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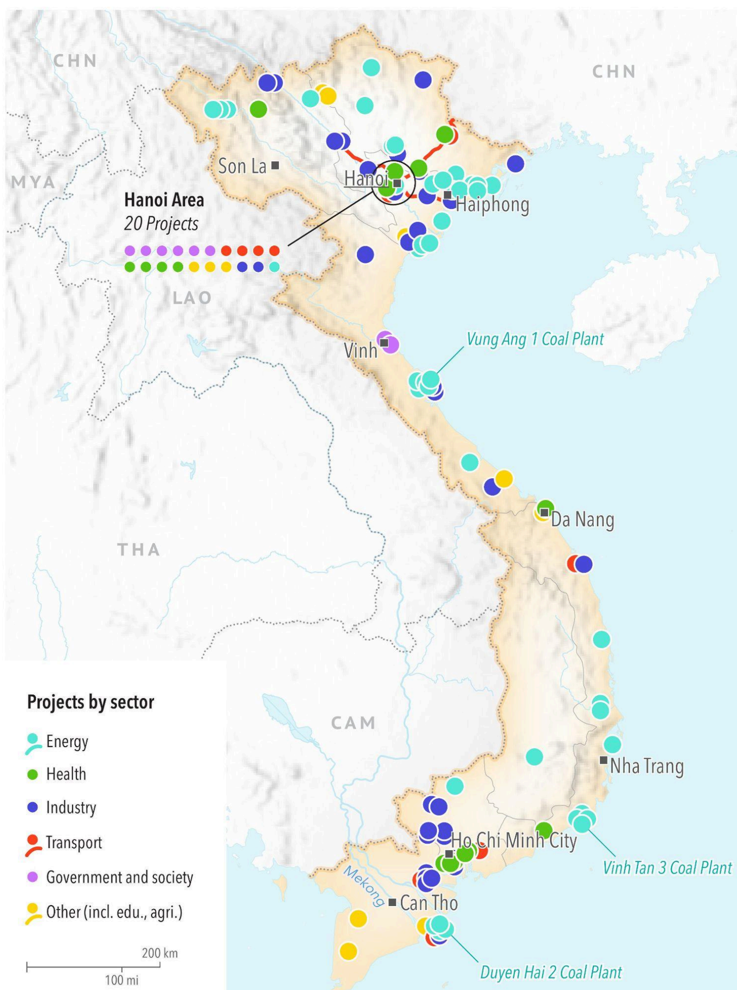
Vietnam

The Scale, Scope, and Composition of Chinese Development Finance

October 2025



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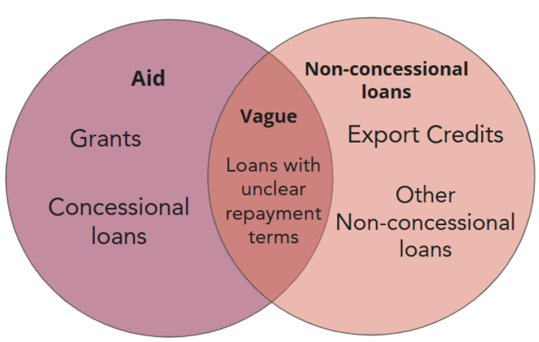
Key concepts: aid, non-concessional loans, and vague flows

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



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.

Vietnam and China's Belt and Road

Vietnam is a country in Southeast Asia, located on the South China Sea. A significant milestone in this ongoing cooperation occurred in November 2017 during President Xi Jinping's visit to Hanoi. During this visit, the leaders of both countries signed the 'Memorandum of Cooperation on Jointly Building the "Belt and Road" and "Two Corridors and One Belt", a geographical connectivity initiative focusing on infrastructure development between Vietnam and China.

Historic relationship

The Socialist Republic of Vietnam and the People's Republic of China have maintained a diplomatic bilateral relationship since 1991. The two countries share a land border. China and Vietnam were involved in the Sino-Vietnamese conflicts over territory between 1979 and 1991, but have since normalized relations. Vietnam has undergone significant political and economic transformations in the past decades. While the U.S. and Vietnam also normalized relations in the 1990s and 2000s, it took Vietnam until 2007 to officially join the World Trade Organization (WTO). The Communist Party of Vietnam (CPV) has remained in power since 1954 in Northern Vietnam and since 1975 across the entire country.

Present-day relationship

The present-day relationship between China and Vietnam is defined by increasing trade cooperation and a shared political ideology among governing parties. Despite hostilities over territorial claims in the South China Sea, China has continuously deployed development finance to Vietnam, making Vietnam one of the top recipients of Chinese development finance in Asia and the world. Vietnam, in recent years, has been balancing aid and diplomatic relationships with China and the United States, after tense relationships with both countries for decades. In 2025, the U.S. announced 46% tariffs on Vietnam imports, although the U.S. later halted its announced tariffs. In response, China has been shoring up its ties with Southeast Asian countries, including Vietnam.

