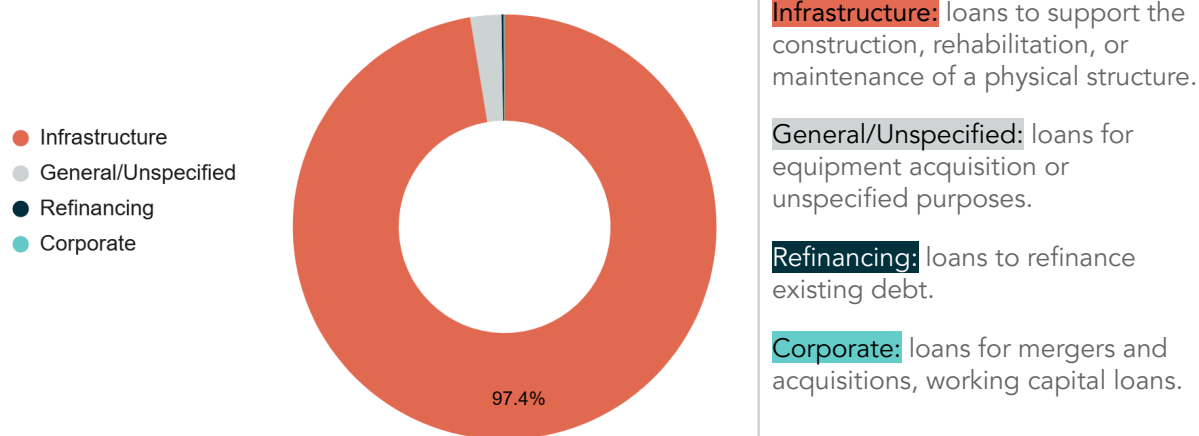Free-standing technical assistance included medical and educational support.

China has awarded roughly 640 scholarships to students and training to agricultural technicians.

Bangladesh also received a total of $114 million in debt forgiveness in 2010 and 2011.

In 2022, China provided five new donations to Bangladesh, including new medical equipment, flood relief supplies, blankets, and books.
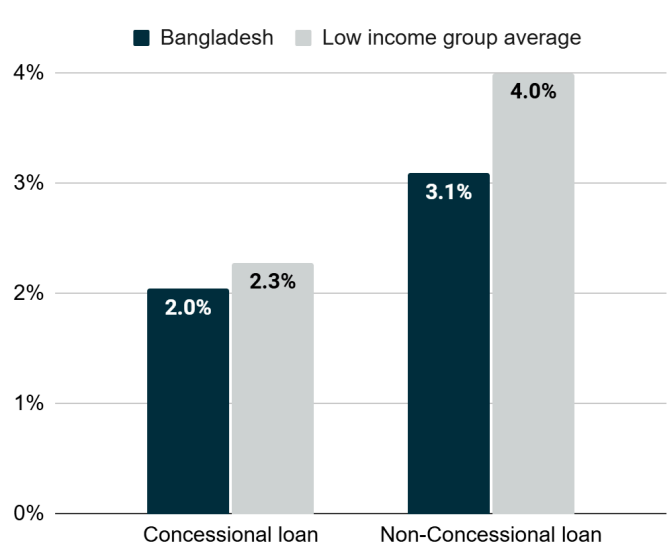
Figure 1.6: Breakdown of lending by purpose

- Infrastructure
- General/Unspecified
- Refinancing
- Corporate

97.4%

Infrastructure: loans to support the construction, rehabilitation, or maintenance of a physical structure.

General/Unspecified: loans for equipment acquisition or unspecified purposes.

Refinancing: loans to refinance existing debt.

Corporate: loans for mergers and acquisitions, working capital loans.

97% of China's $20.7 billion in official sector lending to Bangladesh supports infrastructure projects. 99% of all infrastructure projects in Bangladesh are implemented by at least one Chinese entity, such as a Chinese state-owned company or private sector company. For example, China National Import and Export Corporation has served as an implementing agency for multiple projects, including the Expansion and Strengthening of Power System Network under DPDC Area Project and the Dhaka Elevated Expressway Construction Project. Similarly, China Communications Construction Company Ltd (CCCC) has implemented major infrastructure initiatives such as the Multi-Lane Road Tunnel under the River Karnaphuli Project.

Around 2% of China's official sector lending to Bangladesh is provided for equipment acquisitions or unspecified purposes. Less than 1% is earmarked for debt refinancing or corporate purposes, such as mergers and acquisitions or working capital loans.

Figure 1.7: Borrowing terms

- Bangladesh
- Low income group average

	Concessional loan	Non-Concessional loan
Bangladesh	2.0%	3.1%
Low income group average	2.3%	4.0%

Between 2000 and 2022, China's concessional lending (which is considered to be aid) to Bangladesh carried a weighted average interest rate of 2% and a weighted average maturity of 19 years. By comparison, China's non-concessional lending to Bangladesh carried a weighted average interest rate of 3.1% and a weighted average maturity of 17 years.

These borrowing terms were more generous than those found in China's broader portfolio of official sector loans to low income countries.

In which sectors is China most active?

