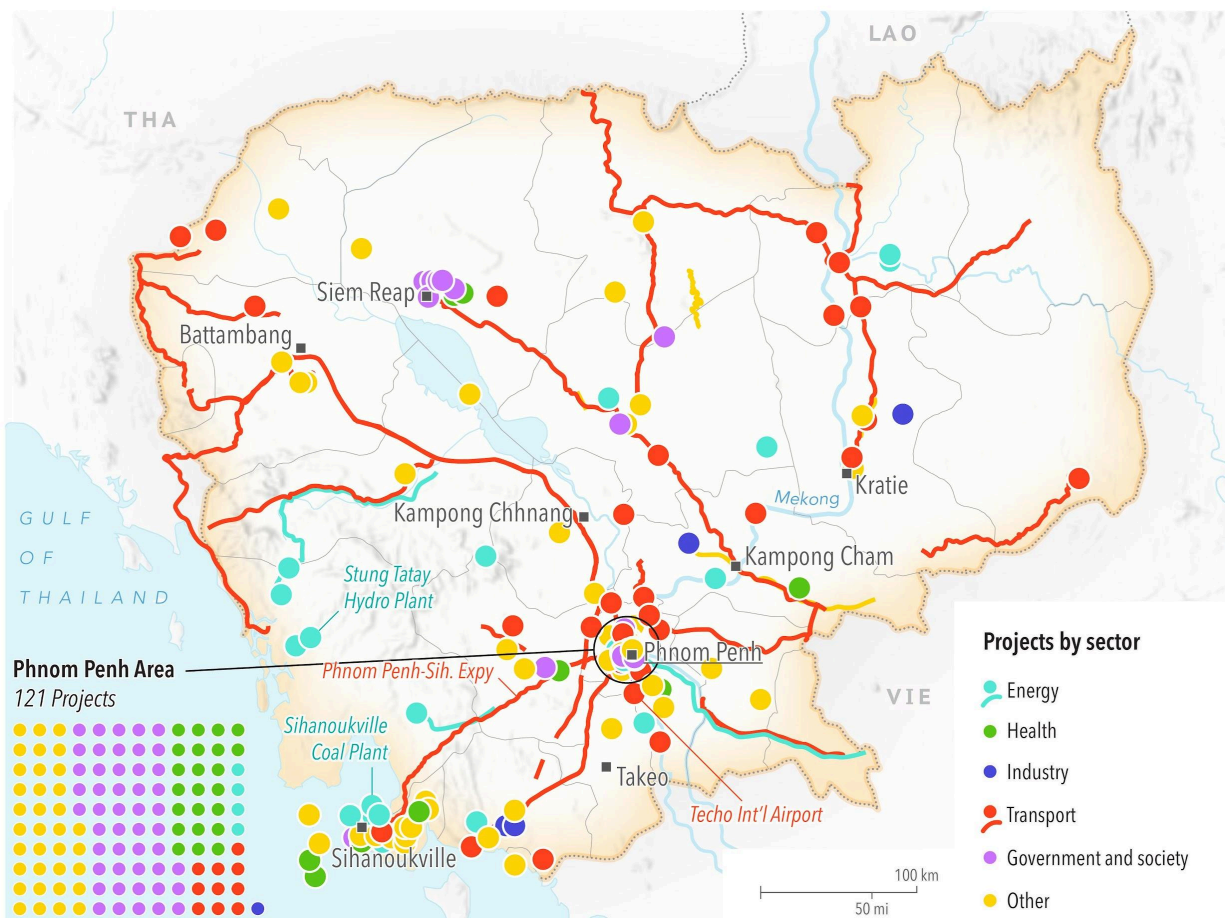


Cambodia

The Scale, Scope, and Composition of Chinese Development Finance

October 2025



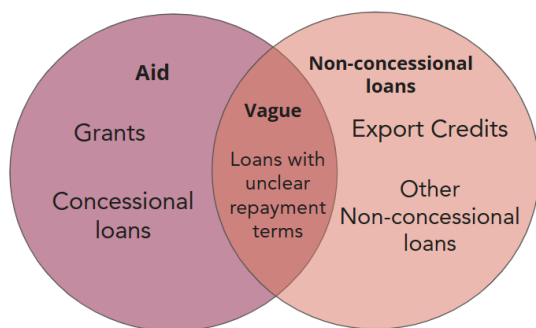
JulieAnn Sickell, Brooke Escobar

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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.



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.

Country overview: China's relationship with Cambodia

Southeast Asian countries that have joined the BRI

■ Cambodia ■ In BRI ■ Not in BRI



Cambodia is a key participant in the Belt and Road Initiative, China's flagship infrastructure program launched in 2013. It is located along the 21st-century Maritime Silk Road—the Road component of China's Belt and Road Initiative (BRI). In October 2016, during President Xi Jinping's state visit to Cambodia, the two nations' leaders signed the "Memorandum of Understanding on Jointly Formulating a Plan for Cooperation to Promote the Construction of the Belt and Road," officially marking Cambodia's entry into the BRI.

Historic relationship

The Kingdom of Cambodia and the People's Republic of China have maintained a diplomatic bilateral relationship since 1958. The relationship is characterized by significant Chinese involvement in the Cambodian Civil War (1967-1975), the Cambodian-Vietnamese War (1978-1989), and the Third Indochina War (1978-1991). China's support of former Prime Minister and current President of the Senate of Cambodia, Hun Sen, during the late 1990s played a major role in the advancement of China-Cambodia relations.¹ While Hun Sen's consolidation of power and human rights abuses have led to the deterioration of Cambodia's bilateral relationships with Western states, Cambodia's relationship with China continues to grow stronger in key areas such as trade, health, and security.

Present-day relationship

For China, Cambodia has proved to be a strategic ally and cooperation partner in the Asia-Pacific, increasingly in the 2010s and 2020s. However, tensions in the China-Cambodia relationship have also arisen recently. In April 2025, Xi Jinping and Hun Manet, the current prime minister of Cambodia, declared the building of an "all-weather China-Cambodia community with a shared future in the new era."² During this visit to Cambodia, the two sides signed 37 cooperation agreements, including the building of the large-scale Funan Techo canal.³ In 2024, it was reported that China froze lending to Cambodia, as no new loans were signed that year. Cambodia has also been undergoing a wave of scam-related crime, trafficking victims and scam operators across Asia and from China. In 2024, China repatriated hundreds of fraud suspects and victims from Cambodia and Myanmar.

¹Storey, I. (2006). China's Tightening Relationship with Cambodia. *China Brief Volume*, 6(9).

<https://jamestown.org/program/chinas-tightening-relationship-with-cambodia/>

²State Council of the PRC (2025). China, Cambodia agree to build all-weather community with shared future in new era. *Xinhua*.

https://english.www.ov.cn/news/202504/18/content_WS68018acfc6d0868f4e8f1d74.html

³Khmer Times (2025). Cambodia and China sign 37 agreements to strengthen bilateral ties during President Xi Jinping's visit.