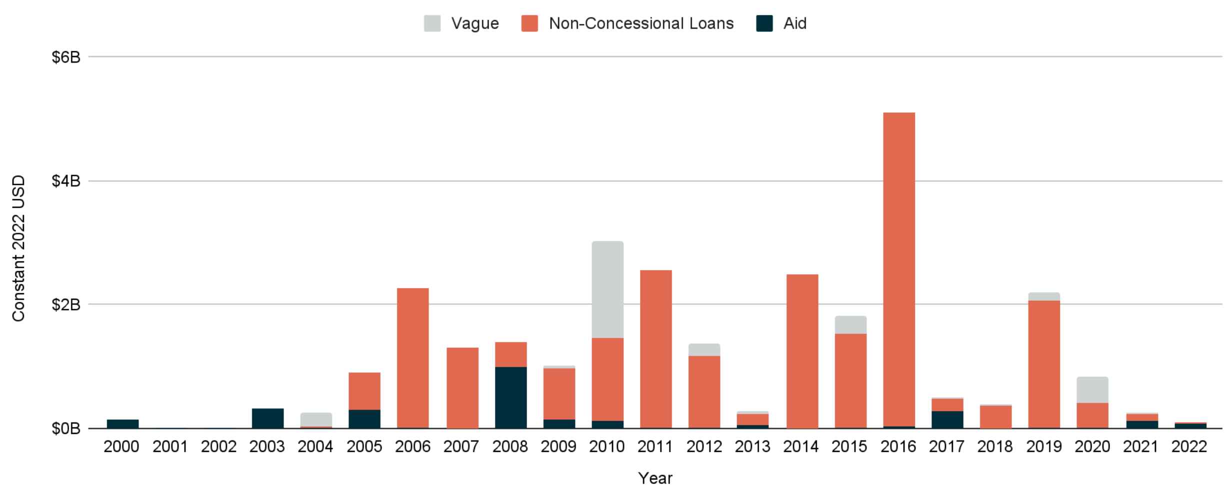
In April 2025, President Xi paid a visit to Vietnam during his Southeast Asia visit. During Xi's visit, the two countries signed multiple cooperation agreements and officially launched the "China-Vietnam railway cooperation mechanism."[1] In July 2025, China and Vietnam conducted their first joint army exercise, according to China's Ministry of Defense.[2]

[1]For more information on Xi's state visit to Vietnam, see Xinhua (2025) at http://en.cppcc.gov.cn/2025-04/21/c_1087174.htm.
[2]China's Ministry of Defense (2025). "China, Vietnam to hold first joint army training." http://eng.mod.gov.cn/xb/News_213114/TopStories/16397877.html.

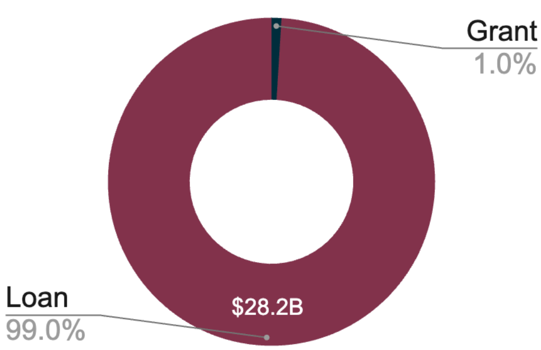
Overview: Chinese development finance in Vietnam from 2000-2022

$28.2 billion in loans and grants provided by official sector donors from China.	99% of Chinese development finance is provided via loans.	68 grants, technical assistance, and training activities offered.	4th largest recipient of Chinese aid and credit in Asia.	71% of China's infrastructure portfolio in Vietnam has significant ESG risk exposure.

Official sector financial commitments from China to Vietnam, 2000-2022[3]

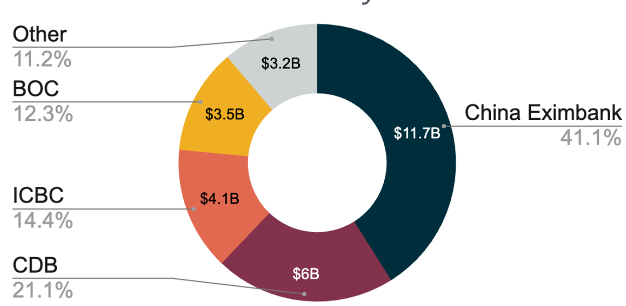


Portfolio by financial instrument



Loans include concessional and non-concessional loans.

Portfolio by funder



China Eximbank: Export-Import Bank of China; CDB: China Development Bank; ICBC: Industrial and Commercial Bank of China; BOC: Bank of China

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

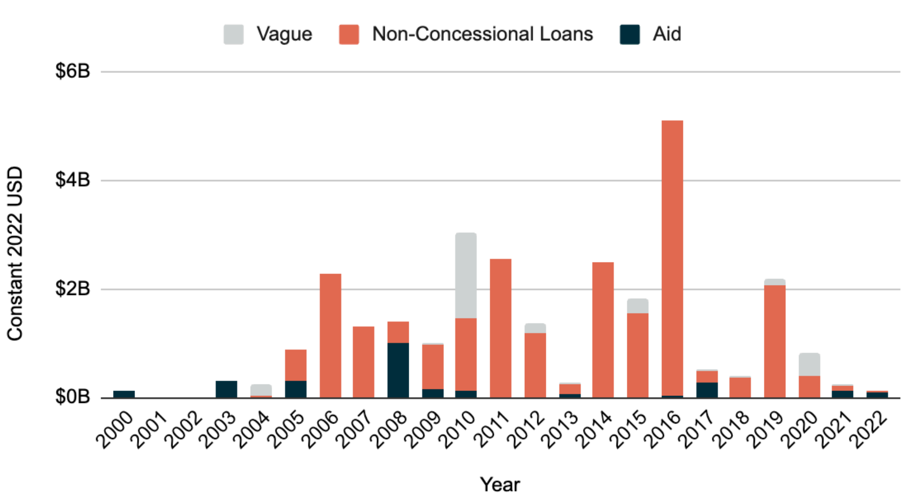
Section 1: China's development finance portfolio

Vietnam officially joined China's BRI in 2017. However, even before joining the BRI, Vietnam has been the beneficiary of Chinese lending and grants (see Figure 1.1). For a list of bilateral diplomatic visits between China and Vietnam in the BRI era, see Appendix A.

How much development finance has China provided Vietnam since 2000?