Top sectors for China's aid and credit in Bangladesh differ greatly when comparing monetary value and record count. Certain sectors, such as emergency response and education and storage, often represent a large percentage of records but offer small or no transaction amounts. In Figure 1.8, AidData has provided the top sectors by both monetary value and record count to demonstrate this dichotomy.

Figure 1.8: Selected top sectors

Sectors by monetary value and record count
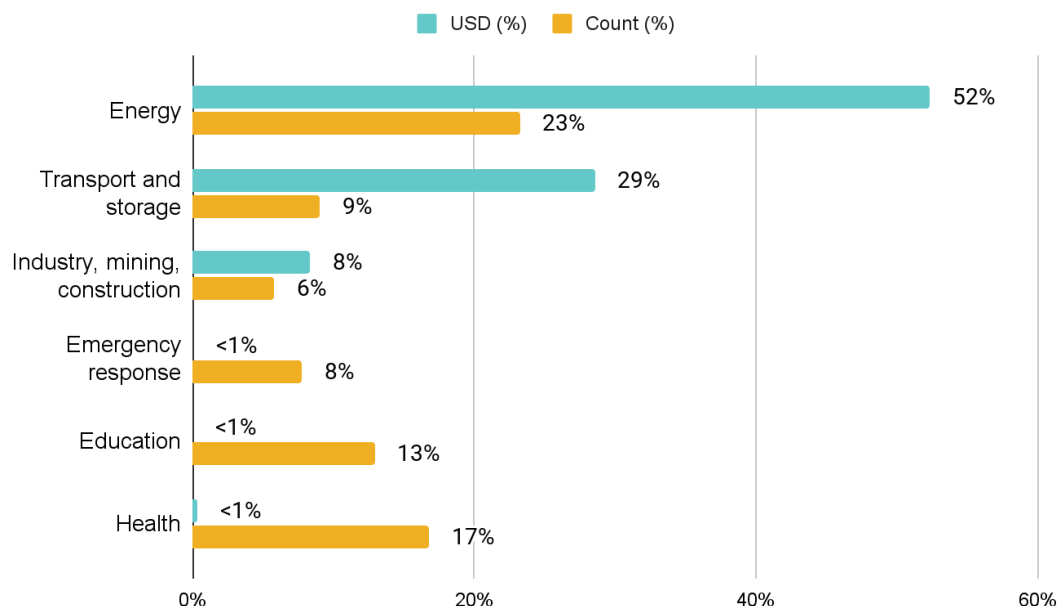
In terms of monetary value, 89% of China's grant and loan commitments to Bangladesh supported three core infrastructure ("hardware") sectors: energy, transport and storage, and industry, mining, construction between 2000 and 2022.

→ Energy: The energy sector is defined by the generation and distribution of renewable and non-renewable resources, as well as hybrid and nuclear power plants. Projects in this sector represent 23% of activity counts in Bangladesh, but it is the largest sector in terms of monetary value—standing at 52% or $11.2 billion of China's entire funding portfolio in Bangladesh. Noteworthy activities in the energy sector include a $2.1 billion loan from China Eximbank for the First Phase of 1320 MW Payra Coal-Fired Thermal Power Plant Project and a $1.1 billion preferential buyer's credit for Expansion and Strengthening of Power System Network under the Dhaka Power Distribution Company (DPDC) Area Project.[6] In 2022, new loans in this sector included a $210 million loan for the 220MW Bhola 2 CCGT Refinancing Project and a $105 million loan for the acquisition of the 220MW Bhola Gas-Fired Power Plant, among others.

→ Transportation and storage: This sector refers to the construction and maintenance of road, rail, air, and water transit infrastructure and is characterized by high-value

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[6]Preferential Buyer's Credit (PBC) is a lending instrument unique to China Eximbank. PBC's are USD-denominated loans that are granted to foreign government institutions. The recipient government then uses the loan to purchase goods and services from a Chinese supplier.

infrastructure projects. 29% of China's development finance portfolio in Bangladesh is specifically dedicated to this hardware sector, representing $6.1 billion in aid and non-concessional loans. The largest financial commitment from a single source is a $2.8 billion preferential buyer's credit from China Eximbank for the Padma Bridge Rail Link Project. Other big-ticket financial commitments include a $846 million loan from China Eximbank for the Joydevpur-Ishwardi Dual-Gauge Railway. There were no financial commitments in this sector in 2022.

➔ **Industry, mining, construction:** This sector includes manufacturing fossil fuels, mining for coal, gas, metals, minerals, and construction. Projects in this sector represent only 6% of activity counts in Bangladesh, with a monetary value of 8% or $1.78 billion. The largest financial commitment from a single source in this sector is a $526 million preferential buyer's credit provided by China Eximbank for the installation of Single Point Mooring (SPM) with the Double Pipe Line Project. The purpose of this project is to construct an oil tanker mooring platform and an underwater and onshore pipeline in Chittagong, Bangladesh. The project has been extended multiple times, from 2018 through 2022 and into 2023, with eventual completion in 2023. It is also over budget, with an estimated cost increase of 44%. There were no financial commitments in this sector in 2022.