<https://www.khmertimeskh.com/501671228/cambodia-and-china-sign-37-agreements-to-strengthen-bilateral-ties-during-president-xi-jinpings-visit/>

Chinese development finance in Cambodia from 2000-2022

\$18.3 billion

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

92%

of Chinese development finance is provided via loans.

264

grants, technical assistance, and training activities offered.

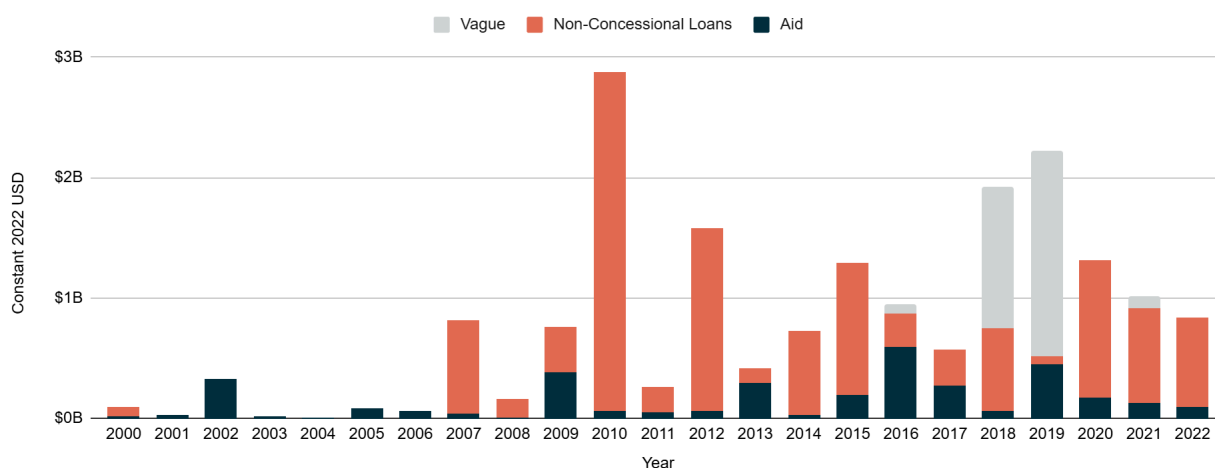
5th

largest recipient of Chinese aid and credit in Southeast Asia.

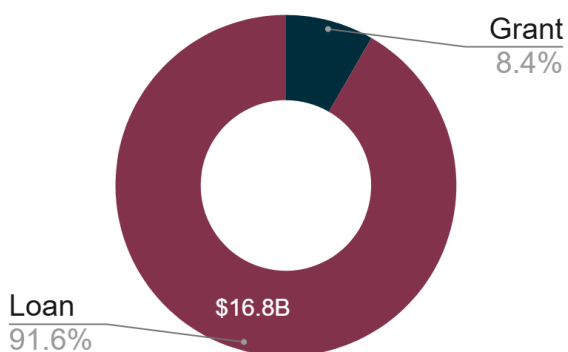
62%

of China's infrastructure portfolio has significant exposure to ESG risks.

Official sector financial commitments from China to Cambodia, 2000-2022⁴

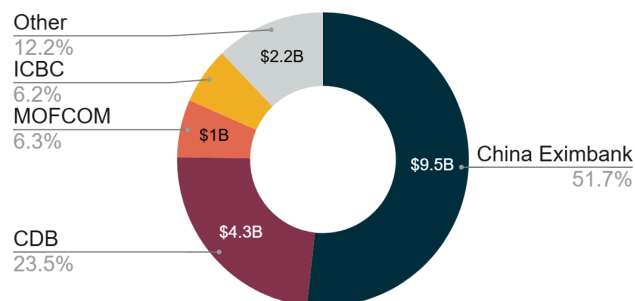


Portfolio by type of finance



Loans include concessional and non-concessional loans

Portfolio by funder



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

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

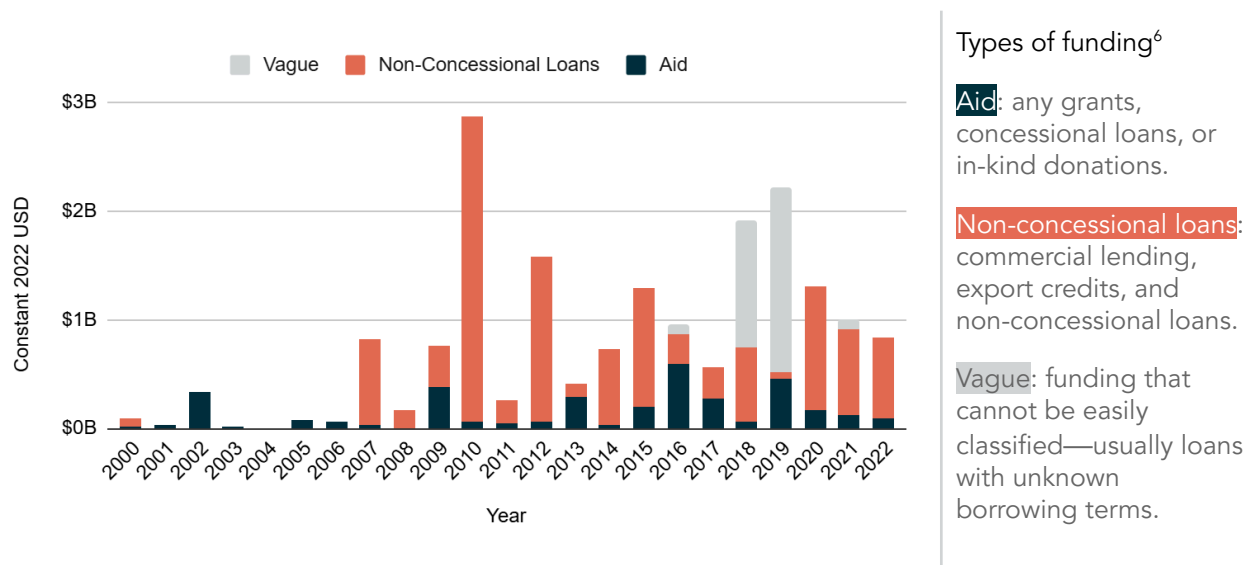
Section 1: China's development finance portfolio

Cambodia joined China's BRI in 2016. However, even before the agreement was signed, China had established itself as a major lender to Cambodia (see Figure 1.1). China is Cambodia's largest trading partner and bilateral donor. (For a list of bilateral diplomatic visits between China and Cambodia in the BRI era, see Appendix A).

How much development finance has China provided Cambodia since 2000?

Between 2000 and 2022, official sector lenders and donors from China provided grant and loan commitments worth \$18.3 billion for 418 projects and activities in Cambodia. That makes Cambodia—a country with a relatively small economy (GDP: \$39.9 billion) and population (17.4 million residents)—the fifth-largest recipient of Chinese aid and credit in Southeast Asia and the 23rd-largest recipient in the developing world. In 2010, China and Cambodia established a comprehensive strategic partnership, marking a major turning point in China's relationship with the country, as demonstrated by the \$2.9 billion in aid and non-concessional loan commitments that year (see Figure 1.1).⁵ China's heavy financing in Cambodia seems to be continuing, with a landmark \$1.2 billion deal financing the Funan Techo Canal finalized in April 2025 (though debt financing details are yet to be confirmed).