Between 2000 and 2022, official sector lenders and donors from China provided grant and loan commitments worth $28.2 billion for 218 projects and activities in Vietnam. Vietnam, as a country with a relatively large economy (GDP: $410 billion) and population (99.6 million residents), is the 4th largest recipient of Chinese aid in Asia and the 10th largest recipient in the developing world. In 2016, just before formally joining the BRI, Vietnam received a peak of $5.1 billion in non-concessional loan commitments from China. This spike in funding was driven by 16 projects, part of which included $2 billion of funding for the 1200MW Duyen Hai 2 Coal-Fired Power Plant Construction project. Other projects funded in 2016 included the construction of the Formosa Ha Tinh Steel Plant, the 1980MW Vinh Tan 3 Coal-Fired Power Plant, and a Paper Mill project—highlighting China's focus on large-scale infrastructure lending to Vietnam for energy and industry projects in 2016. China's financial footprint in Vietnam is dominated by non-concessional lending, which accounts for $23 billion in grant and loan commitments. The high-water mark of aid came in 2008, when China Development Bank disbursed a $744 million concessional loan for the Hanoi–Haiphong Expressway. Since then, however, Beijing's aid-focused largesse has waned. By 2022, new commitments to Vietnam had fallen to just $107 million—the lowest in nearly two decades. This sharp decline reflects Beijing's broader pivot toward more selective financing, channeling funds into projects with stronger repayment safeguards as it grapples with mounting risks across its global BRI portfolio.

Figure 1.1: Official sector financial commitments from China to Vietnam



Types of funding:[4]

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

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

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

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

How does China compare to other development partners?

From 2000 to 2022, China was the largest bilateral development partner in Vietnam when considering total financial flows. This includes both aid and non-concessional loans, with $15.5 billion coming from export credits alone (see Figure 1.2). Japan is the second largest development finance partner, contributing a total of $17.7 billion over the same period—exclusively consisting of aid flows. Its most recent flows were directed specifically to support the railway, as well as a large budget support package to support general economic policy reform. Among multilateral donors, the World Bank is a major partner, providing $17 billion in aid and an additional $2.8 billion in non-concessional loans.

In recent years, due to political turbulence and anti-corruption measures in Vietnam, the country has frozen or returned some of its development funding.[5] By May 2024, global heads of international organizations and ambassadors informed the Vietnamese government that at least $2.5 billion in aid had been forfeited between 2022 and 2024, due to bureaucratic hurdles and anti-graft practices.

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

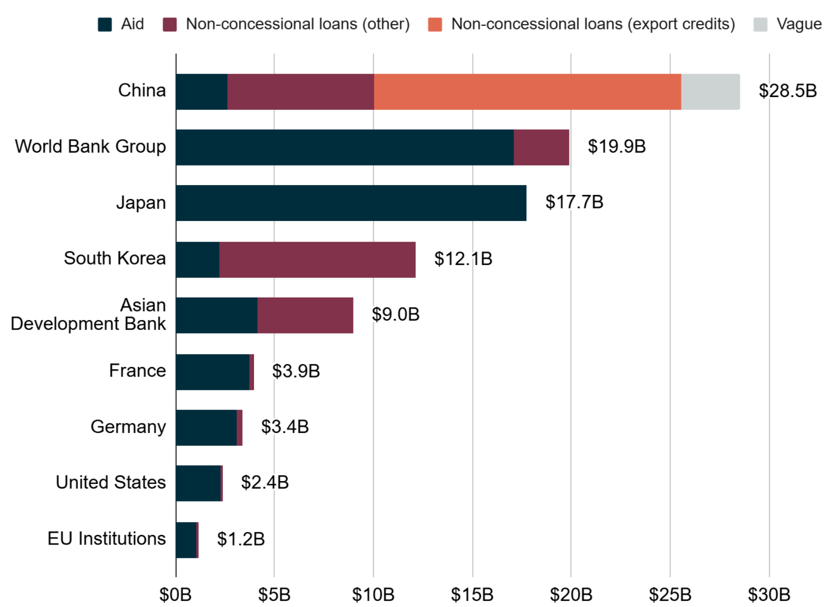


Figure 1.2 contains the top nine development partners providing aid and other financing to Vietnam. However, only China has detailed bilateral export credit flows to Vietnam. This level of granularity is not available for other development partners as the OECD does not provide export credit data for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

Total export credits from G7 Countries: $15.3 billion.

Total export credits from DAC member countries (including G7): $19.7 billion.

How does China use export credits?

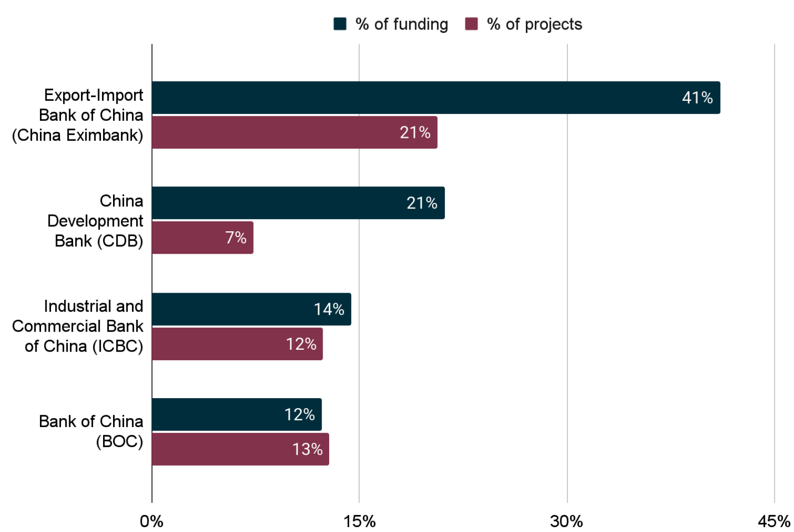
The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by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

[5]For more information on Vietnam's anti-graft development funding freeze, please see Reuters (2024) at www.reuters.com/world/asia-pacific/vietnam-forfeits-billions-dollars-foreign-aid-amid-anti-graft-freeze-document-2024-05-17/,

Which donors and lenders from China are active in Vietnam?