China is also heavily engaged in the "software" sectors, such as health, education, and emergency response. China's footprint in these sectors is difficult to represent, however, because the activities in these sectors usually attract smaller grant and loan commitments, or represent some form of in-kind donation, technical assistance, etc.

➔ **Emergency response:** This sector consists of material relief and assistance services for the benefit of crisis-affected individuals, including refugees and internally displaced people. Emergency response activities account for 8% of China's total record count, with 12 recorded activities. Most of China's activities in the emergency response sector include COVID-19 aid, support for victims impacted by flooding, and relief materials for Rohingya refugees in Bangladesh. Rohingya Muslims have faced internal and external displacement due to Myanmar's civil war and genocide, with Bangladesh welcoming over 1 million Rohingya refugees. In response to this, China has awarded aid four times in 2017 to support Rohingya refugees in Bangladesh. In 2022, China Railway Group Limited provided flood relief materials to Bangladesh.

➔ **Education:** This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent $1.7 million in funding and 13% of China's total record count, with 20 records. Notable activities in the education sector include scholarships for Bangladeshi students to study in China, as well as the Chinese embassy's donations to establish a China Research Center and sports equipment for the Shanto Mariam Confucius Classroom. In 2022, the Chinese embassy in Bangladesh donated books to local institutions to promote Chinese culture.

➔ **Health:** This sector includes medical care, infrastructure, equipment, and control activities. In total, activities in the health sector represent 26 records in China's portfolio in Bangladesh (or 17% of records). Notable activities include Chinese government grants for a total of 1.6 million Sinopharm Covid-19 vaccine doses to Bangladesh, valued at $28 million. In 2022, health sector grants included medical equipment support to local hospitals in Bangladesh.

Section 2: Bangladesh's debts to China

65
loans issued

$20.7 billion
cumulative value of loan commitments (4.7% of GDP)

10.6%
of total debt shows signs of financial distress

85%
public debt

What is "public debt"?

Public debt	Potential public debt	Private or opaque debt
Loans issued directly to public institutions, loans that have sovereign repayment guarantees, or loans extended to special purpose vehicles or joint ventures that are majority-owned by one or more public sector institutions.[7]	Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.	Loans to private sector borrowers and entities with opaque ownership structures.

In this section, AidData examines Bangladesh's debts to China based upon their repayment profiles and levels of public liability. A loan's repayment period begins when the grace period—the time after the issuance of a loan when a borrower is not expected to make repayments—has ended. This information, in conjunction with information about the extent to which the recipient government may eventually be liable for the repayment of a given loan, makes it easier to understand the nature of Bangladesh's debt exposure to China.

Figure 2.1: Repayment status for all loans from China

- Repaid (7%)
- In repayment (88%)
- Soon to enter repayment (5%)
- Unknown (2.8%)
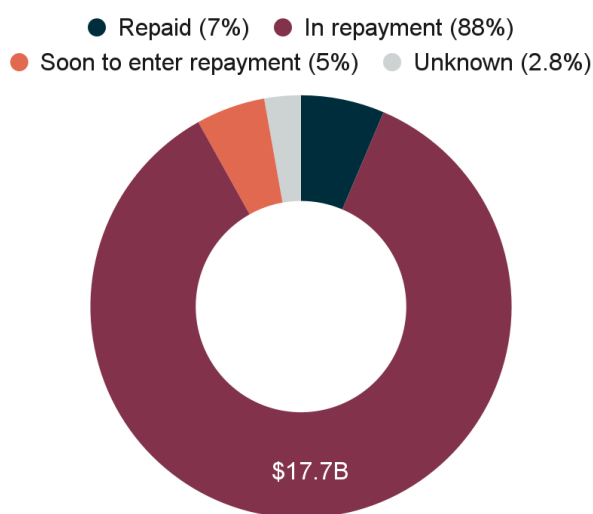
$17.7B

There are currently 56 loans for which AidData has access to repayment details. 46 of those loans (worth $17.7 billion) are currently in their repayment periods. 9 loans (worth $1.3 billion) have exited their repayment periods—meaning they should have been fully repaid based on their original maturity dates outlined at the time of signing. One loan (worth $1.09 billion) will soon enter the repayment period: preferential buyer's credit (PBC) for the Dhaka-Ashulia Expressway project, starting repayment in 2026.

However, the amount in repayment may be higher since there are 9 loans (worth $582 million) for which AidData has insufficient repayment details.

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[7]Special purpose vehicles/joint ventures (SPV/JV) are project companies (independent legal entities) that are established to manage the financing and implementation of a particular project.