Figure 1.1: Official sector financial commitments from China to Cambodia



⁵A comprehensive strategic partnership (CSP) is the highest tier of foreign relations in Cambodian foreign relations. See Lim (2024) for more information at <https://eastasiaforum.org/2024/01/24/cambodia-strengthens-ties-with-japan-amid-us-china-tensions/>

⁶For more information on these categories, please see Appendix B.

How does China compare to other development partners?

China is Cambodia's largest development partner (see Figure 1.2), providing nearly six times more aid and credit than any other bilateral or multilateral source. Japan is the country's second-largest development partner and the only country—other than China—to establish a comprehensive strategic partnership with Cambodia.⁷ Financial flows from all of these donors focus heavily on the transport sector (including national road rehabilitation and bridge building) as well as the water supply and sanitation sector. The United States and the Asian Development Bank rank third and fourth, respectively, among Cambodia's development partners.

- **United States:** A major downsizing of U.S. foreign assistance in 2025 may impact aid delivery in Cambodia, especially for landmine clearance programs (which received nearly \$13 billion in 2022 from the U.S. State Department). Health and human rights also received large amounts of funding in recent years—funding that may now be in jeopardy going forward.

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

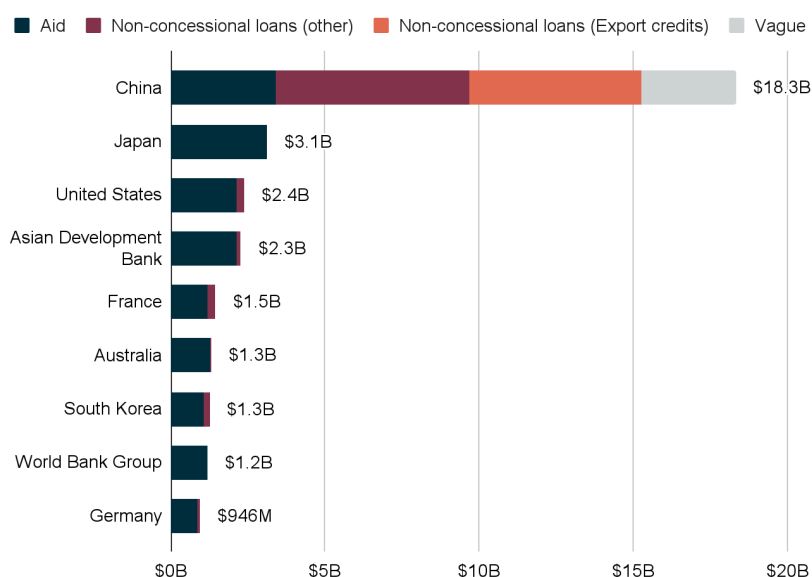


Figure 1.2 contains the top nine development partners providing aid and other financing to Cambodia. However, only China has detailed bilateral export credit flows to Cambodia. This level of granularity is not available for other development partners as the OECD does not provide export credit data for 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: ~\$471 million.⁸

Annual export credits from G7 between 2014-2022: \$8.5 million.

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.

⁷See Lim (2024) for more information at

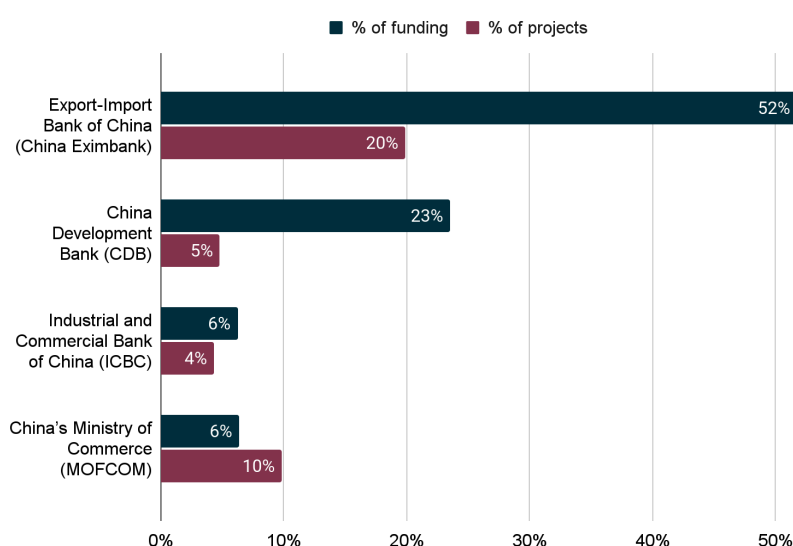
<https://eastasiaforum.org/2024/01/24/cambodia-strengthens-ties-with-japan-amid-us-china-tensions/>

⁸Export credit totals from 2002-2004 were uncharacteristically negative, likely due to currency fluctuations, and weak domestic production. To provide a more relevant picture of recent export credits from G7 donors, we have provided an annual average of gross export credit flows during the BRI period to Cambodia during this time period as part of Figure 1.2.

Which donors and lenders from China are active in Cambodia?

Between 2000 and 2022, 66 official sector donors and lenders from China provided aid and non-concessional loans to Cambodia. 88% of China's official development finance portfolio is provided via four 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 to Cambodia



China Eximbank:

state-owned policy bank that primarily provides concessional loans and export credits.

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

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

MOFCOM: government agency providing grants and zero-interest loans.

The top two funding agencies are both state-owned policy banks. The Export-Import Bank of China issued 83 loans worth \$9.5 billion for projects and activities, accounting for over half of total official sector financial flows (52%) from China to Cambodia between 2000 and 2022. Nearly all of China Eximbank's financing to Cambodia is for infrastructure, especially related to transportation. In 2022 alone, China Eximbank committed over \$400 million to new transportation infrastructure projects throughout the country.

China Development Bank (CDB) issued 20 loans worth \$4.3 billion. The value of these loans represents 23% of total official sector financial flows from China to Cambodia between 2000 and 2022. In Cambodia, CDB funded many infrastructure projects as well as loans supporting the banking and financial sector in the country.

The Industrial and Commercial Bank of China (ICBC) issued multiple loans to private banks and special purpose vehicles/joint ventures (SPV/JV) in Cambodia, including loans worth \$654 million for the Sihanoukville CIIDG Coal-Fired Power Plant.⁹ In total, ICBC extended 18 loans worth \$1.1 billion (6% of total lending).

China's Ministry of Commerce (MOFCOM) is a government agency that serves as the lead administrator of China's grant and interest-free loan program for developing countries. It provided 41 grants and interest-free loans worth \$1 billion—or 6% of total official sector financial flows from China to Cambodia from 2000 to 2022.