Between 2000 and 2022, 33 official sector donors and lenders from China provided aid and non-concessional loans to Vietnam. In Vietnam's case, this is more active donors and lenders compared to the rest of China's development finance portfolio, which averages 19 state-owned donors and lenders in a given country. 88% of China's development finance portfolio is provided through 4 main donors and lenders (see Figure 1.3). The remaining 12% of funding is provided by 29 other agencies, including regional or municipal government agencies 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.

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

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

The top funding agency by monetary value is the Export-Import Bank of China (China Eximbank). China Eximbank is a state-owned policy bank that provides concessional loans and export credits. It issued 45 loans worth $11.7 billion, representing over two-fifths of total official sector financial flows from China to Vietnam between 2000 and 2022. China Eximbank has remained steadily active between 2003 and 2021, with its largest loan worth $1 billion committed in 2016 for the 1200MW Duyen Hai 2 Coal-Fired Power Plant construction project. No new projects were committed by China Eximbank in 2022.

China Development Bank (CDB) is the second largest Chinese donor to Vietnam, and like China Eximbank, is a state-owned policy bank–albeit proving less concessional lending than China Eximbank. In total, CDB provided 16 loans worth $6 billion, accounting for 21% of official sector financial flows from China. CDB first started extending loans to Vietnam in 2008, with the largest loan worth $1 billion committed in 2010 to Vietnam Oil and Gas Group (Petrovietnam) for unspecified purposes. CDB last committed financing to Vietnam in 2019.

The Industrial and Commercial Bank of China (ICBC) is the third-largest funding agency active in Vietnam, as a state-owned commercial bank that provides non-concessional loans. Between 2000 and 2022, ICBC extended 27 loans worth $4.1 billion and was most active after the establishment of the Belt and Road Initiative. Together with China Eximbank, ICBC also contributed $1 billion in 2016 as a syndicated buyer's credit loan for the 1200MW Duyen Hai 2 Coal-Fired Power Plant construction project. No new commitments by CDB were made in 2022.

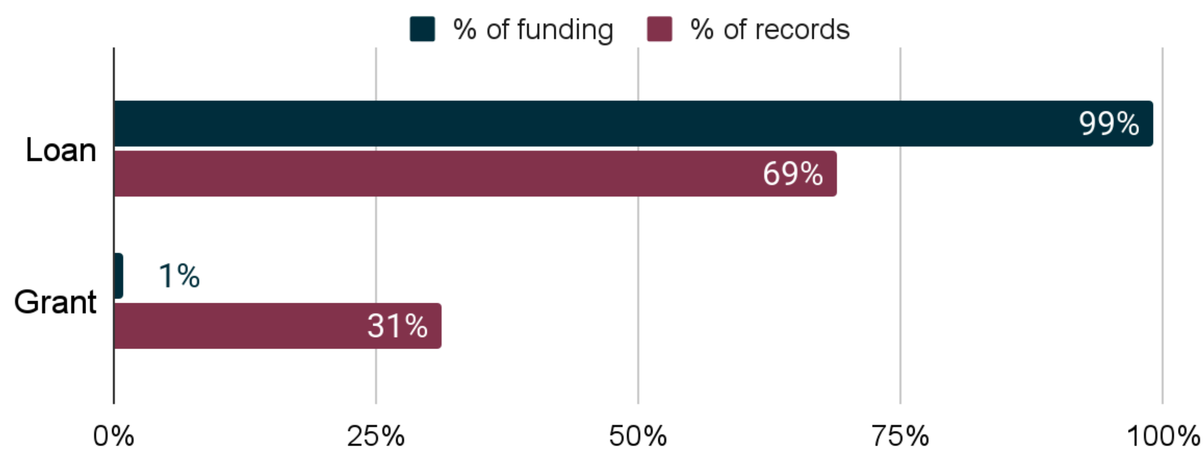
The Bank of China (BOC), a state-owned commercial commercial bank that provides non-concessional loans, was the fourth largest active lender in Vietnam. BOC committed 28 loans worth $3.5 billion to Vietnam. BOC's largest loan was a contribution of $490 million to a syndicated loan for the Formosa Ha Tinh Steel Plant construction project in 2016, with no new commitments since 2021.

Although not listed in Figure 1.3, 12% of all activities (by project count) in Vietnam come from unspecified Chinese government agencies. Unspecified Chinese Government Institutions is a blanket category for when the specific funder is unknown, but the funder is clearly part of the Chinese government or official sector institution. Most of the activities funded by these institutions include grants, such as donations of medicine like COVID-19 vaccines or anti-malaria medication, dispatching medical teams, and scholarships. In 2022, Unspecified Chinese Government Institutions issued further scholarships to students, as well as COVID-19 vaccines and syringes to Vietnam.

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

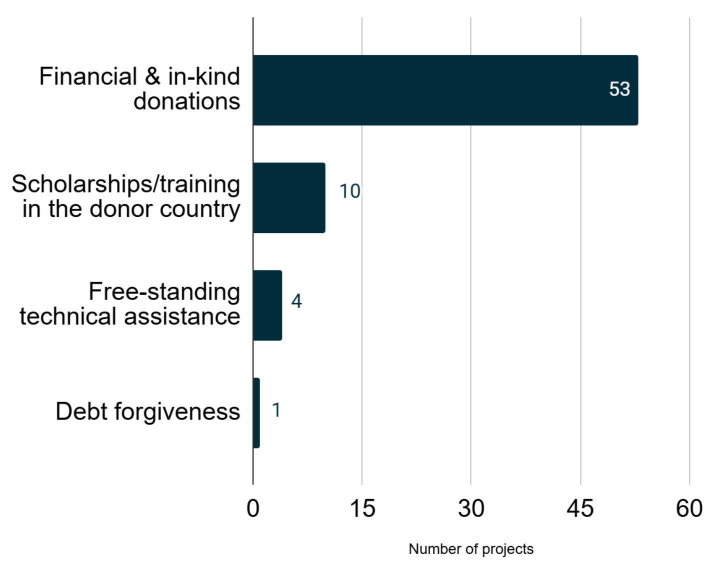
99% of China's official sector financing to Vietnam takes the form of loans (totaling $28.2 billion), while 1% ($278 million) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented. AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China's activities in Vietnam. When looking at record counts, grants however only account for 31% of all activity records in Vietnam (equivalent to 68 activity records between 2000 and 2022).

