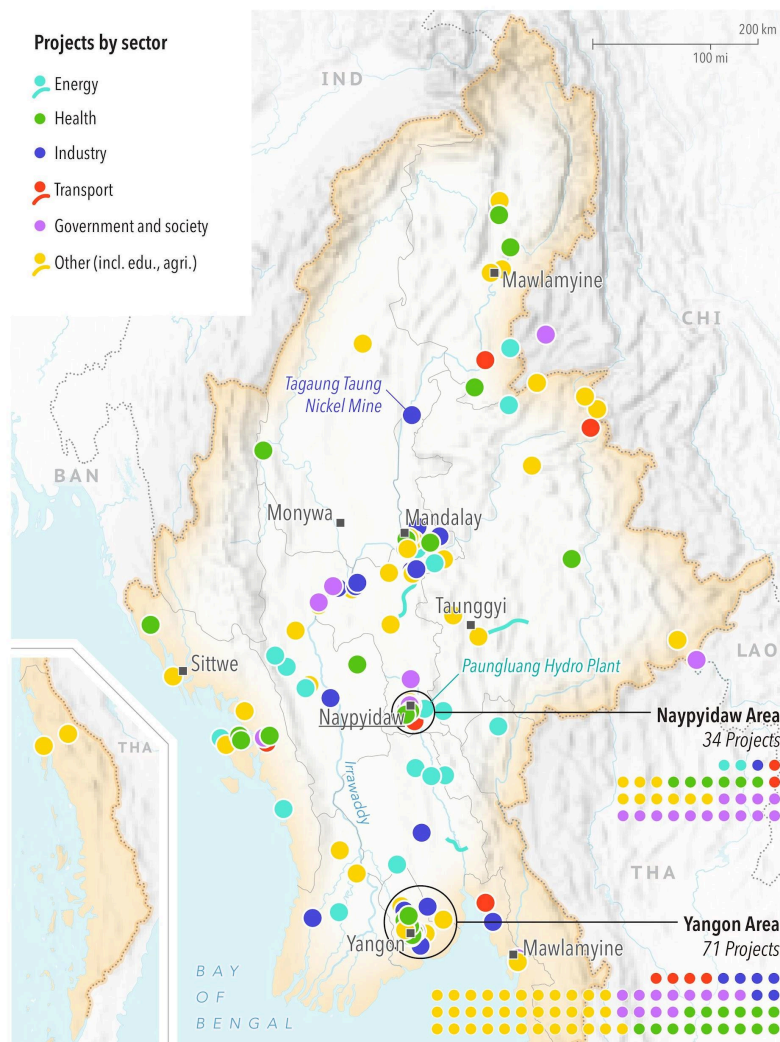


# Myanmar

## The Scale, Scope, and Composition of Chinese Development Finance

October 2025



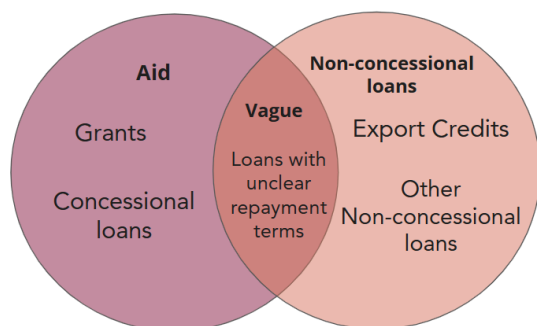
JulieAnn Sickell, Brooke Escobar

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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.



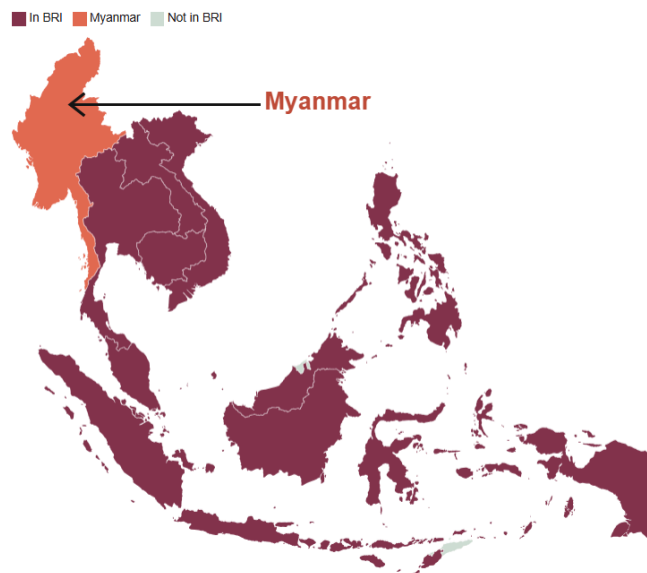
### Key concept: What is concessionality?

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 Myanmar

### Southeast Asian countries that have joined the BRI



### Myanmar and China's Belt and Road

In 2016, Myanmar and China signed a "Memorandum of Understanding on Jointly Formulating a Plan for Cooperation to Promote the Construction of the Belt and Road," officially marking Myanmar's entry into the BRI. Myanmar is a critical partner as it provides southwestern China access to the Indian Ocean. In 2018, Myanmar and China signed an MOU for the China-Myanmar Economic Corridor, which formalized and expanded pre-existing Chinese investment and cooperation.

### Historic relationship

The Republic of the Union of Myanmar and the People's Republic of China (PRC) share a land border and have maintained a diplomatic bilateral relationship since 1950. Myanmar describes their relationship with China as "pauk-phaw," a term coined specifically for the fraternal relationship between Myanmar and China in the 1950s.<sup>1</sup> In reality, Myanmar took a neutral policy stance towards China with hopes that China would not interfere in its domestic affairs.

### Present-day relationship

China's present-day relationship with Myanmar is characterized by close political, military, and economic engagement. China is one of Myanmar's largest trading partners and bilateral donors and lenders. Following the military coup and the junta's actions against Rohingya refugees, Myanmar has faced growing global isolation—driving it to depend more heavily on China. Beijing expanded its role amid this vacuum, strengthening its engagement with the new junta regime.<sup>2</sup>

However, Chinese-Myanmar relations have also experienced increased tension as Myanmar's civil war has brought attacks on the Chinese consulate in Mandalay and Chinese workers assigned to key cooperation projects. Myanmar has also become a hub for scam-related crime networks involving Chinese nationals, which traffic victims and operate fraud schemes across Asia. In 2024, Beijing responded by repatriating hundreds of suspects and victims from both Myanmar and Cambodia. Given the instability in the country, multiple Chinese-funded infrastructure projects have also been halted during implementation, such as the Kyaukphyu port and power plant. These dynamics have complicated China's image in Myanmar, where it must navigate growing local resentment alongside its strategic ambitions.

<sup>1</sup>Institute, P. 2049. (2017, May 9). The People's Republic of China and Burma: Not Only Pauk-Phaw. <https://project2049.net/2017/05/09/the-peoples-republic-of-china-and-burma-not-only-pauk-phaw/>

<sup>2</sup>Scam Centres and Ceasefires: China-Myanmar Ties Since the Coup. International Crisis Group. <https://www.crisisgroup.org/asia/north-east-asia/china-myanmar/b179-scam-centres-and-ceasefires-china-myanmar-ties-coup>

# Overview: Chinese development finance in Myanmar from 2000-2022

**\$15.2 billion**

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

**93%**

of Chinese development finance is provided via loans.