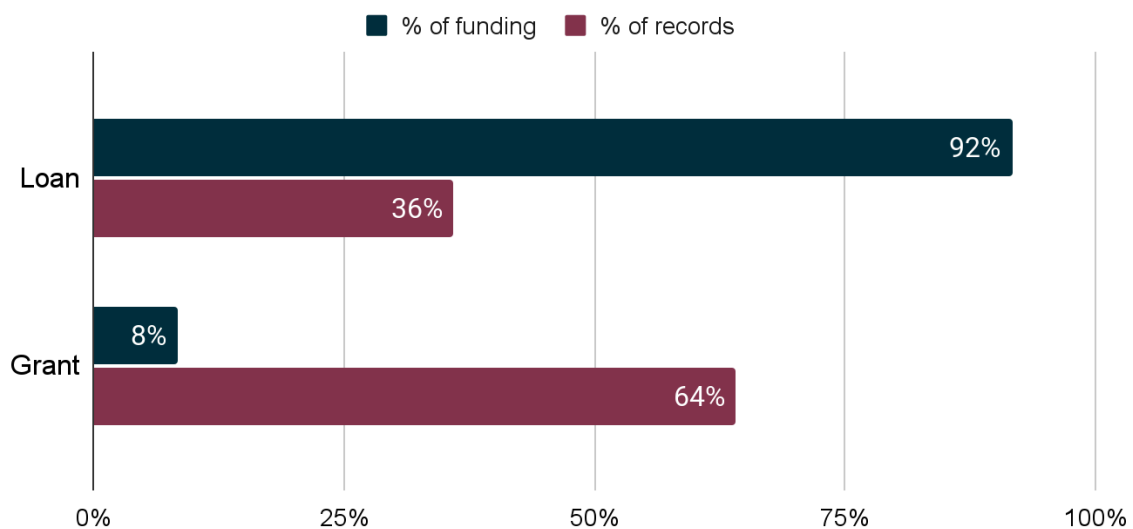
⁹Special purpose vehicles/joint ventures (SPV/JV) are project companies (independent legal entities) that are established to manage the financing and implementation of a particular project.

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

92% of China's official sector financing to Cambodia takes the form of loans (totaling \$16.7 billion), while 8% (\$1.5 billion) 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.

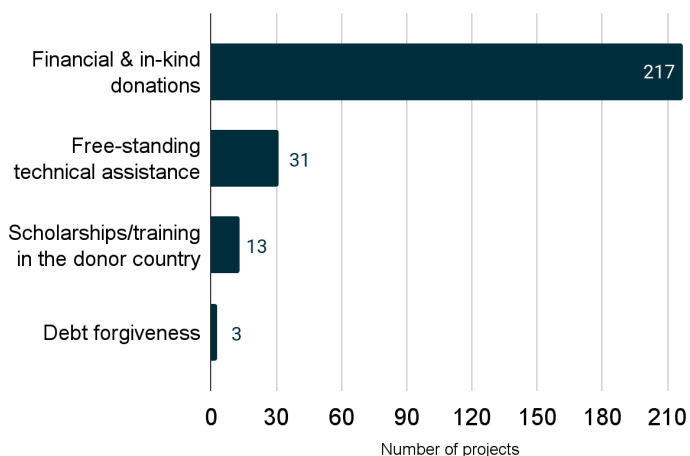
AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China's activities in Cambodia. When looking at record counts, grants account for 64% of all activity records in Cambodia (representing 264 records capturing activities taking place between 2000 and 2022).

Figure 1.4: Top financial instruments used by China in Cambodia



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

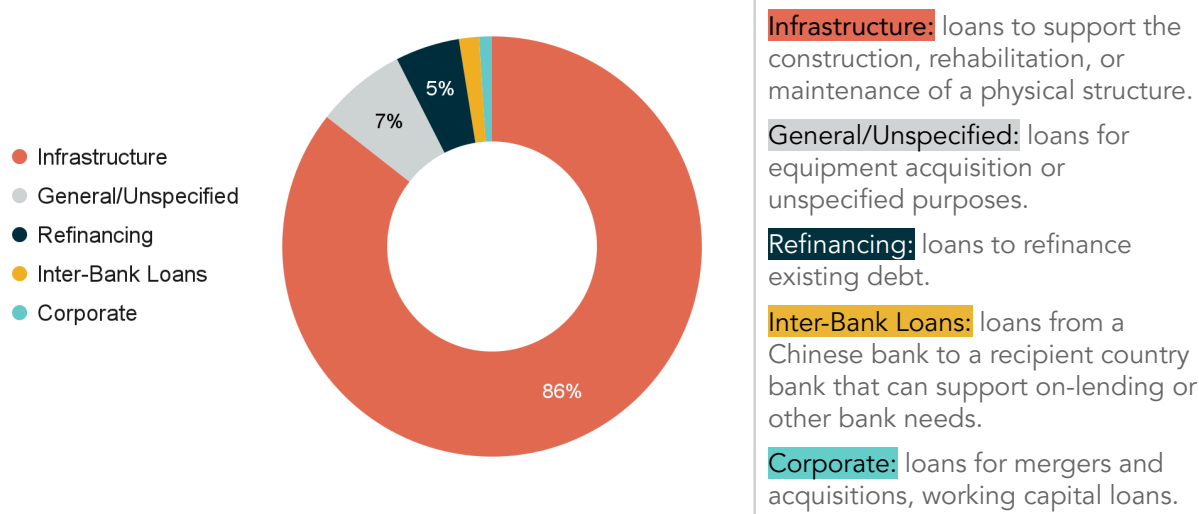


Cambodia ranked 5th for most Chinese COVID-19 aid received, totaling \$218 million in donations and over 11 million vaccines. Non-health related donations include office supplies and school construction.

Technical assistance in Cambodia consists of medical teams and training workshops. China provided over 600 scholarships to Cambodian students and officials for training and education.

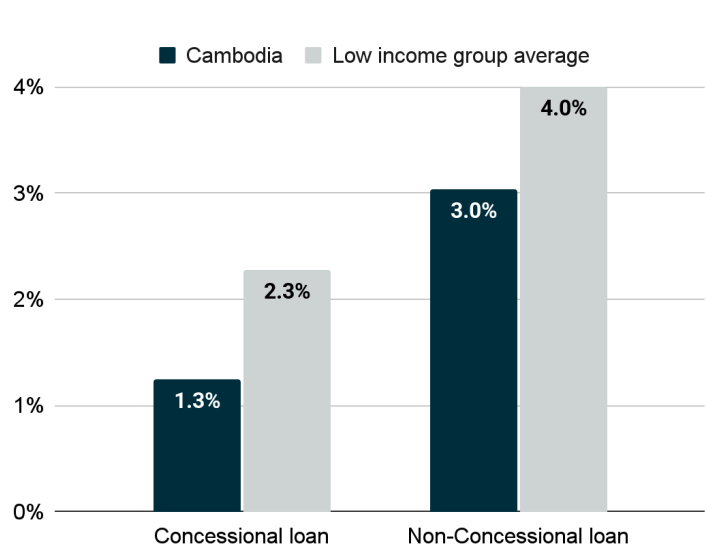
Cambodia also received a grand total of \$691 million in debt forgiveness in 2002, 2010, and 2016.