Figure 1.4: Top financial instruments used by China in Vietnam



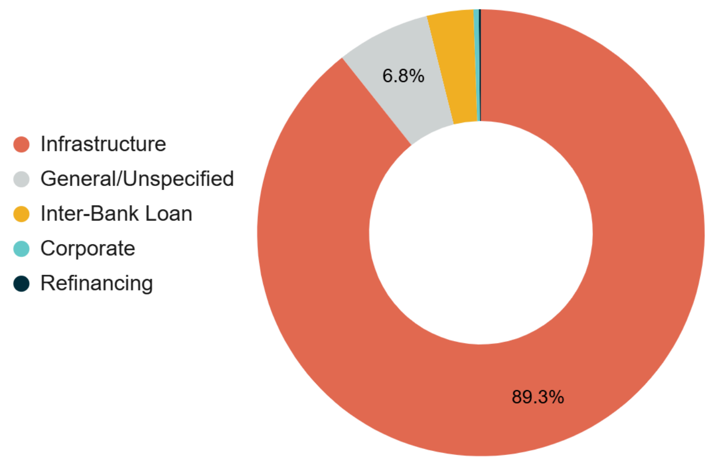
Note: Debt rescheduling and Vague records are excluded from this visual since they are neither loans or grants.

Figure 1.5: Breakdown of grants by project count



The most common types of in-kind donations to Vietnam are for COVID-19 anti-epidemic materials, office supplies, books, and relief supplies for flooding victims. China has awarded 450 scholarships between 2019 and 2022 to students spanning across six records. In 2022 alone, 267 scholarships were awarded to Vietnamese students. Free-standing technical assistance has consisted of technical training on fertilizer plants, provision of surgeries by Chinese donors, and help following the Chanchu Typhoon. Additionally, Vietnam received $14.6 million in debt forgiveness from China in 2003 (which essentially represents a grant).

Figure 1.6: Breakdown of lending by purpose



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

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

Inter-Bank Loans: loans from a Chinese bank to a recipient country bank that can support on-lending or other bank needs.

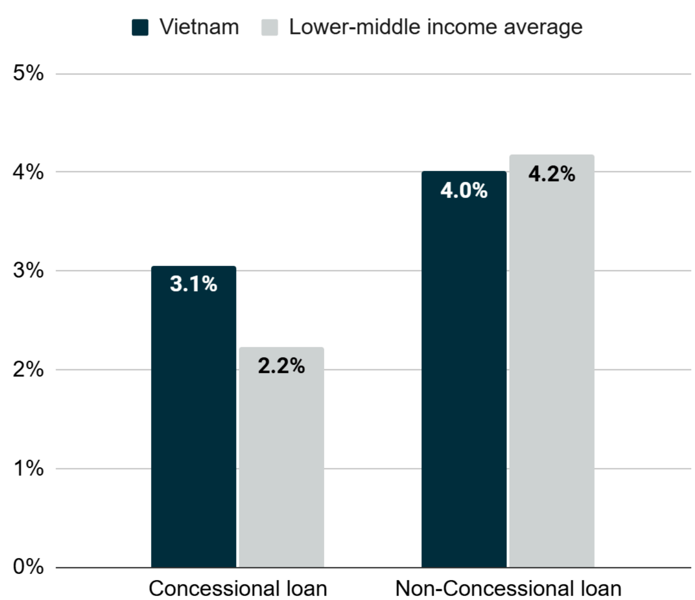
Corporate: loans for mergers and acquisitions, working capital loans.

Refinancing: loans to refinance existing debt.

89.3% of China's official sector lending to Vietnam supports infrastructure projects predominantly in the energy sector, including many coal-fired power plants (Duyen Hai, Vin Tan, Quang Ninh, Vung Ang, etc.). 91% of the infrastructure projects in Vietnam are implemented by at least one Chinese entity, such as a Chinese state-owned company or a Chinese private sector company. Chinese agencies involved in implementing large infrastructure projects include Harbin Electric International Co., Ltd. (HEI), China Huadian Science and Industry Group, and Shanghai Electric Group (among others).

3.4% of loans support inter-bank loans, including loans to local banks (such as Bank for Investment and Development of Vietnam) for on-lending purposes. 6.8% support other kinds of transactions, such as loans for unspecified or general purposes.

Figure 1.7: Borrowing terms



Between 2000 and 2022, China's concessional lending (which is considered to be aid) to Vietnam carried a weighted average interest rate of 3.1% and a weighted average maturity of 16 years.