**363**

grants, technical assistance, and training activities offered.

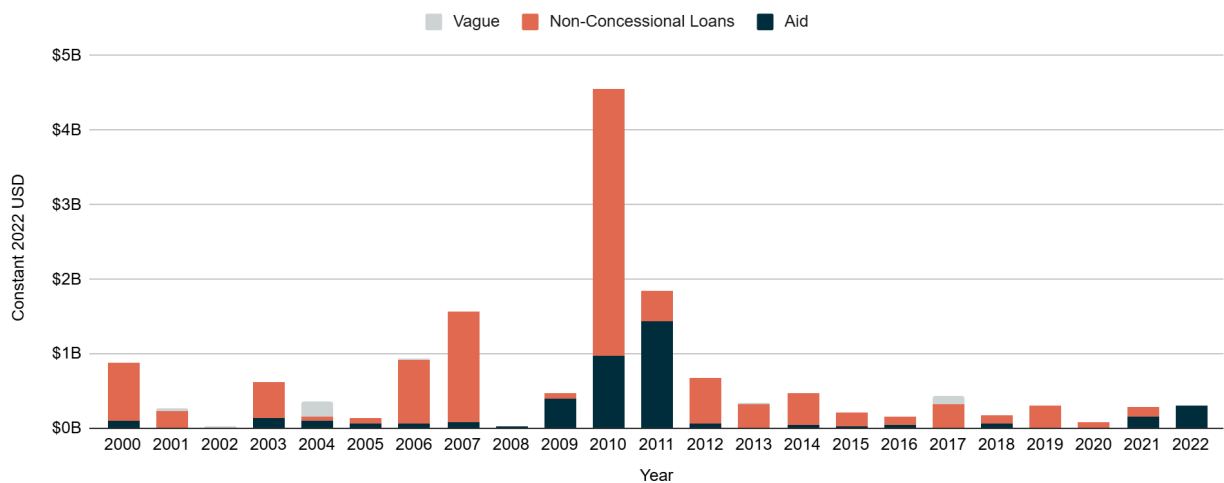
**6th**

largest recipient of Chinese aid and credit in Southeast Asia.

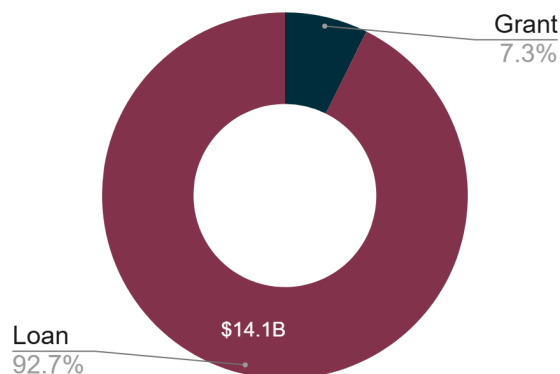
**56%**

of China's infrastructure portfolio has significant ESG risk exposure.

*Official sector financial commitments from China to Myanmar, 2000-2022<sup>3</sup>*

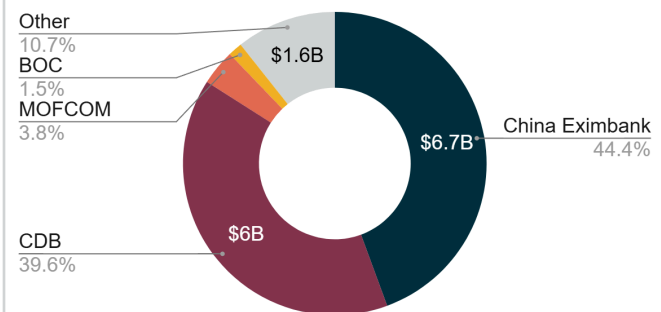


*Portfolio by type of finance*



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; BOC: Bank of China

<sup>3</sup>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

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

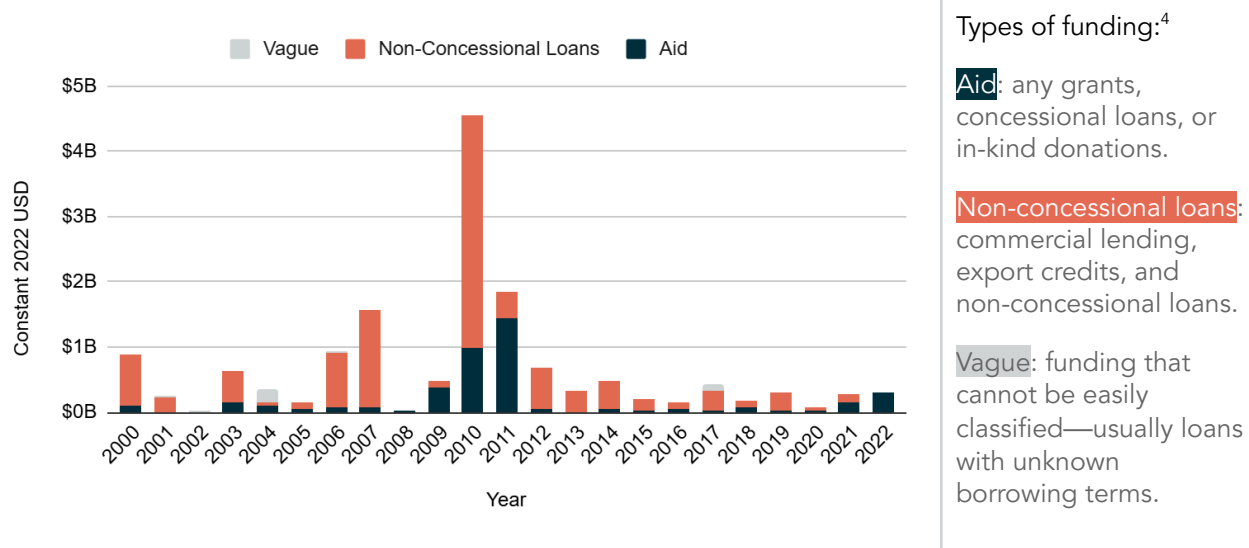
## How much development finance has China provided Myanmar since 2000?

Between 2000 and 2022, official sector lenders and donors from China provided grant and loan commitments worth \$15.1 billion for 470 projects and activities in Myanmar. That makes Myanmar—a country with a relatively small economy (GDP: \$66.7 billion) and population (54 million residents) compared to other Southeast Asian countries—the sixth largest recipient of Chinese aid and credit in Southeast Asia and the 27th largest recipient in the developing world.

China channeled the bulk of its aid and non-concessional loan commitments to Myanmar in 2010. In that year, China committed a total of \$5.6 billion in official sector financing for mostly big-ticket infrastructure projects, such as the Myingyan No. 1 Steel Mill Construction Project, the Myanmar-China Oil Pipeline, and the Letpadaung Copper Mine. Despite the reduction in new financial commitments since 2010, China increased its provision of in-kind support and donations during this time, totaling 305 such activities between 2011 and 2022.