Figure 1.6: Breakdown of lending by purpose



86% of China’s \$16.8 billion in official sector lending to Cambodia supports infrastructure projects. Nearly 88% of these infrastructure projects are implemented by at least one Chinese entity, such as a Chinese state-owned company or a Chinese private sector company. Around 7% of loans went to private sector institutions for unspecified purposes. For refinancing, almost all 5% came from Bank of China, China Development Bank, and China Merchants Bank’s participation in a \$591 million syndicated loan facility to help CamGSM Co. Ltd., a subsidiary of Royal Group of Companies, refinance a \$421 million loan used to buy out Mobitel. Less than 3% of lending was for inter-bank loans and corporate activities, including direct loans to Cambodian private banks such as Canadia Bank and Acleda Bank, as well as on-lending by these banks to local SMEs.

Figure 1.7: Borrowing terms



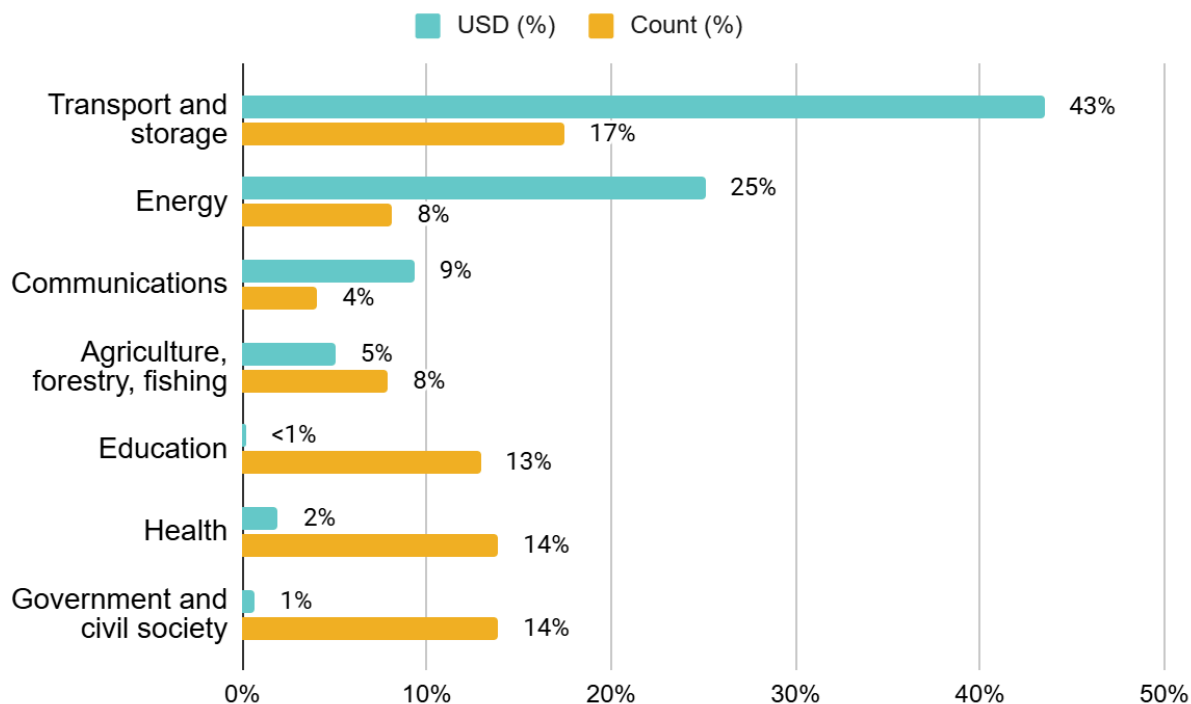
Between 2000 and 2022, China’s concessional lending (which is considered to be aid) to Cambodia carried a weighted average interest rate of 1.3% and a weighted average maturity of 20 years. By comparison, China’s non-concessional lending to Cambodia carried a weighted average interest rate of 3.0% and a weighted average maturity of 16 years. These borrowing terms were significantly 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 Cambodia differ greatly when comparing monetary values and record counts. Certain sectors, such as health and education, often make up 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, 77% of China's grant and loan commitments to Cambodia supported three core infrastructure ("hardware") sectors: transportation, energy, and communications between 2000 and 2022.

- **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 infrastructure projects. 43% of China's official development finance portfolio in Cambodia is specifically dedicated to this hardware sector, representing \$7.9 billion in aid and non-concessional loans. The largest financial commitment from a single source is a \$1.2 billion loan from China Development Bank (CDB) for the Techo International Airport project. There were six new projects committed in this sector in 2022: four for the upgrading of national roads, one for the Kratie-Kampong Thom Mekong River Bridge, and one for the Kampot International Tourism Port.
- **Energy:** This sector is the second largest by financial value, with \$4.6 billion in funding (or 25% of China's entire portfolio). It encompasses the generation and distribution of renewable and non-renewable sources, as well as hybrid and nuclear power plants. Noteworthy activities in the energy sector include a \$727 million investment loan from

China Eximbank for the 246MW Stung Tatay Hydroelectric Power Plant Construction project and a \$600 million ICBC loan for Phase 1 of the 700MW Sihanoukville CIIDG Coal-Fired Power Plant Construction project. The 700MW Sihanoukville CIIDG Coal-Fired Power Plant became fully operational in 2022.

- **Communications:** This sector encompasses the provision and access of telecommunications and information services, such as telephone, radio, and TV networks. Projects in the communications sector account for \$1.7 billion in funding (or 9% of China's official development finance portfolio). Activities in the communications sector include a \$77 million loan for the National Information Highway Fiber Optic Network project. The most recent project was a donation of digital transformation system equipment to the National Television of Cambodia in 2021.

China is also heavily engaged in the “software” sectors, such as health, education, and governance.¹⁰ China's footprint in these sectors is difficult to gauge, 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.

- **Government and Civil Society:** This sector encompasses activities that address public procurement, subnational government support, elections, democratic participation, and human rights. This sector is tied with health by record count with 58 records between 2000 and 2022. China's activities in this sector include grants from MOFCOM for a Council of Ministers building project and a new Senate office building. In 2022, there was one new donation in this sector for an auditorium at Cambodia's Army Institute.
- **Health:** This sector includes medical care, infrastructure, equipment, and control activities. In total, activities in the health sector represent 58 records in China's portfolio in Cambodia (or 14% of records). Notable activities include MOFCOM grants for the Cambodia-China Friendship Preah Kossamak Hospital Construction project and the donation of 5 million Sinovac Covid-19 vaccine doses worth \$90 million in March 2022. Smaller-scale activities have included dispatching Chinese physicians to Cambodia and providing free surgeries.
- **Education:** This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent \$42 million in funding and 13% of China's total record count, with 40 records. Notable activities in the education sector include MOFCOM grants to construct school buildings and vocational training centers, as well as the Chinese embassy's donations of language books and money for language courses. There were five new projects in this sector in 2022, including the construction of a junior high school, over 200 new scholarships, and the donation of school supplies.
- **Agriculture, forestry, and fishing:** This sector covers the development and management of crops, livestock, fisheries, and other live resources, as well as associated research and education activities. The 33 records in this sector account for \$925 million. Examples of activities with a low-transaction or no-transaction amount include the donation of 100 tons of milled rice by the Guangxi Department of Agriculture and a Chinese government donation of 200 water pumps to Cambodia. New commitments in 2022 included assistance from an agricultural expert team and 1 million livestock vaccines.