Figure 2.2: Composition of debt from China by public liability

Total debt, 2000-2022—Bangladesh: $20.7 billion. Low income country average: $6 billion.
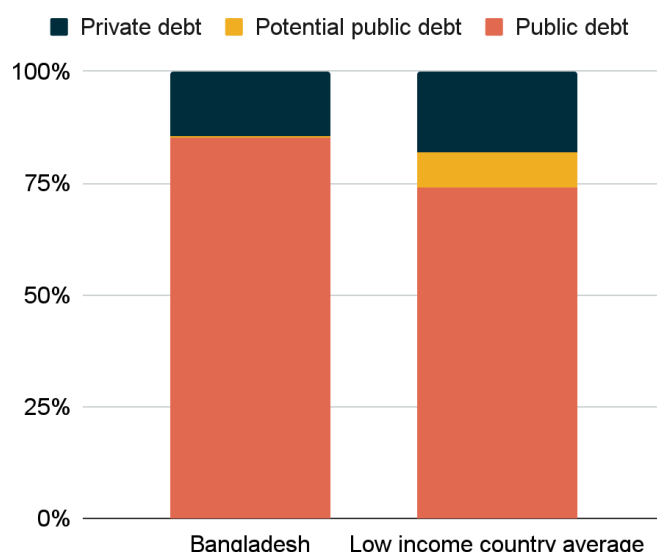
Bangladesh's debt is largely public (85%). This is 11% higher than the average (74%) for all developing countries. Bangladesh's private or other debt stood at 14%, and less than 1% of Bangladesh's debt represents potential public debt. China's largest private debt is an $861 million loan from China Eximbank and ICBC to First Dhaka Elevated Expressway Company, Ltd., an SPV majority owned by the Italian-Thai Public Development Company Ltd. (ITDPCL), for the Dhaka Elevated Expressway Construction Project.

10.6% of China's cumulative loan commitments to Bangladesh show evidence of financial distress. Financial distress can include borrowers accruing principal or interest arrears, defaulting on their repayment obligations, or filing for bankruptcy. The primary source of financial distress in the portfolio is the $2.1 billion China Eximbank loan for the first phase of the 1320 MW Payra Coal-Fired Thermal Power Plant. The borrowing institution—a special purpose vehicle called Bangladesh-China Power Company (Pvt.) Ltd. (BCPCL)—struggled to meet its repayment obligations in 2022 and required assistance from the central bank of Bangladesh to pay the loan installment.[8] That being said, in a joint report, the World Bank and IMF recently assessed Bangladesh's internal and external debt distress as low risk.[9]

China did not participate in the Debt Service Suspension Initiative (DSSI) with Bangladesh, but it did provide some economic support outside the initiative. Additionally, following the Hasina government's ousting in August 2024, Bangladesh requested that China restructure some of its loans—seeking lower interest rates, longer grace periods, and a 10-year maturity extension. In January 2025, during bilateral talks in Beijing, China agreed in principle to the 10-year extension, which would extend the repayment periods from 20 years to 30 years for applicable loans. China also indicated it would consider interest rate reductions and fee waivers, though these issues were still under negotiation as of mid-2025.
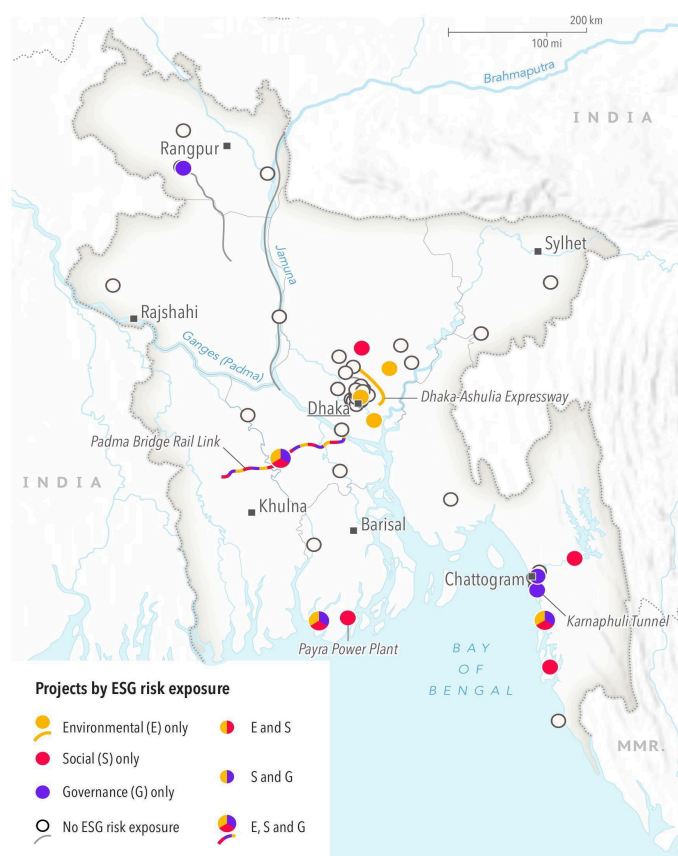
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[8]Bangladesh-China Power Company (Pvt.) Ltd. (BCPCL) is a joint venture between the Northwest Power Generation Company Ltd. (NWPGCL), a state-owned power company in Bangladesh, and China National Machinery Import & Export Corporation (CMC), a Chinese state-owned international engineering contractor.
[9]For more information on the World Bank-IMF's analysis of Bangladesh's external debt, please see http://documents.worldbank.org/curated/en/099081324132541099/BOSIB1d5a3079d0611b74816e8b74f7be74.