Some notable grants from 2011 to 2022 include a \$6 million grant from the China National Petroleum Corporation (CNPC) in 2011 for the construction of 19 health clinics and 8 schools. Myanmar received more COVID-19 aid from China than any other country: \$488 million in donations and over 29 million vaccine doses. Outside of the health and education sectors, the Chinese Ministry of Commerce (MOFCOM) provided a \$34 million grant to support the dispatch of 700 Chinese experts—including coaches, game managers, stage designers, and technicians—to help Myanmar's Ministry of Culture and Ministry of Sports organize the 27th SEA Games in the city of Nay Pyi Taw in 2013.

Figure 1.1: Official sector financial commitments from China to Myanmar



<sup>4</sup>For more information on these categories, please see Appendix B.

## How does China compare to other development partners?

China is Myanmar's largest development partner (see Figure 1.2), providing almost twice as much aid and credit as its second-largest development partner, Japan. Japan provided \$8.5 billion in aid to Myanmar from 2000 to 2022. In recent years, its aid has focused heavily on building transport networks (roads, bridges, and railways) and developing the energy sector (e.g. energy distribution networks).

As one of the strongest democratic states in the region, Japan's continued aid to the country following Myanmar's military coup d'état in 2021 has provoked controversy inside and outside of Japan. While many democratic development partners halted some or all aid to Myanmar in the wake of the coup (including the United States), Japan did not. Other large donors active before the coup included the United States, World Bank Group, Asian Development Bank, and the United Kingdom.

- **United States:** With the dissolution of USAID and a subsequent 7.7 magnitude earthquake in 2025, Myanmar is one of the first countries to feel the effects of the United States' retreat from international development. The U.S. government has pledged up to \$9 million for relief efforts, but it is unclear who will ensure those funds are disseminated appropriately.

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

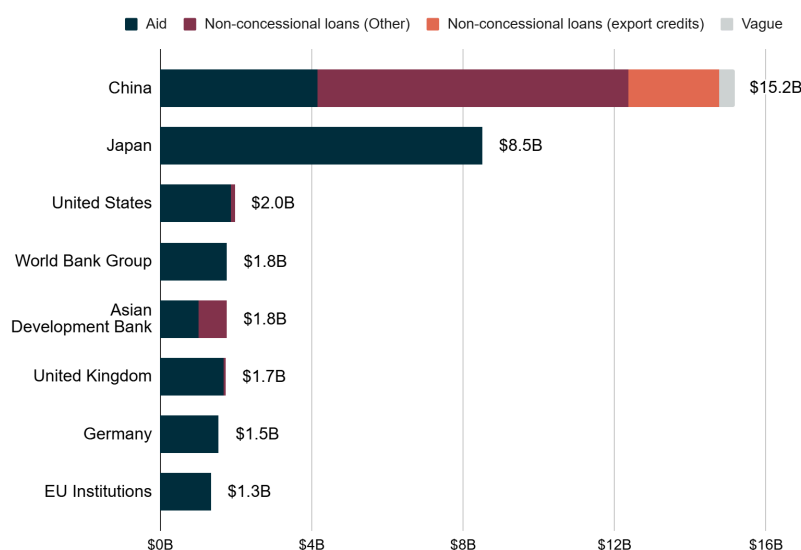


Figure 1.2 contains the top eight development partners providing aid and other financing to Myanmar. However, only China has detailed bilateral export credit flows to Myanmar. This level of granularity is not available for other development partners as the OECD does not provide export credit data for 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: \$310 million.

Annual export credits from DAC members (including G7): \$356 million.

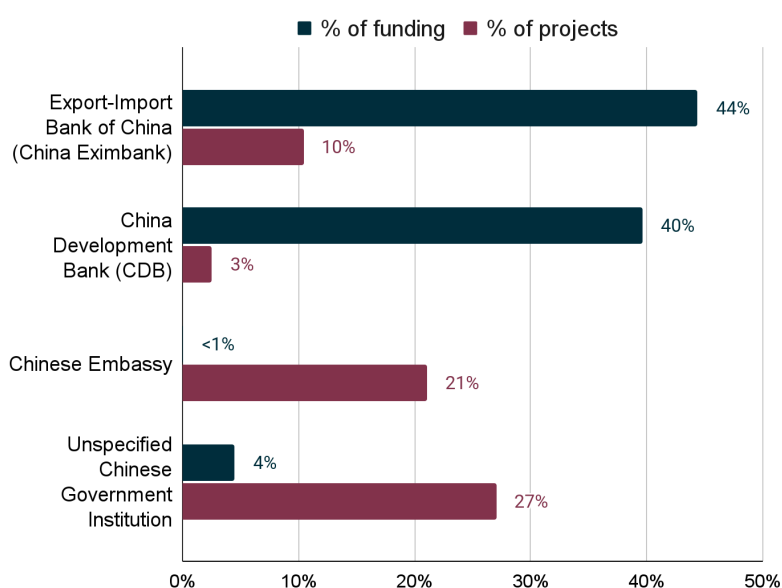
### How does China use export credits?

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.

## Which donors and lenders from China are active in Myanmar?

Between 2000 and 2022, 88 official sector donors and creditors from China provided aid and non-concessional loans to Myanmar. This is a substantially larger set of financiers than one usually finds elsewhere. In the average recipient country, 19 Chinese state-owned donors and creditors are present. However, 89% of China's development finance portfolio in Myanmar is provided by only 4 donors and lenders (see Figure 1.3). The other 11% 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.

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

**Chinese Embassy:** government agency providing aid and resources locally in Myanmar.

**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 49 loans worth \$6.7 billion for projects and activities, accounting for almost half of total official sector financial flows from China to Myanmar between 2000 and 2022. China Development Bank (CDB) issued 12 loans worth \$6 billion. Neither state-owned policy bank provided new loan commitments in 2022. Some of the largest financial commitments from these donors include a \$1.4 billion loan from CDB for the Myanmar-China Oil Pipeline and a loan from China Eximbank worth approximately \$534 million for the Tagaung Taung Nickel Mine.

The local Chinese Embassy provided 99 grants worth almost \$13 million (0.1% of total funding). These donations included COVID-19 aid, like nucleic testing kits and ventilators, as well as scholarships and supplies for China-Myanmar friendship schools. In 2022, the Chinese Embassy provided three grants: one for COVID-19 vaccine syringes and two donations of food supplies to Myanmar's Mary Chapman School for the Deaf.