¹⁰We define “software” sectors based on the following 3-digit OECD sector codes: 110, 120, 150, 160, 240, 310, 330, 600.

Section 2: Cambodia's debts to China

148

loans issued

\$16.8 billion

cumulative value of loan commitments (42% of GDP)

1%

of total debt shows signs of financial distress

43%

public debt

What is "public debt"?

Public 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.

Potential public debt

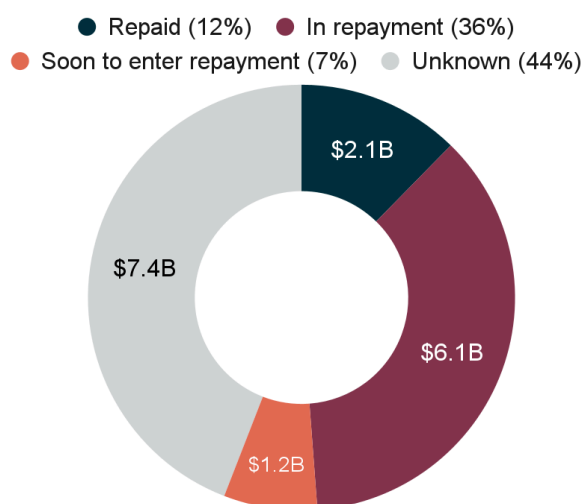
Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.

Private or opaque debt

Loans to private sector borrowers and entities with opaque ownership structures.

In this section, AidData examines Cambodia'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 Cambodia's debt exposure to China.

Figure 2.1: Repayment status for all loans from China

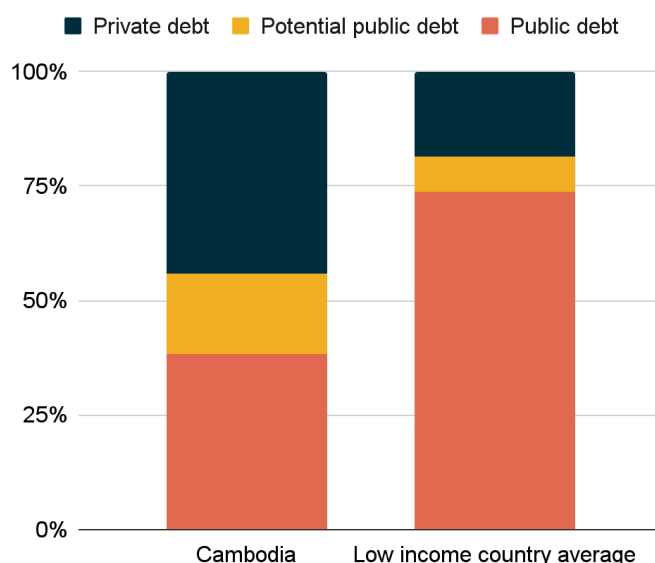


There are currently 109 loans for which AidData has access to repayment details. 66 of those loans (worth \$6.1 billion) are currently in their repayment period. 31 loans (worth \$2.1 billion) have exited their repayment periods—meaning they should have been fully repaid based on their original maturity dates outlined at the time of their signing. The remaining 12 loans (worth \$1.2 billion) will enter their repayment period in the coming years.

However, the amount in repayment could be higher since there are 39 loans (with \$7.4 billion) for which AidData has insufficient repayment details.

Figure 2.2: Composition of debt from China by public liability

Total debt, 2000-2022— Cambodia: \$16.8 billion. Low income country average: \$6 billion.



Cambodia's percentage of public debt from China (38%) is well under average (74%) for other low income countries. Private or opaque debt takes up almost half of Cambodia's level of liability, with 44% of debt compared to the low income country average of 18%.

Private or opaque debt is significantly higher due to \$8 billion in loans to private banking institutions such as Canadia Bank and Acleda Bank, as well as special purpose vehicles or joint ventures with opaque ownership structures.

\$3 billion (18%) of China's official sector lending to Cambodia qualifies as "potential public sector debt."¹¹ These are loans that Chinese state-owned creditors have extended to SPVs and JVs in which the Cambodian government has minority ownership stakes. Potential public sector debt is not a formal liability of the host government, but it may benefit from an implicit public sector repayment guarantee and could become a host government liability in the event of default by the original borrowing SPV or JV entity. Cambodia's Ministry of Finance and Economy does not, at present, acknowledge that these sources of debt exposure to China represent potential repayment obligations of the Cambodian Government.

The provision of credit to SPVs and JVs is provided through limited-recourse project finance transactions. In this type of transaction, the loan for a project (e.g. a toll road, seaport, or power plant) is exclusively repaid with the cash flow generated by the project (e.g. toll revenue, container fees, or electricity sales), and the creditor either has no claim ("recourse") or a limited claim to any other assets as a basis for recovering the debt. Bankrolling big-ticket infrastructure projects through this type of instrument has become an increasingly important feature of China's overseas development program in Cambodia.

During the early BRI era (2014-2017), only 12% of China's loan commitments to Cambodia were structured as limited-recourse project finance transactions. However, this figure soared to 66% during the late BRI era (2018-2022). Limited-recourse project finance transactions are not inherently riskier than full-recourse sovereign debt transactions (i.e. a loan directly to a government agency or public debt). However, if the financial viability of a project depends upon cash flow assumptions that prove overoptimistic due to factors either exogenous or endogenous to the project, the loan that supports the project may be at a higher risk of default.

¹¹For more on this issue, see AidData's 2021 *Banking on the Belt and Road* report. <https://www.aiddata.org/publications/banking-on-the-belt-and-road>

This issue merits continued attention, as China and Cambodia signed a \$1.2 billion deal for the Funan Techo Canal Project in April 2025. It is unclear what level of public liability will emerge from the project and any linked debt financing, but local news reports imply that the joint venture for this project will be majority-owned by a consortium of Cambodian state-owned companies and minority-owned by China Bridge and Road Corporation (CRBC).

To date, there is one instance of financial distress in China's cumulative loan commitments to Cambodia. Evidence of financial distress includes borrowers accruing principal or interest arrears, defaulting on their repayment obligations, filing for bankruptcy, or seeking a rescheduling of the loan's repayment terms. For the 400MW Lower Sesan II Hydropower Plant Project, the \$700 million syndicated loan was rescheduled by amending the interest rate. In a joint report from the World Bank and IMF on Debt Sustainability Analysis, Cambodia is also classified as low risk for overall and external debt distress.¹²

¹² More information on Cambodia's external debt is provided by the World Bank and IMF at <http://documents.worldbank.org/curated/en/099022024175053011/BOSIB17e24784600c1baf2161d165847507>

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

Chinese infrastructure in Cambodia with ESG risk exposure:			Examples of global ESG risks
67 infrastructure projects supported by grants and loans from China	\$9.4 billion in loan commitments supporting infrastructure projects	62% of infrastructure lending with ESG risk exposure	<p>Environmental: increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.</p> <p>Social: poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.</p> <p>Governance: corruption, money laundering, lack of transparency, and non-competitive bidding processes.</p>

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.¹³ (See Appendix B for details on the ESG risk exposure methodology.)