Section 3: ESG risk profile of China's grant- and loan-financed infrastructure portfolio

Chinese infrastructure in Bangladesh with ESG risk exposure:			Examples of global ESG risks
28 infrastructure projects supported by grants and loans from China	**$11.9 billion** in loan commitments supporting infrastructure projects	**58%** of infrastructure lending with ESG risk exposure	**Environmental:** increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion. **Social:** poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation. **Governance:** corruption, money laundering, lack of transparency, and non-competitive bidding processes.

Figure 3.1: Distribution of China's infrastructure projects with significant ESG risk exposure

Projects by ESG risk exposure

- Environmental (E) only
- Social (S) only
- Governance (G) only
- No ESG risk exposure
- E and S
- S and G
- E, S and G

In the *Belt and Road Reboot* report, AidData developed a set of metrics that identify the environmental, social, and governance (ESG) risk exposure of Chinese-financed infrastructure projects overseas, as well as the steps it has taken to build safeguards into its programs to combat these risks.[10] See Appendix B for details on the ESG risk exposure methodology.

Figure 3.1 presents the geographic locations of all Chinese-financed infrastructure projects in Bangladesh according to their environmental, social, or governance risk exposure. While many infrastructure projects undertaken near the capital (Dhaka) face mainly environmental ESG risk exposure, projects located in other parts of the country—such as Chattogram and Rangpur—face more governance ESG risks.

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[10] For more information, see AidData's 2023 "Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative" report. https://www.aiddata.org/publications/belt-and-road-reboot.

What is the level of ESG risk exposure in China's grant- and loan-financed infrastructure portfolio?

58% of China's grant- and loan-financed infrastructure project portfolio in Bangladesh has significant ESG risk exposure. This part of the portfolio consists of 28 infrastructure projects supported by Chinese grant and loan commitments worth $11.8 billion (see Figure 3.2). Social risk is more prominent than both environmental and governance risks in these projects. However, many of these projects are exposed to more than one type of ESG risk.

Social risk exposure in Bangladesh includes challenges faced by local populations, specifically related to power plant construction and expansion projects. The local population has faced involuntary displacement and resettlement due to projects like the 1320 MW Patuakhali Coal-Fired Thermal Power Plant Construction Project and the 2x660 MW Supercritical Coal-Fired Banskhali Power Plant Project. Locals have also received inadequate compensation for the displacement and resettlement caused by these projects. Environmental and governance risks also exist in Bangladesh's infrastructure projects, especially related to air pollution, emissions, and embezzlement.

Figure 3.2: Percentage of infrastructure project portfolio with ESG risk exposure
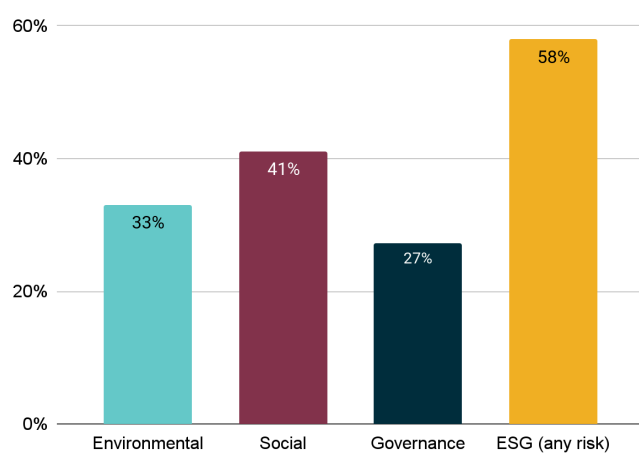
ESG issues observed in Bangladesh

Environmental: high carbon emissions, air pollution, ammonia tank explosion (e.g. Di-Ammonium Phosphate Fertilizer Plant Construction Project).

Social: involuntary displacement and resettlement, lack of adequate compensation for land (e.g. 1320 (2 x 600) MW Patuakhali Coal-Fired Thermal Power Plant Construction Project).

Governance: embezzlement and lack of transparency (e.g. 2x660 MW Supercritical Coal-Fired Banskhali Power Plant).

Figure 3.3: Cumulative proportion of Chinese infrastructure financing with ESG risk exposure
Bangladesh (2022): 58%. Low income country average (2022): 55%.
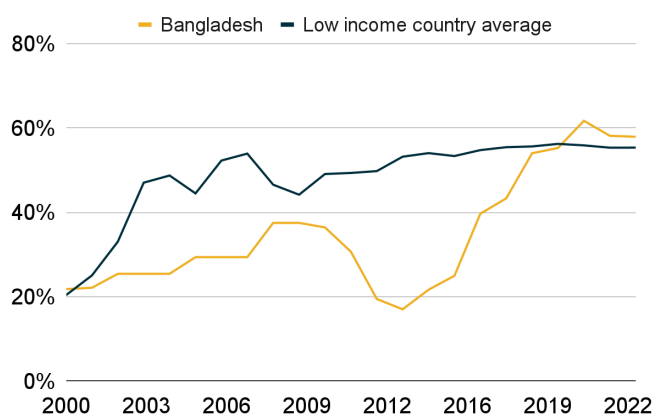

Figure 3.3 shows the increase in ESG risk exposure over time compared to the average exposure for all low income countries. Bangladesh's ESG risk exposure across its Chinese-financed infrastructure portfolio remained lower than other low income countries until a sharp increase between 2018 and 2020 that drove its risk profile extremely high. The sharp increase was due to several large infrastructure projects committed during that same period, like the 1320 MW Patuakhali Coal-Fired Thermal Power Plant.