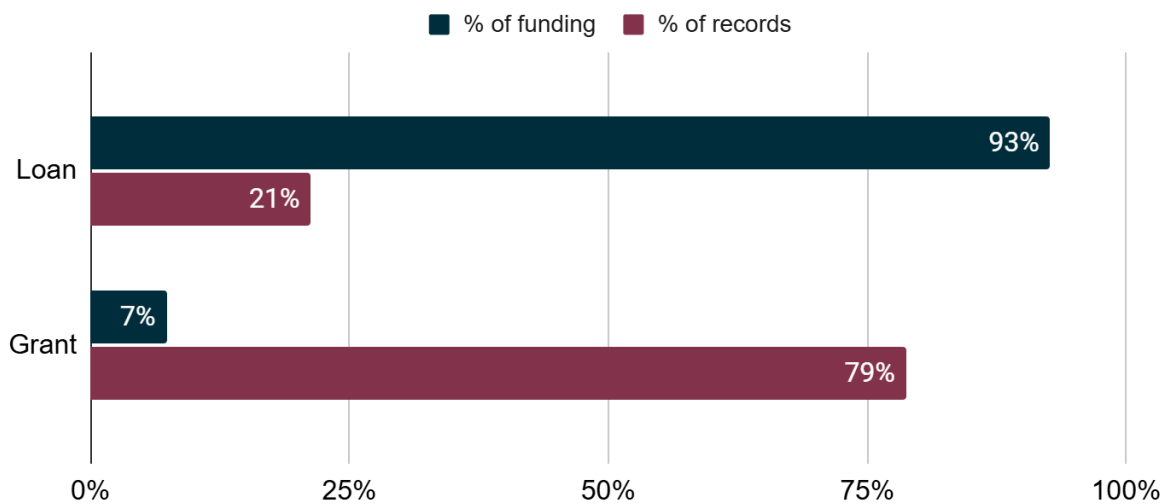
27% of all activities in Myanmar come from unspecified Chinese government agencies. This is a blanket category for when the specific funder is unknown, but the funder is clearly part of the Chinese government or official sector institution. There were 11 new activities from unspecified agencies in 2022, including 17.2 million COVID-19 vaccine donations, 3,000 homes for Rohingya Muslims in Rakhine state, renovations at Bodetang Pagoda, and more.



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

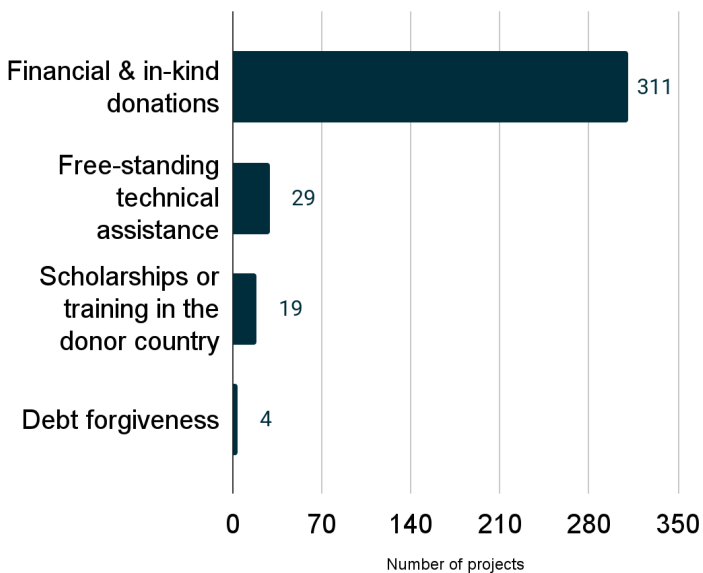
93% of China’s official sector financing to Myanmar takes the form of loans (totaling \$14.1 billion), while 7% (\$1.1 billion) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented. AidData 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 Myanmar. When looking at record counts, grants account for 79% of all activity records in Myanmar (representing 363 records capturing activities taking place between 2000 and 2022).

Figure 1.4: Top financial instruments used by China in Myanmar



*Note: Debt rescheduling and Vague records are excluded from this visual since they are neither loans or grants.*

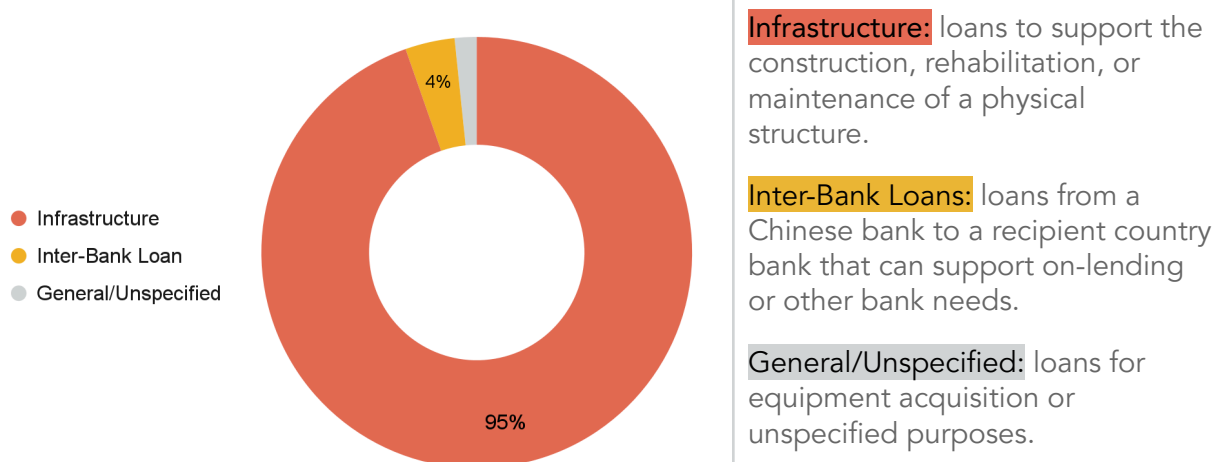
Figure 1.5: Breakdown of grants by project count



No country received more COVID-19 aid from China than Myanmar. It secured \$488 million in donations and over 29 million vaccine doses. Out of 19 grants provided in 2022, 11 grants were COVID-19 aid and other health-related donations, such as supplies provisions to a nursing home. Technical assistance in Myanmar consists of Chinese-language training and assistance via medical procedures. Scholarships from China to Myanmar are predominantly to different China-Myanmar Friendship schools in the region. Myanmar also received \$198 million in debt forgiveness across 2003, 2006, and 2020.



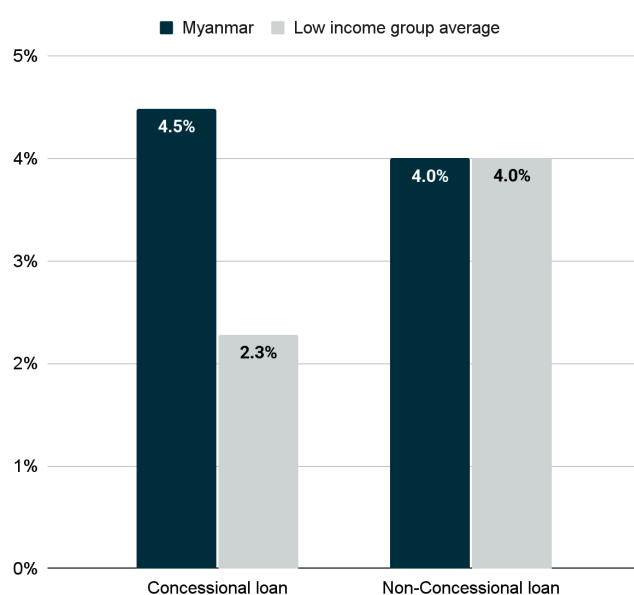
Figure 1.6: Breakdown of lending by purpose



95% of China's \$14.1 billion in official sector lending to Myanmar supports infrastructure projects. Nearly 74% of all infrastructure projects in Myanmar are implemented by at least one Chinese entity, such as a Chinese state-owned or private sector company. Sinohydro, one of China's top hydropower engineering and construction company's, has implemented more projects in Myanmar than any other Chinese state-owned companies. Sinohydro was more active in Myanmar during the early 2000s with the implementation of the 790MW Yeywa Hydropower Plant and the 280 MW Paungluang Hydropower Plant Construction Project.