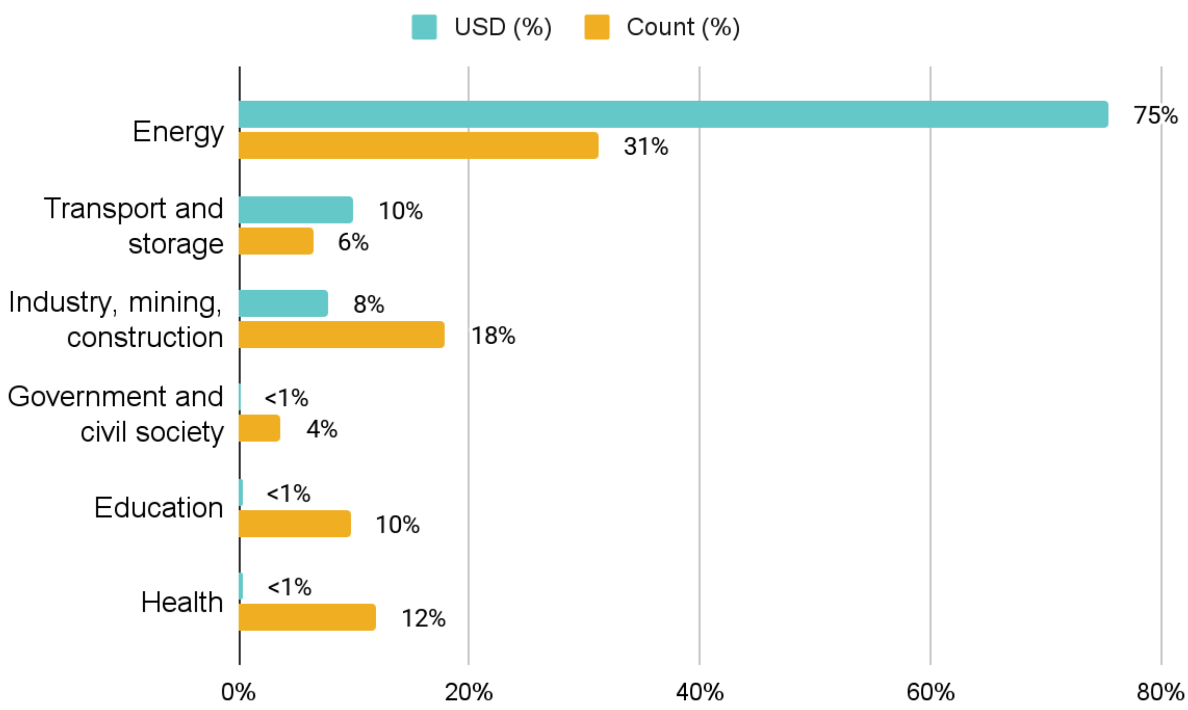
By comparison, China's non-concessional lending to Vietnam carried a weighted average interest rate of 4% and a weighted average maturity of 16 years. While the borrowing terms for concessional loans were not as favorable, the borrowing terms for non-concessional loans were slightly more generous than those found in China's broader portfolio of official sector loans to lower-middle income countries.

In which sectors is China most active?

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

Figure 1.8: Selected top sectors

Sectors by monetary value and record count



In terms of monetary value, 93% of China's grant and loan commitments to Vietnam supported three core infrastructure ("hardware") sectors: energy, transport and storage, and industry, mining, construction between 2000 and 2022.

- ➔ Energy: This sector is the dominant focus for Chinese infrastructure financing in Vietnam, with almost $21.5 billion in funding (or 75% of China's entire portfolio in Vietnam). It encompasses the generation and distribution of renewable and non-renewable sources. However, in Vietnam, financing for this sector is particularly driven by financing for coal-fired power plants. Noteworthy activities include a $1 billion loan by CBD to Petrovietnam for working capital, as well as a $1 billion loan each by China Eximbank and ICBC for a syndicated buyer's credit dedicated toward the construction of the 1200MW Duyen Hai 2 Coal-Fired Power Plant. Further financing for coal-fired power plants was committed for the 1244MW Vinh Tan 2 Coal-Fired Power Plant in 2010, as part of a $944 million buyer's credit provided by China Eximbank. While no new commitments have been made in the energy sector in 2022, many commitments in 2020 and 2021 focused on renewable energy projects, such as the Lotus Wind Farm and the construction of the 240MW Dau Tieng Solar Power Plant.

- Transport 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. 10% of China's development finance portfolio in Vietnam is specifically dedicated to this hardware sector, representing $2.8 billion in financial commitments. The largest single financial commitment is a $744 million loan from China Development Bank for the Hanoi-Haiphong expressway project. Other financial commitments have included buyer's credits from China Eximbank for construction of the Cat Linh-Ha Dong Light Rail construction and the Bac Giang-Lang Son section of the Hanoi-Lang Son expressway construction project. No new commitments to the transport and storage sector have been made since 2019 in Vietnam.

- Industry, mining, construction: This sector, third-largest by financial commitment, includes manufacturing fossil fuels, mining for coal, gas, metals, minerals, and construction. Projects in this sector account for $2.6 billion in funding (or 8% of China's development finance portfolio). Activities in Vietnam's industry, mining, and construction sectors include a $490 million loan from the Bank of China as a contribution to a syndicated loan for the Formosa Ha Tinh Steel Plant construction project and a $372 million loan from China Eximbank for the construction of a polyester filament yarns production facility. In the industry, mining, construction sectors, Chinese creditors have also not committed new financing since 2019.

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

- Health: This sector includes medical care, infrastructure, equipment, and control activities. This sector is the largest sector by record count, with activities in the health sector representing 19 records in China's portfolio in Vietnam (or 12% of records). Notable activities include the donation of over 250,000 doses of Sinopharm vaccines and other COVID-19 anti-epidemic relief materials. Smaller-scale activities have included grants in response to a bird flu outbreak in Vietnam. In 2022, all projects in the health sector were related to pandemic relief support provided by China.

- Education: This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent $77 million in funding and 10% of China's total record count, with 21 records. Notable activities include book and school supply donations to schools in Vietnam. In 2022, the Chinese Consulate General in Ho Chi Minh City donated a multimedia classroom worth $37 million to Lac Hong University.

- Government and Civil Society: This sector encompasses activities that address public procurement, subnational government support, elections, democratic participation, and human rights. This sector represents a total of 8 records (or 4% of the total record count) worth $21 million. Activities in this sector include the donation of office supplies—including computers—to Vietnamese government ministries, as well as the provision of training to Vietnamese officials. No new commitments to the government and civil society sector have been made by Chinese official agencies since 2017.