Section 4: New ESG safeguards in China's infrastructure project portfolio

Percent of infrastructure portfolio with strong ESG safeguards	What are ESG safeguards?
20% 2000-2022	ESG safeguards are formal provisions written into financing contracts (grant or loan) to mitigate environmental, social, and governance risks during an infrastructure project's implementation and operation.

Chinese lenders and donors have responded to rising levels of ESG risk in their portfolio across the developing world by putting in place increasingly stringent safeguards via changes to their contractual provisions on infrastructure funding. These safeguards can include, among others, contractual provisions that mandate Environmental and Social Impact Assessments (ESIA), Environmental Management Plans (EMP), Resettlement Action Plans (RAPs), Open Competitive Bidding (OCB) processes, and the preparation and submission of financial statements that meet International Financial Reporting Standards (IFRS).

To implement these safeguards, Beijing is increasingly outsourcing risk management to other lending institutions with stronger due diligence standards and safeguard policies. It is dialing down its use of bilateral lending instruments and dialing up the provision of credit through collaborative lending arrangements with Western commercial banks and multilateral institutions (called syndicated lending).

Through this pivot in financing strategy, China's overseas infrastructure portfolio has gone from having no ESG safeguards in place in 2000 to 57% of its infrastructure project portfolio having strong ESG safeguards in place by 2021. Chinese grant- and loan-financed infrastructure projects that are subjected to strong ESG safeguards present fewer ESG risks during implementation. They are also less likely to be suspended or canceled. Perhaps most importantly, Chinese grant- and loan-financed infrastructure projects with strong ESG safeguards do not face substantially longer delays than those with weak ESG safeguards, showing that China has succeeded in pairing speed and safety when it has implemented ESG safeguards in its infrastructure portfolio.

Key aspects of infrastructure projects with strong ESG safeguards

Present fewer ESG risks during implementation
Less likely to be suspended or canceled
Speed of implementation is not delayed compared to projects with weak ESG safeguards

Has China increased ESG safeguard stringency in its infrastructure portfolio in Bangladesh over time?

Between 2000 and 2022, 23% of China's grant- and loan-financed infrastructure projects included strong contractual ESG safeguards. Bangladesh is below the global average with 20% of its infrastructure portfolio containing strong contractual ESG safeguards between 2000 and 2022. New data in 2022 shows that Bangladesh has continued a downward trend, with 0% of 2022 grant and loan-financed infrastructure projects featuring strong ESG safeguards.

In Bangladesh, the BRI era has generally brought a rise in infrastructure financing with stronger ESG safeguards, peaking at 72% in 2021. However, this progress has been uneven. From 2016 to 2018, all new financing commitments featured exclusively weak safeguards—largely due to the dominance of bilateral loans from China Eximbank, which are widely associated with lower ESG standards. This trend repeated itself in 2022, with the only new infrastructure commitment coming from a China Eximbank loan with exclusively weak ESG safeguards. In contrast, years with a higher share of strong safeguards were driven by an increase in syndicated lending, involving both Chinese and non-Chinese financiers, which typically carry more robust ESG requirements.

Overall, China's infrastructure engagement in Bangladesh shows gradual—but inconsistent—movement toward stronger ESG integration. These fluctuations, along with years when no infrastructure projects were active (marked in gray), are illustrated in Figure 4.1.

Figure 4.1: Infrastructure project portfolio with strong contractual ESG safeguards[11]
Percent of infrastructure project portfolio committed each year

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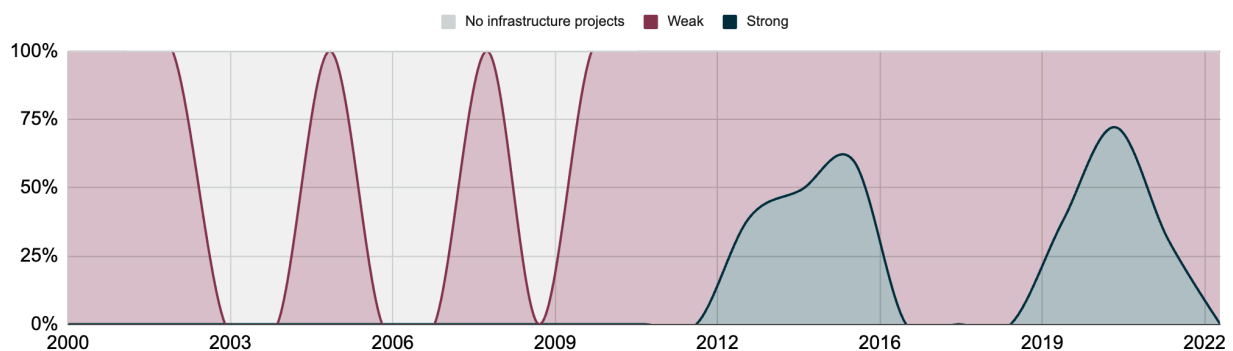
[11] This graph shows all years of Chinese funding regardless of if there was an infrastructure project in that year. Those years are represented by the gray or "no infrastructure projects" area.