4% of China's official sector lending to Myanmar was provided via inter-bank loans. Most activities in this category came from China Eximbank. China Eximbank provided \$434 million to the Myanmar Foreign Trade Bank for on-lending to rural farmers. The remaining 1% fall into a residual general/unspecified category, often representing equipment acquisitions.

Figure 1.7: Borrowing terms



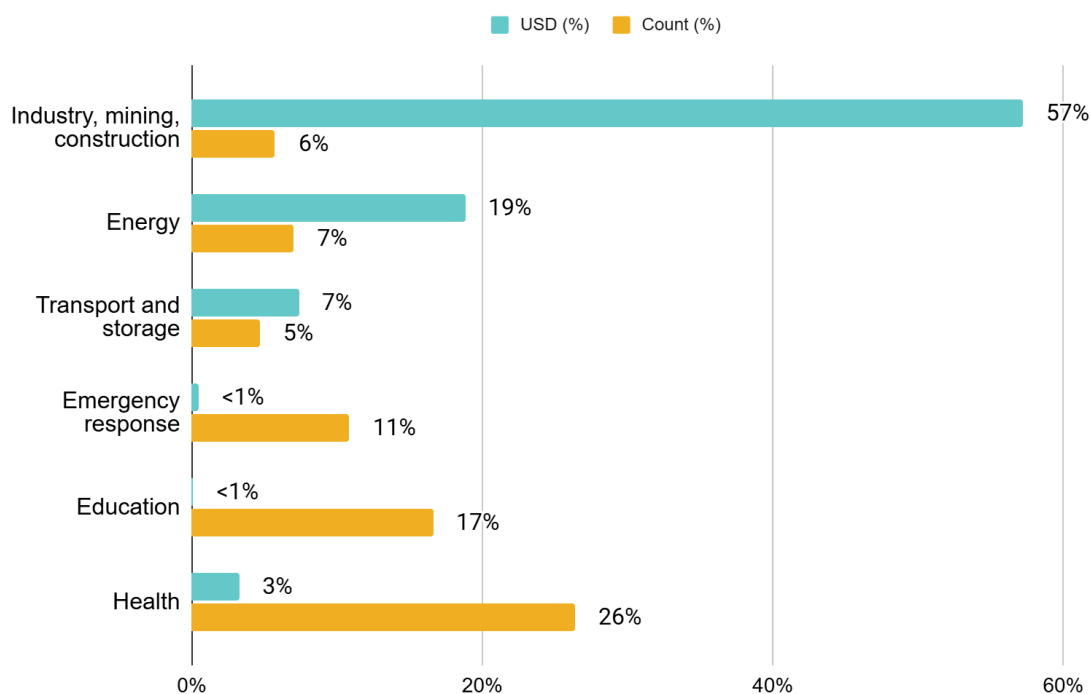
Between 2000 and 2022, China's concessional lending (which is considered to be aid) to Myanmar carried a weighted average interest rate of 4.5%. This is double the rate of the low income group average and it is even higher than the weighted average interest rate of China's non-concessional lending to the country. This average is driven up by several large loans with interest rates above 4%, but it is balanced with long maturity lengths for both concessional and non-concessional loans (16 and 20 years, respectively). Many small- and medium-size loans have unknown interest rates due to insufficient documentation.

## In which sectors is China most active?

Top sectors for China's development finance portfolio in Myanmar differ greatly when comparing monetary value and record count. In Figure 1.8, we have 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, 83% of China's grant and loan commitments to Myanmar supported three core ("hardware") sectors: industry, mining, construction, energy, and transport and storage between 2000 and 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, but 57% of the monetary value (\$8.6 billion) of China's entire funding portfolio in Myanmar. The largest financial commitment from a single source in this sector is a \$1.9 billion loan provided by China Development Bank to a state-owned company in Myanmar for Phases 2, 2A, and 3 of the Myingyan No. 1 Steel Mill Construction Project. This project consistently lost money and closed in 2017. In 2021, the new military junta government announced it would reopen the mill and make it profitable. China is also active in the transition mineral sphere in Myanmar through the Tagaung Taung Nickel mine and the Letpadaung Copper mine. Both mines have been sites of political unrest. The operator of the Letpadaung Copper mine, Myanmar Wanbao Mining Copper, Ltd., and two of its subsidiaries were sanctioned by the United States government due to their connection to the 2021 coup. The Tagaung Taung nickel mine was also at the center of fighting between resistance forces and junta fighters. There were no financial commitments in this sector in 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. 19% of all Chinese official sector funding in Myanmar went to this sector, amounting to \$2.8 billion in funding. One noteworthy activity is a \$487 million preferential buyer's credit (PBC) for the Hydraulic Steel Structure (Lot HSS-1) of 790MW Yeywa Hydropower Plant Project from 2004.<sup>5</sup> This steel structure is critical to the construction and function of the power plant. In 2022, ICBC Yangon Branch contributed \$4.5 million for 135MW Kyauk Phyu Combined Cycle Power Plant Construction Project.
- **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. 7% (\$1.1 billion) of China's development finance portfolio in Myanmar is dedicated to this sector, representing only 5% of project activities. The largest financial commitment from a single source is a \$225 million buyer's credit loan from China Eximbank for the Yangon International Airport Reconstruction and Expansion Project. There were no financial commitments in this sector in 2022.

China is also heavily engaged in the "software" sectors, such as health and education. 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, or similar activity that is difficult to monetize.

- **Health:** This sector includes medical training and services care, construction of medical buildings, and COVID-19 activities. This sector is the highest by record count with 124 total projects (or 26% of records). Myanmar ranked 1st amongst developing countries for most Chinese COVID-19 aid received, totaling \$488 million in donations and over 29 million vaccines. Besides COVID-19 aid, other 2022 grants in the health sector include building an animal disease laboratory and the Kyaukphyu Future Mobile Clinic.
- **Education:** This sector encompasses support of schooling at the primary, secondary, and post-secondary levels, building school infrastructure, and technical training activities. Education activities represent 17% of China's total record count, with 78 recorded activities. Notable activities in the education sector include the construction of multiple schools and the construction of the Mandalay Industrial Training Center. In 2022, new grants in this sector included food donations to Myanmar's Mary Chapman School for the Deaf and a new scholarship program funded by the Bank of China.
- **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 11% of China's total record count, with 51 recorded activities. Most of these activities are for emergency supplies or donations to refugees and internally displaced people in the Rakhine and Kachin states. The Rakhine and Kachin states have been sites of long-running religious and ethnic armed conflicts, which has contributed to a significant need for humanitarian assistance. China has responded accordingly with over \$19 million in aid for resettlement assistance, new housing, and food assistance. In 2022, China built 3,000 homes in Rakhine state for Rohingya Muslims to repatriate to Myanmar.