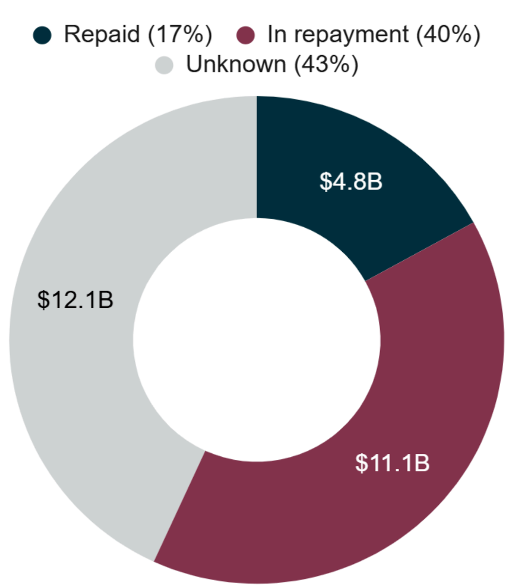
Section 2: Vietnam's debts to China

150	$28.2 billion	1.3%	65%
loans issued	cumulative value of loan commitments (6.8% of GDP)	of total debt shows signs of financial distress	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 (SPV/JV) that are majority-owned by one or more public sector institutions.[6]	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 Vietnam'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 Vietnam's debt exposure to China.

Figure 2.1: Repayment status for all loans from China



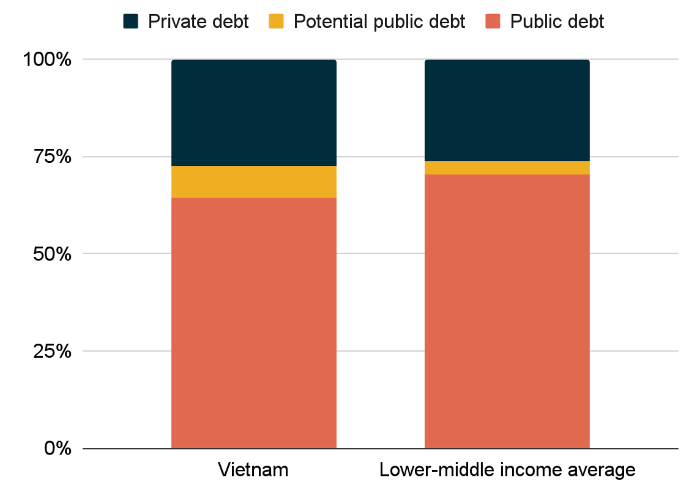
There are currently 88 loans for which AidData has access to repayment details. 47 of those loans (worth $11.1 billion) are currently in their repayment periods. 41 loans (worth $4.8 billion) have exited their repayment periods—meaning they should have been fully repaid based on their original maturity dates outlined at the time of signing.

However, the amount in repayment may be significantly higher, since there are 62 loans (worth $12.1 billion) for which AidData has no or insufficient repayment details.

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

Figure 2.2: Composition of debt from China by public liability

Total debt, 2000-2022—Vietnam: $28.2 billion. Lower-middle income country average: $5.1 billion.



The composition of Vietnam's debt by level of public liability is in line with the average across China's development finance portfolio in lower-middle income countries. Vietnam's public debt (65%) is only slightly below the average (70%) across its country group. 27% of the debt extended to Vietnam is private debt, typically directed to private companies for developing manufacturing or energy capacity, such as coal-fired power plants, a paper mill, and a tire production facility.

In total, 8% of Chinese lending commitments to Vietnam qualify as "potential public sector debt."[7] This reflects a 2013 syndicated loan from five Chinese creditors worth $2.3 billion extended to the Vinh Tan 3 Energy Joint Stock Company (VTEC), a special purpose vehicle and joint venture in which the Vietnamese government holds a 29% stake through Vietnam Electricity (EVN). 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.

The funding of SPVs and JVs usually represents limited-recourse project finance instruments. With this type of lending instrument, 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. However, in the case of Vietnam, the project has been stalled when several investors pulled out of the project since it is a coal-fired power plant.

Only one loan of China's cumulative loan commitments to Vietnam shows signs of financial distress to date: a $372 million preferential buyer's credit extended in 2008 by China Eximbank for the Ninh Binh Nitrogenous Fertilizer construction project.[8] Evidence of financial distress includes, among other things: borrowers accruing principal or interest arrears, defaulting on their repayment obligations, or filing for bankruptcy. In the case of the Ninh Binh Nitrogenous Fertilizer construction project, the plant was forced to halt operations in 2016 due to financial losses and ultimately accumulated negative equity, resulting in failure to meet repayment obligations. While Vietnam was not eligible for the G20-initiated debt-suspension service initiative (DSSI), Vietnam did receive $14.6 million worth of debt forgiveness in 2003, which relieved the government of Vietnam's outstanding obligations under two Economic and Technical Cooperation Agreements (ECTAs) that matured in 2001. No other instances of debt rescheduling and forgiveness have otherwise been reported.

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[7]For more on this issue, see Malik and Parks (2021) at https://www.aiddata.org/publications/banking-on-the-belt-and-road

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

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

Chinese infrastructure in Vietnam with ESG risk exposure:

65 infrastructure projects supported by grants and loans from China	**$18 billion** in loan commitments supporting infrastructure projects	**71%** of infrastructure lending with ESG risk exposure

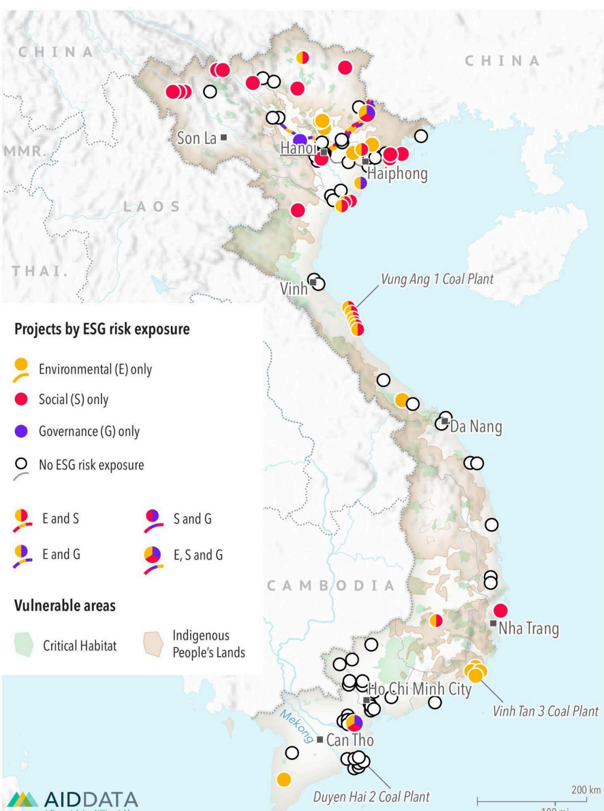
Examples of global ESG risks

Environmental: increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.