Appendix A: Public opinion and bilateral diplomatic visits between China and Bangladesh in the BRI era

China's approval rate among Bangladesh citizens has fluctuated over time. Data captured by Gallup between 2006 and 2022 shows that Bangladeshi citizens held an average approval rate of 55.3% toward China.[12] This is slightly lower than the global average of 60.1%. Since 2012, when approval was lowest at 38.9%, approval has increased and fluctuated again, most likely attributed to the COVID-19 pandemic. By 2022, the approval rate reached 57.3% in Bangladesh.

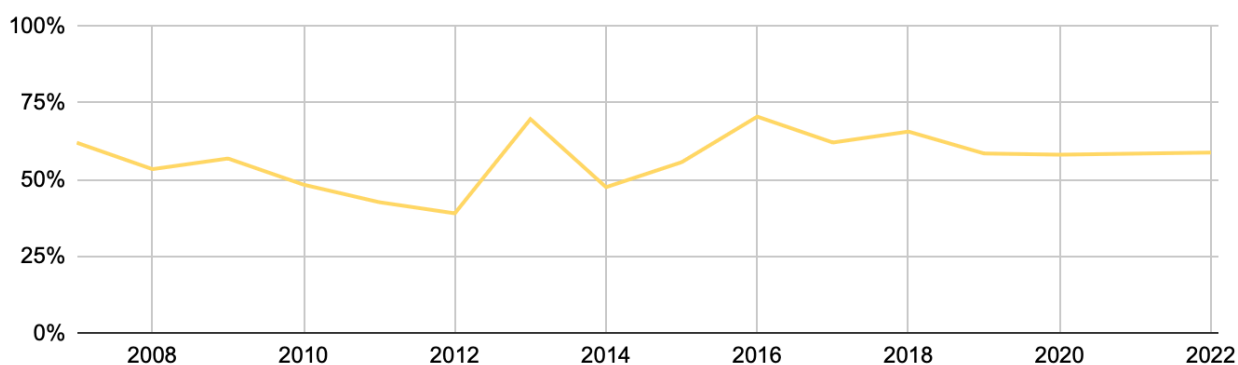Figure A.1: Bangladesh's approval of Chinese leadership, 2006-2022[13]

Figure A.2: Bilateral diplomatic visits between China and Bangladesh

2014 SEP	Bangladesh's Prime Minister Sheikh Hasina met with President Xi Jinping in China to discuss deepening their comprehensive partnership of cooperation.
2018 NOV	Chinese Foreign Minister Wang Yi met with Bangladeshi Foreign Secretary Shahidul Haque to exchange views on the crisis in Myanmar.
2019 JUL	Prime Minister Hasina met with President Xi in China ahead of the Summer Davos Forum and discussed furthering bilateral ties.
2021 APR	Chinese Minister of National Defense Wei Fenghe met with Bangladeshi President Abdul Hamid to sign an agreement on advancing bilateral military cooperation.
2024 JUL	Prime Minister Hasina met with President Xi to elevate their bilateral relations to a comprehensive strategic cooperative partnership.
2025 MAR	President Xi meets with Chief Adviser of Bangladeshi Interim Government Muhammad Yunus.

[12]This data comes from Gallup's World Poll which started in 2005. Gallup conducts the survey in various frequencies on a country-by-country basis; therefore, the years we have data for vary and there are gaps pre-2006 and, in some cases, between 2006-2021. For Bangladesh, data is not available for pre-2006 and 2021. For more information on the Gallup methodology see https://www.gallup.com/178667/gallup-world-poll-work.aspx
[13]The data for the graph and approval rate is based upon Gallup's Rating World Leaders' report and dataset.

Appendix B: Methodology & definitions

Capturing Chinese development finance methodology:

The insights in this profile are derived from AidData's preliminary 2000-2022 Global Chinese Development Finance (GCDF) dataset, which has not yet been published. By nature of AidData's data collection process, AidData uncovered new sources and information related to projects across all commitment years, and as such, there may be movements in the underlying data since the previous version of the profile. For more details regarding the methodology used to assemble the data, please refer to the Tracking Underreported Financial Flows (TUFF) 3.0 Methodology. All financial values reported in this profile represent USD Constant 2022 prices, unless otherwise stated.

Definitions of finance types:

- Aid: Includes any grant, in-kind donation, or concessional loan (i.e., loans provided at below-market rates and categorized as ODA-like in GCDF 3.0).
- Non-concessional loans: Captures export credits and loans that are priced at or near market rates (i.e., non-concessional and semi-concessional debt categorized as OOF-like in GCDF 3.0).
- Vague: Any official financial flows that could not be reliably categorized as "aid" or "non-concessional loans" because of insufficient information in the underlying source material.