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<sup>5</sup>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.

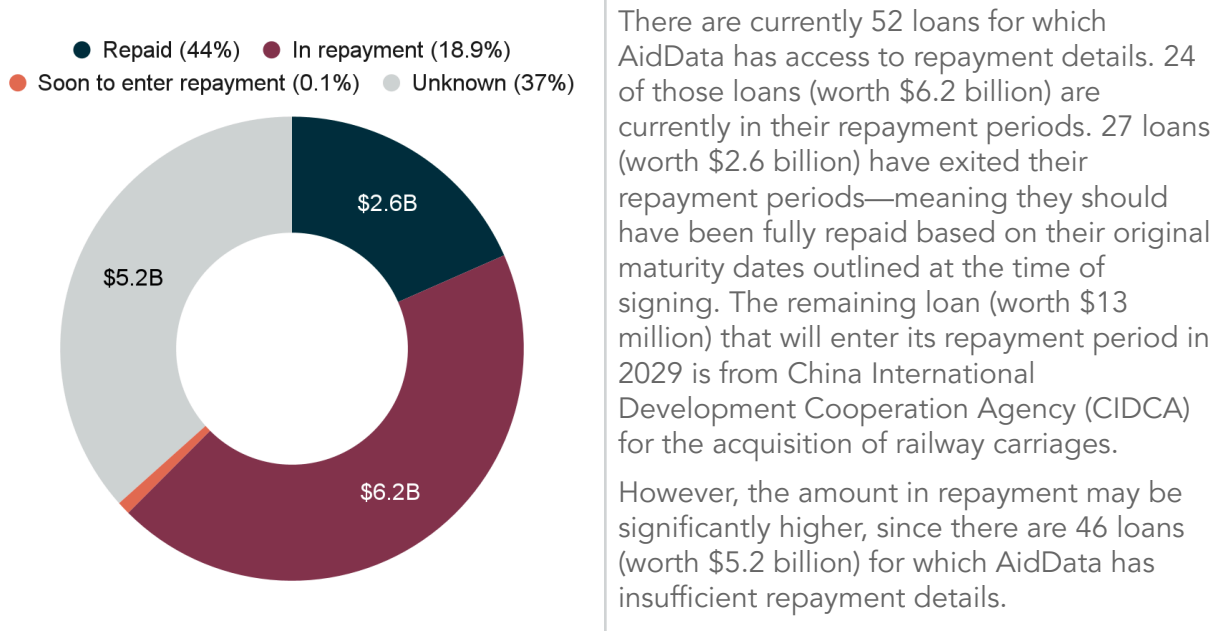
# Section 2: Myanmar’s debts to China

98 loans issued	\$14.1 billion cumulative value of loan commitments (21% of GDP)	53% of total debt shows signs of financial distress	77% public debt
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What is “public debt”?		
<b>Public debt</b> 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.	<b>Potential public debt</b> Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.	<b>Private or opaque debt</b> Loans to private sector borrowers and entities with opaque ownership structures.

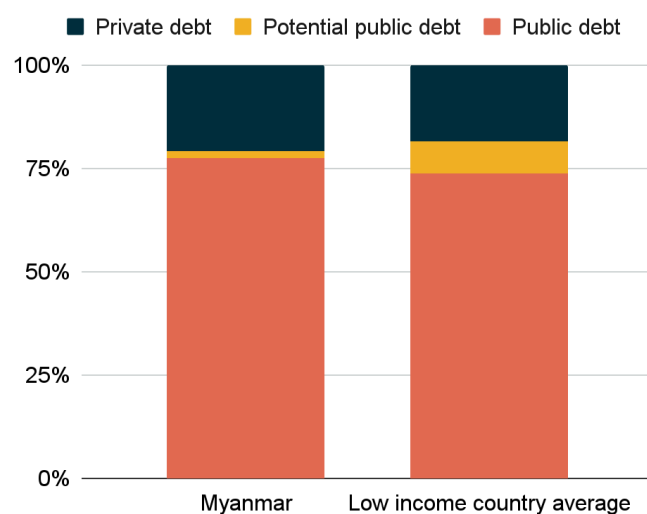
In this section, AidData examines Myanmar’s debts to China based upon their repayment profiles and levels of public liability. A loan’s repayment period begins when the grace period—the time after the issuance of a loan when a borrower is not expected to make repayments—has ended. This information, in 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 Myanmar’s debt exposure to China.

Figure 2.1: Repayment status for all loans from China



**Figure 2.2: Composition of debt from China by public liability**

*Total debt, 2000-2022—Myanmar: \$14.1 billion. Low income country average: \$6 billion.*



The composition of Myanmar's debt by level of public liability is largely in line with the average across China's development finance portfolio.

Myanmar's public debt (77%) is only 3% higher than the average (74%) for all low income countries. Private or other debt (21%) is only 3% lower than the low income country average.

Myanmar has very little debt classified as potential public sector debt, representing only 1.7% of all commitments from China's official sector.

Examining Myanmar's public debt to China, there are clear signs of financial distress. In total, 53% of China's cumulative loan commitments to Myanmar exhibit evidence of financial distress, including borrowers accruing principal or interest arrears, defaulting on repayment obligations, or filing for bankruptcy. Foreign sanctions on Myanmar companies in response to the 2021 coup have contributed to repayment difficulties for the borrowers. This level of financial distress is higher than in most countries—on average, only 21% of China's portfolio across all low- and middle-income countries has evidence of distress. Despite this, the World Bank and IMF classified Myanmar as a country with low risk of external debt distress, citing adequate funds available for debt repayment and benefits from the Debt Service Suspension Initiative (DSSI).<sup>6</sup>

China participated in all three periods of DSSI for Myanmar. In Period I (May-Dec 2020), China Eximbank and MOFCOM agreed to suspend principal and interest payments under 36 different loan agreements for a total suspension amount of around \$67.8 million (\$58 million in principal and \$9.4 million in interest). For Period II (January-June 2021), Chinese creditors suspended payments under 7 different loan agreements for a total estimated suspension amount of \$75.6 million (\$62.5 million in principal and \$13 million in interest). Finally, for Period III (July - December 2021), payments were suspended under two loan agreements.<sup>7</sup> None of these suspensions constituted debt forgiveness— all of the deferred debt service payments must be paid back on a net present value (NPV)-neutral basis through 2026.<sup>8</sup>

Apart from the official DSSI arrangement, China Development Bank signed a DSSI-like agreement for five loans (meaning the principal and interest payments were suspended temporarily, but had to be fully paid back over time, with interest). For debts maturing in 2020, the total suspension amount was \$45.8 million (including \$29 million in principal and \$16.7 million in interest). For debts maturing in 2021, the total suspension amount was \$47.8 million (including \$30 million in principal payments and \$17.5 million in interest). In addition, China reportedly signed a separate deal in 2021 to reschedule debts worth \$129.9 million.