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

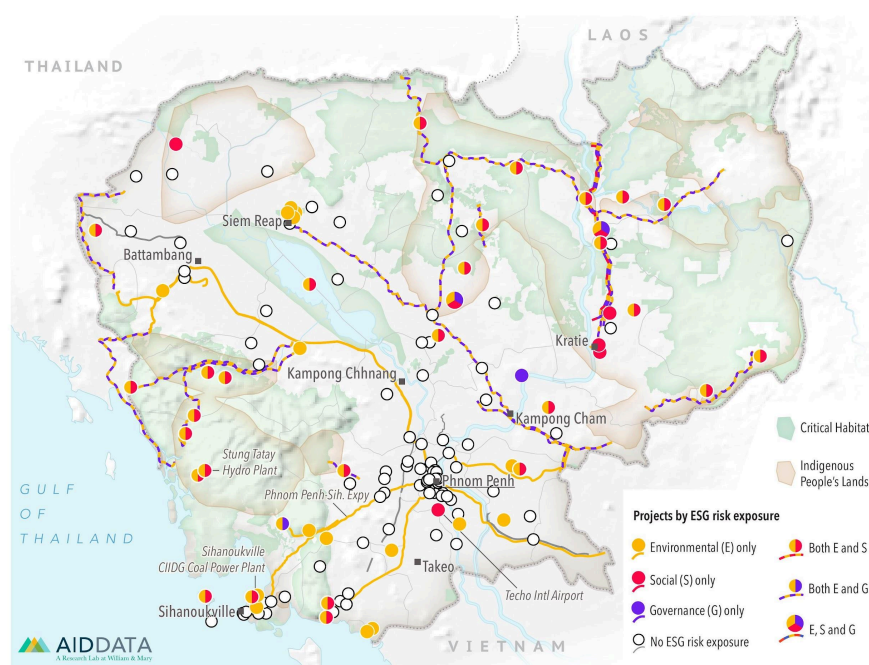


Figure 3.1 presents the geographic locations of all Chinese-financed infrastructure projects in Cambodia according to their environmental, social, or governance risk exposure. While most infrastructure projects undertaken near the capital (Phnom Penh) do not face significant ESG risk exposure, many projects located in rural areas pose significant environmental and social risks.

¹³ 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>.

In China’s grant- and loan-financed infrastructure project portfolio in the developing world, the cumulative percentage of financing with significant ESG risk exposure increased from 12% to 54% from 2000 to 2021, demonstrating that China’s signature infrastructure initiative is facing major challenges. In Cambodia, ESG risks are above the global average, with 59% of China’s portfolio identified with significant ESG risk exposure from 2000 to 2021 (compared to 54% in the developing world writ-large). With the addition of data from commitment year 2022, Cambodia’s ESG risk exposure increased from 59% to 62%.

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

61% of China’s grant- and loan-financed infrastructure project portfolio in Cambodia has significant ESG risk exposure. This part of the portfolio consists of 67 infrastructure projects supported by Chinese grant and loan commitments worth \$9.4 billion. Exposure to environmental and social risk is dominant among these projects. Governance risk is less common but grew from 2% to 8% between 2000 and 2022. Many of these projects are exposed to more than one type of ESG risk (see Figure 3.2).

Figure 3.2: Percentage of infrastructure project portfolio with ESG risk exposure

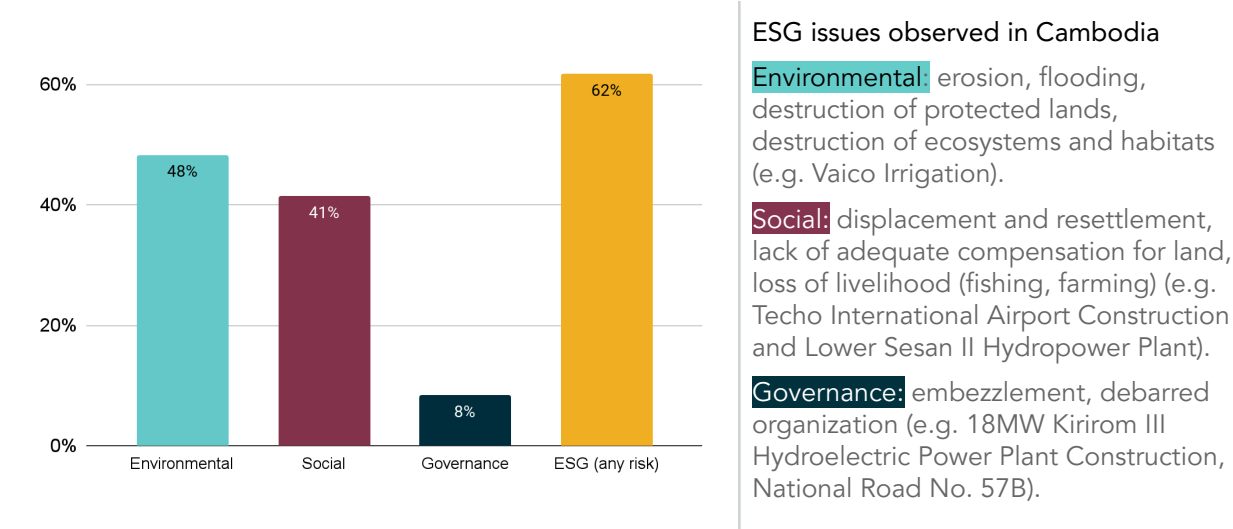
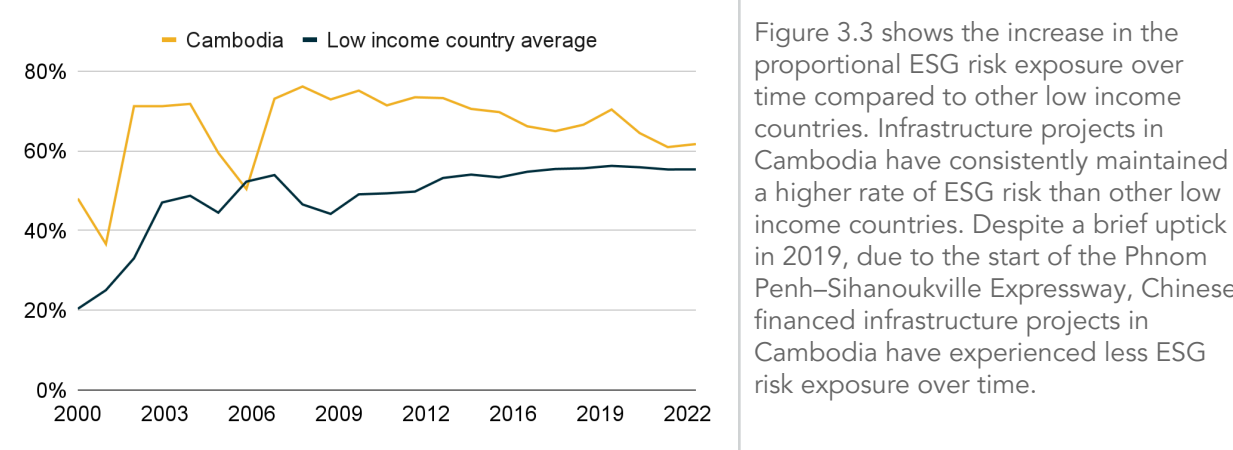


Figure 3.3: Cumulative proportion of Chinese infrastructure financing with ESG risk exposure Cambodia (2022): 62%. Low income country average (2022): 55%.