Definitions of instrument types:

- Grant: The donation of money or an in-kind donation of goods from an official sector institution in China (e.g. donations of supplies or equipment, humanitarian aid or disaster relief, or financing for the construction of a government building, school, hospital, or sports stadium).
- Free-standing technical assistance: Skills training, instruction, consulting services, and information sharing by official sector entities and experts from China. Training provided by Chinese entities outside of China is classified as technical assistance.
- Scholarships/training in the donor country: Funding from an official sector institution in China that allows a citizen from the host country to study at a Chinese university or other educational institution. This includes training programs and activities that are sponsored by an official sector institution in China and held for host country citizens in China.
- Debt forgiveness: The total or partial cancellation of debt owed by a borrowing institution in the host country to a Chinese government or state-owned entity.

Development finance to Bangladesh from other donors

All data on development finance from other donors came from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) Creditor Reporting System (CRS). The CRS is the OECD's aid activity database, which compiles activity-level statistics from all providers who report to the OECD. For the analysis in Figure 1.2,

'Aid' represents Official Development Assistance (ODA) grants and loans. Non-concessional loans represent the Other Official Flows (OOF) measure. However, the flows captured in CRS (which are project-level records) specifically exclude export credit flows (due to their potentially sensitive nature). Data on export credits is available in OECD's DAC2B database in aggregate form. DAC2B provides data on OOF loans and grants and gross export credits. However, consistent and comprehensive data on export credits from one development partner to a specific country are not available. Gross export credits to a specific country are available at an aggregate level, such as G7 or all DAC Members. AidData determined that these additional financial flows would not substantially change Figure 1.2.

Calculating loans from China within repayment periods

Figure 2.1 shows the percentage of official sector lending from China to Bangladesh that represents loans within their repayment periods as of 01/01/2025 date. To determine when each loan will enter repayment, each loan's grace period is added to its commitment date. This figure represents when loans will reach their repayment period according to their original borrowing terms, although many loans have been rescheduled (often involving an extension of the loan's grace period and/or maturity). When the grace period is not available, AidData assumes the grace period is 0.

ESG risk exposure methodology:

AidData's ESG risk exposure metric is a composite, project-level score based on five criteria. First, AidData identified whether a given infrastructure project is located in an environmentally sensitive area. Second, AidData analyzes whether the project is located in a socially sensitive area—specifically, in an area where Indigenous populations are often denied free, prior, and informed consent (FPIC). AidData assesses whether the project is located in a geographical area that is vulnerable to political capture and manipulation by governing elites in host countries. Fourth, AidData evaluates if the Chinese lender/donor relied on a contractor sanctioned for fraudulent and corrupt behavior to implement the project. Fifth, AidData identifies whether a significant environmental, social, or governance challenge arose before, during, or after the implementation of the project.

Common ESG Risks in Infrastructure Projects:

➔ Environmental: Negative effects on the environment due to building, rehabilitating, or maintaining a physical structure. These include an increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.
➔ Social: Negative effects on different groups of people due to the infrastructure project, such as employees, nearby residents, Indigenous populations, or community members. Such negative effects include poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.
➔ Governance: Negative effects related to the infrastructure project's financial, legal, and ethical management during the design and implementation of the project. These can include corruption, money laundering, lack of transparency, and non-competitive bidding processes that lead to higher project costs and/or poor project quality.

ESG safeguard methodology:

In addition to metrics of ESG risk exposure, the *Belt and Road Reboot* report introduced a measure of China's responses to ESG risks through its own grant and loan financing agreements. AidData obtained a large cache of unredacted infrastructure financing agreements that provide detailed information about whether financiers, at the time that they signed the agreements with their host country counterparts, identified behavioral expectations related to ESG risk management and mechanisms to monitor and enforce compliance with those expectations. AidData used these agreements to create indicators that measure the formal stringency of China's ESG safeguards built into its infrastructure grant and lending instruments. It then applied these metrics to the full GCDF 3.0 dataset.

The insights in this profile are primarily derived from AidData's preliminary 2000-2022 Global Chinese Development Finance (GCDF) dataset, although it also draws upon ancillary data from other sources. This preliminary dataset has not yet been published. It builds upon AidData's publicly available GCDF 3.0 dataset, incorporating an additional commitment year of data and new information across all commitment years based on sources uncovered during the data collection process. GCDF 3.0 is a uniquely comprehensive and granular dataset that captures 20,985 projects across 165 low- and middle-income countries supported by loans and grants from official sector institutions in China worth $1.34 trillion. It tracks projects over 22 commitment years (2000-2021) and provides details on the timing of project implementation over a 24-year period (2000-2023). An accompanying report, *Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative*, analyzes the dataset and provides myth-busting evidence about the changing nature, scale, and scope of China's overseas development program.

For the subset of grant- and loan-financed projects and activities in the dataset that have physical footprints or involve specific locations, AidData has extracted point, polygon, and line vector data via OpenStreetMap URLs and produced a corresponding set of GeoJSON files and geographic precision codes. The GCDF 3.0 geospatial data and precision codes are provided in AidData's Geospatial Global Chinese Development Finance Dataset, Version 3.0 (Goodman et al, 2024).

For any questions or feedback on this profile, please email china@aiddata.org.