<sup>6</sup>For more information on the World Bank-IMF's analysis of Myanmar's external debt, please see

<http://documents.worldbank.org/curated/en/407791611757946285/Myanmar-Joint-World-Bank-IMF-Debt-Sustainability-Analysis>

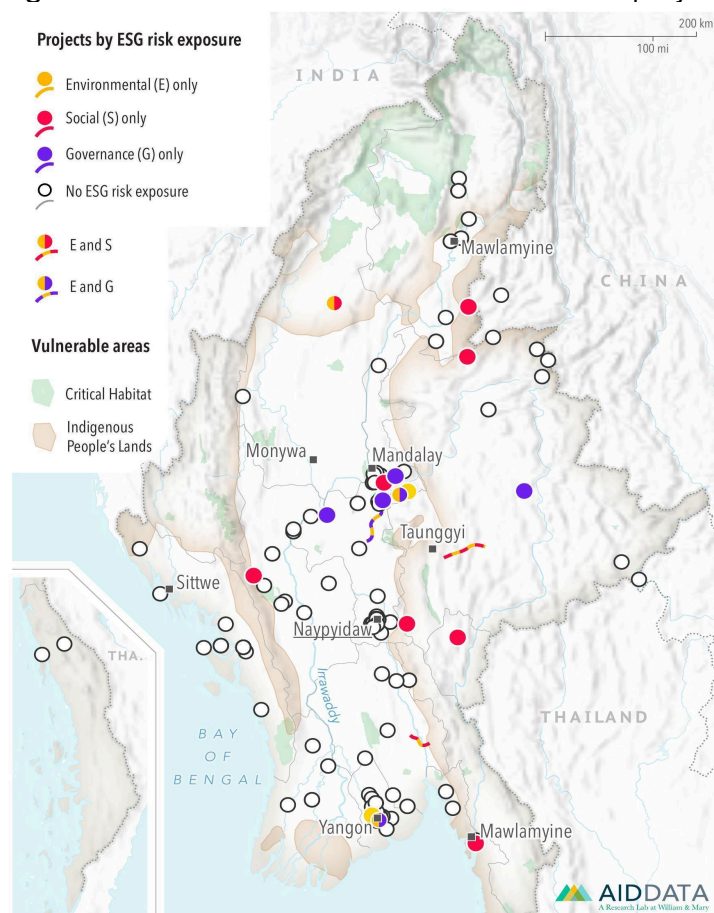
<sup>7</sup>Debt Service Suspension Initiative (DSSI) is a G20-initiated initiative to help alleviate debt burdens during the pandemic. For more information, see <https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>

<sup>8</sup>Net present value (NPV)-neutral basis means that the Chinese lenders would still receive full repayment and interest payments after the suspension period is over. For more information, please see <https://doi.org/10.5089/9798400248504.001>

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

Chinese infrastructure in Myanmar with ESG risk exposure:			Examples of global ESG risks
23 infrastructure projects supported by grants and loans from China	\$7.4 billion in loan commitments supporting infrastructure projects	56% of infrastructure lending with ESG risk exposure	
			<p><b>Environmental:</b> increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.</p> <p><b>Social:</b> poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.</p> <p><b>Governance:</b> corruption, money laundering, lack of transparency, and non-competitive bidding processes.</p>

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



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 (see Appendix B for details on the ESG risk exposure methodology).<sup>9</sup>

Figure 3.1 presents the geographic locations of all Chinese-financed infrastructure projects in Myanmar according to their environmental, social, or governance risk exposure. Mandalay, the second-largest city in Myanmar, has the highest concentration of infrastructure projects with ESG risk exposure.

<sup>9</sup>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 broader 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 China's signature infrastructure initiative is facing major implementation challenges. In Myanmar, ESG risks are similar to the global average, with 56% of China's grant- and loan-financed portfolio identified with significant ESG risk exposure (compared to 54% in the developing world writ-large).

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

56% of China's grant- and loan-financed infrastructure project portfolio in Myanmar has significant ESG risk exposure. This part of the portfolio consists of 23 infrastructure projects supported by Chinese grant and loan commitments worth \$7.4 billion. Governance risk is more prominent than both environmental and social risks in these projects. Dominant governance risks include the use of internationally sanctioned companies for project implementation, lack of transparency, and corruption. For social risk exposure, residents are often displaced and given insufficient resettlement compensation or relocated to land unsuited to farming, fishing, and other livelihood activities. In more extreme cases, like construction of the Yadana-Yangon Natural Gas Pipeline, there are reports of forced labor and human rights abuses.

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

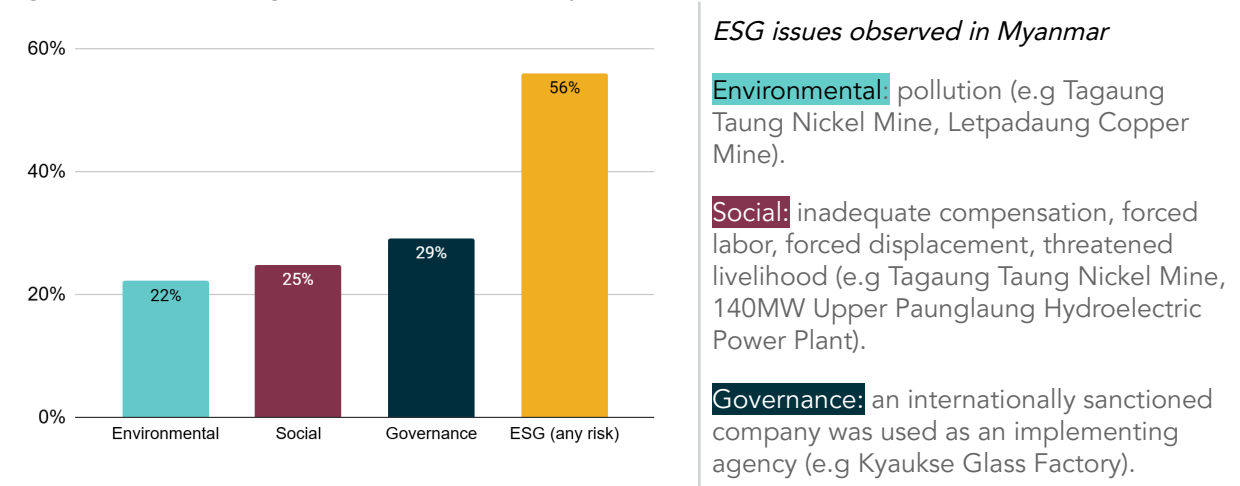
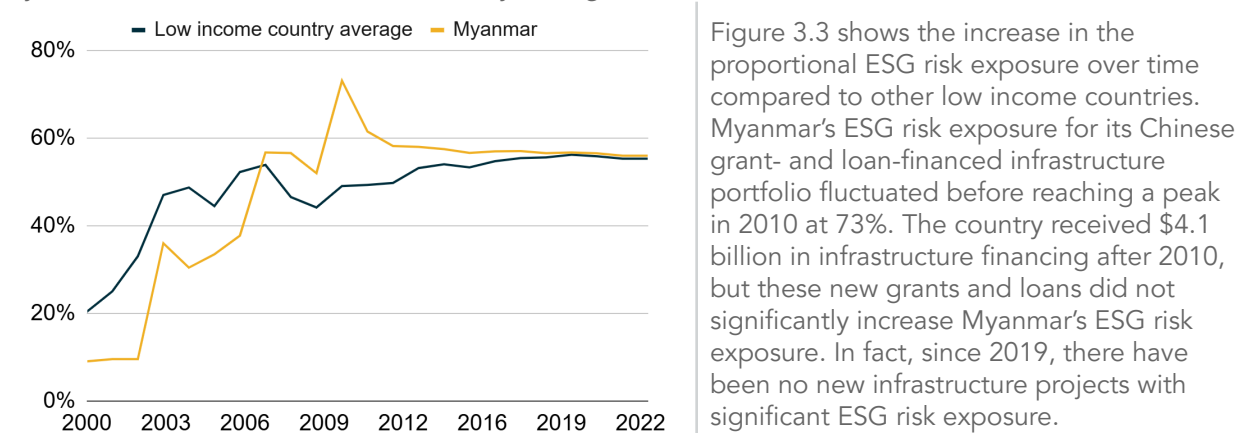