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

Percent of infrastructure portfolio with strong ESG safeguards

16%

2000-2022

What are ESG safeguards?

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 global 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

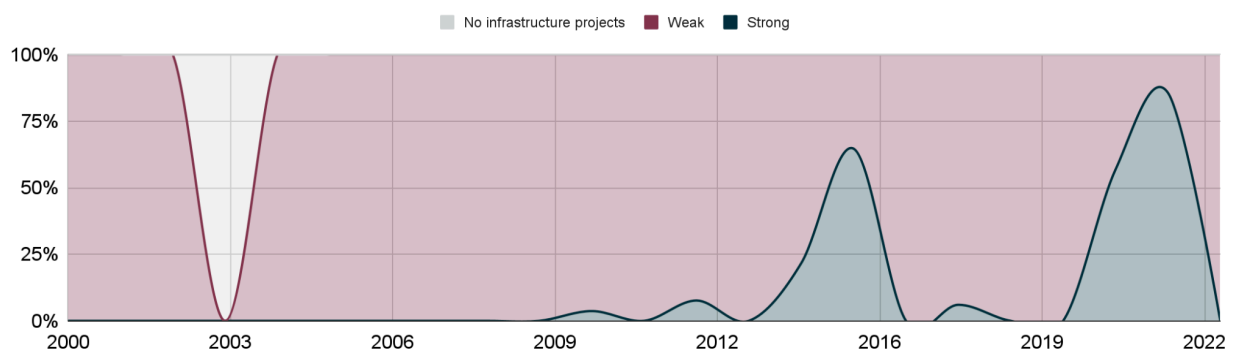
Has China increased ESG safeguard stringency in its infrastructure portfolio in Cambodia over time?

Between 2000 and 2022, 23% of China's grant- and loan-financed infrastructure project portfolio had strong contractual ESG safeguards in place. China's infrastructure project portfolio in Cambodia is not consistent with this global trend, with only 16% of its infrastructure portfolio containing strong contractual ESG safeguards between 2000 and 2022. New data in 2022 shows that Cambodia has not continued towards a downward trend, with 0% of 2022 infrastructure commitments featuring strong ESG safeguards.

Most years featured exclusively weak ESG safeguards, though there was a large increase in 2021 to 86%. Trends across China's global infrastructure portfolio suggest there will be an increase in strong ESG safeguards in future years. In Figure 4.1, these highs and lows of ESG safeguards in Cambodia are visualized alongside the years with no infrastructure projects (gray area).

Figure 4.1: Infrastructure project portfolio with strong contractual ESG safeguards¹⁴

Percent of infrastructure project portfolio committed each year



¹⁴This 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 Cambodia in the BRI era

Cambodia's approval rate of Chinese leadership has remained generally high, with fluctuations over time. In 2009, approval was at its highest at 91%, with China becoming Cambodia's biggest donor the same year. Approval rates significantly declined to 57.4% in 2019, most likely due to the emergence of the COVID-19 pandemic. Most recent numbers in 2022 show a declining trend of approval.

Figure A.1: Cambodian approval of Chinese leadership, 2006-2022¹⁵

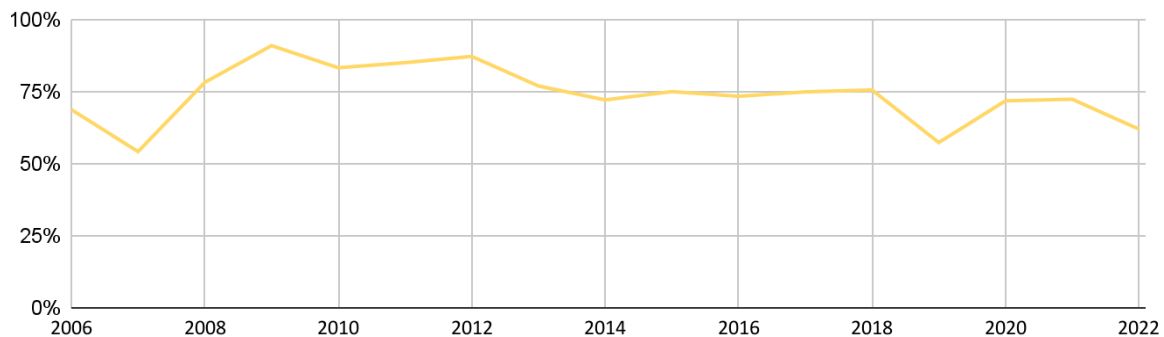


Figure A.2: Bilateral diplomatic visits between China and Cambodia

2015 OCT	Prime Minister Hun Sen visited Beijing for the Asia Political Parties Silk Road Special Conference
2016 OCT	President Xi Jinping visited Cambodia and signed 31 cooperation documents
2018 JAN	Li Keqiang, Premier of the State Council of PRC, paid an official visit to Cambodia
2020 FEB	Prime Minister Hun Sen visited China, the first foreign leader to visit China since the COVID-19 pandemic started
2023 FEB	Prime Minister Hun Sen visited China as 2023 marks the 65th anniversary of the establishment of diplomatic relations between China and Cambodia
2023 SEP	Cambodia's new Prime Minister, Hun Manet, Hun Sen's son, made his first bilateral visit abroad, traveling to Beijing, where he met with President Xi
2025 APR	During Xi Jinping's visit to Cambodia, the Deputy Prime Minister, Sun Chanthol, signed a deal for the Funan Techo Canal Project with President of China Communications Construction Company (CCCC), Wang Tong Zhou

¹⁵The 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, we 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 sector 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 Cambodia 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. We 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 Cambodia 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, we assume 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, we identify whether a given infrastructure project is located in an environmentally sensitive area. Second, we analyze 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). We assess whether the project is located in a geographical area that is vulnerable to political capture and manipulation by governing elites in host countries. Fourth, we evaluate if the Chinese lender/donor relied on a contractor sanctioned for fraudulent and corrupt behavior to implement the project. Fifth, we identify whether a significant environmental, social, or governance challenge arose before, during, or after the implementation of the project. 2022 data on ESG risk exposure at the global level is currently only available through 2021.

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.

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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.