Figure 3.3: Cumulative proportion of Chinese infrastructure financing with ESG risk exposure Myanmar (2022): 56%. Low income country average (2022): 55%.





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

Percent of infrastructure portfolio with strong ESG safeguards	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.
3% 2000-2022	

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 Myanmar over time?

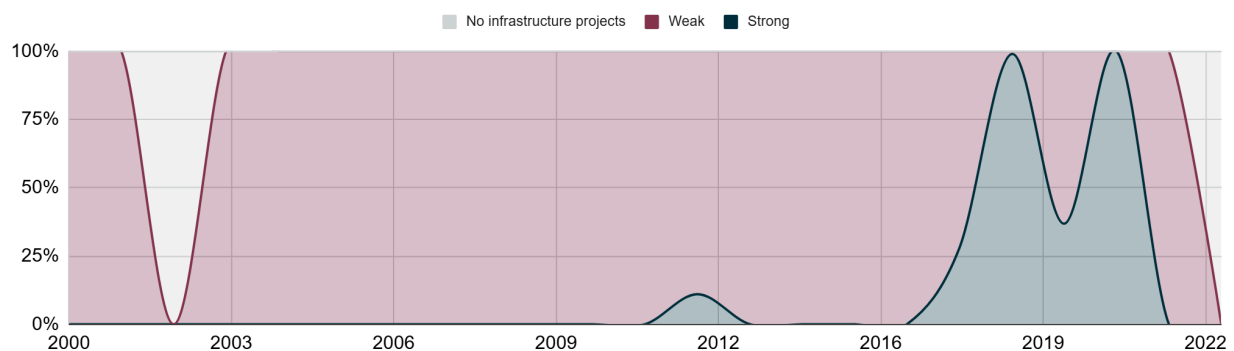
Between 2000 and 2022, 3% of China's grant- and loan-financed infrastructure project portfolio in Myanmar had strong contractual ESG safeguards in place. Myanmar is far below the rest of China's global development finance portfolio, which averaged 25% strong contractual ESG safeguards in place.

Most years featured exclusively weak ESG safeguards, though there was a temporary increase in 2012 to 11%. From 2017 to 2020, the annual average of new lending commitments with strong ESG safeguards increased, with a peak of 99% in 2018 and 100% in 2020. The increase in strong ESG safeguards was driven by new infrastructure lending commitments led by Chinese state-owned commercial banks and suppliers credits, which have shown to have higher ESG safeguards built into their infrastructure financing contract templates.

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 Myanmar are visualized alongside the years with no infrastructure projects (gray area).

**Figure 4.1: Infrastructure project portfolio with strong contractual ESG safeguards<sup>10</sup>**

*Percent of infrastructure project portfolio committed each year*



<sup>10</sup>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 Myanmar in the BRI era

Myanmar’s citizens have maintained a relatively favorable view towards China. Per data captured by Gallup between 2012 and 2022, Burmese citizens held an average approval rate of 53.6% toward China.<sup>11</sup> This is almost 7% lower than the global average of 60.1%. Favorability peaked at 71% in 2018 and faced a steep drop to 38% in 2020, likely due to the start of COVID-19. China’s favorability reached an all-time low of 28% in 2021, but increased slightly to 31.8% in 2022.

Figure A.1: Myanmar’s approval of Chinese leadership, 2006-2022<sup>12</sup>

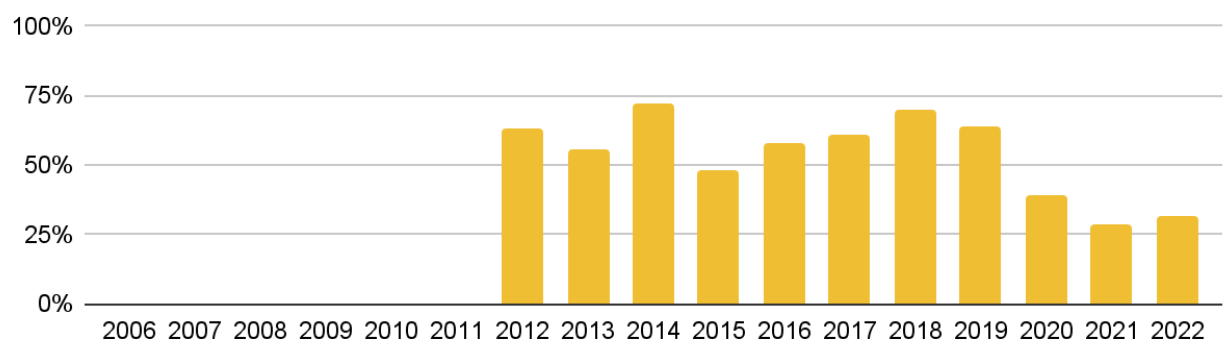


Figure A.2: Bilateral diplomatic visits between China and Myanmar

2015 JUN	Myanmar’s opposition leader Aung San Suu Kyi visited China to meet with President Xi Jinping to re-solidify bilateral ties after tension due to Myanmar’s internal conflict.
2016 APR	Foreign Minister Wang Yi visited Myanmar to meet with Myanmar President U Htin Kyaw and held diplomatic talks discussing deepening bilateral ties.
2017 MAY	Myanmar State Counselor Aung San Suu Kyi met with President Xi in China to discuss Myanmar’s internal peace progress ahead of the Belt and Road Forum for International Cooperation.
2020 JAN	President Xi visited Myanmar and met with Myanmar President U Win Myint, the first Chinese head of state visit to the region in 19 years.
2022 APR	Myanmar’s Foreign Minister U Wunna Maung Lwin visited China and signed bilateral cooperation agreements and inaugurated the Consulate General of Myanmar in Chongqing.
2024 AUG	Foreign Minister Wang Yi visited Myanmar and met with Prime Minister Min Aung Hlaing to discuss the instability caused by Myanmar’s ongoing civil war.

<sup>11</sup>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 AidData has data for vary and there are gaps pre-2006 and, in some cases, between 2006-2021. For Myanmar, there is no Gallup data prior to 2012. For more information on the Gallup methodology see <https://www.gallup.com/178667/gallup-world-poll-work.aspx>

<sup>12</sup>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 Myanmar 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 Myanmar 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 identifies 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.

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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).

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