Social: poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.

Governance: corruption, money laundering, lack of transparency, and non-competitive bidding processes.

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



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.[9] (See Appendix B for details on the ESG risk exposure methodology.)

Figure 3.1 presents the geographic locations of all Chinese-financed infrastructure projects in Vietnam according to their environmental, social, or governance risk exposure. Most of the 65 infrastructure projects supported by grants and loans from China with significant ESG risks are located in Vietnam's northern region around Hanoi and Haiphong.

In Vietnam's southern region, multiple infrastructure projects with significant ESG risks have emerged too, mostly around Ho Chi Minh City and Can Tho. ESG risks can also be found in more rural areas, such as the Vinh Tam 3 Coal Plant and the Kung Ang 1 Coal Plant.

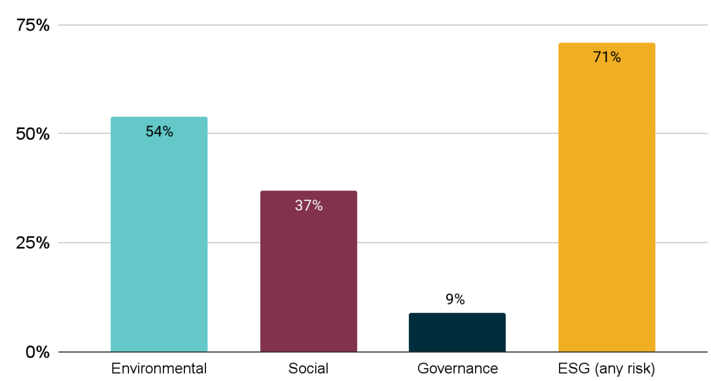
[9] For more information, see AidData's 2023 "Belt and Road Reboot: Beijing's Bid to De-Risk Its Global Infrastructure Initiative" report. https://www.aiddata.org/publications/belt-and-road-reboot.

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% over the same 22-year period, showing China's signature infrastructure initiative is facing major implementation challenges. In comparison, with additional data uncovered for 2022, Vietnam's risk exposure was at 71% in 2022. China's infrastructure project portfolio with ESG risk exposure in Vietnam is above the global average (54% in 2021).

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

71% of China's grant- and loan-financed infrastructure portfolio in Vietnam was exposed to significant environmental, social, and governance (ESG) risks. Environmental risk stands out as the most widespread, affecting 54% of infrastructure projects. These risks primarily involve environmental degradation, destruction, and pollution. For instance, residents living near the 440 MW Mao Khe Coal-Fired Power Plant reported a decline in their quality of life due to increased pollution. Social risks affect 37% of Vietnam's Chinese-financed infrastructure, often linked to safety concerns. A notable example is the Cat Linh-Ha Dong Light Rail Construction Project, where fatal accidents raised serious social risk issues. Governance risks, by contrast, were present in just 9% of the portfolio by 2022. One example includes several loans from 2014 that funded the construction of the 1,200 MW Vinh Tan 1 Coal-Fired Power Plant, where violations of environmental regulations raised governance-related concerns.

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



ESG issues observed in Vietnam

Environmental: environmental degradation, destruction, and pollution (e.g. the 440MW Mao Khe Coal-Fired Power Plant Construction Project).

Social: accidents with fatal injuries of workers and passersby (e.g. Cat Linh-Ha Dong Light Rail Construction Project).

Governance: breach of environmental laws (1200MW Vinh Tan 1 Coal-Fired Power Plan).

Figure 3.3: Cumulative proportion of Chinese infrastructure financing with ESG risk exposure

Vietnam: 71% (2022). Lower-middle income country average: 45% (2022)

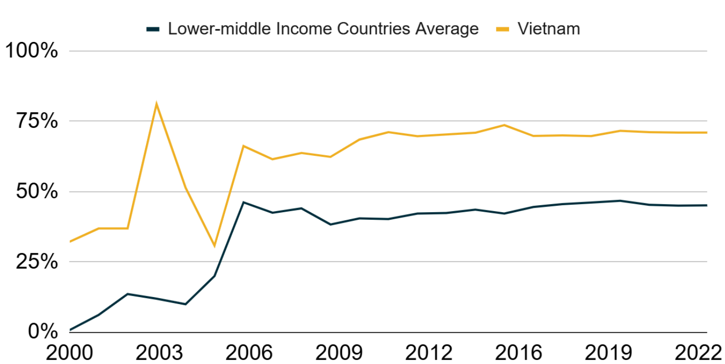


Figure 3.3 shows the increase in ESG risk exposure over time compared to the average exposure for lower-middle income countries. In Vietnam, infrastructure project financing with ESG exposure has increased over time, with a marked increase in 2013. Since 2020, the value of infrastructure projects with ESG risk exposure has remained the same in Vietnam.

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

Percent of infrastructure portfolio with strong ESG safeguards	What are ESG safeguards?
45% 2000-2022	ESG safeguards are formal provisions written into financing contracts (grant or loan) to mitigate environmental, social, and governance risks during an infrastructure project's implementation and operation.

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

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

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

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

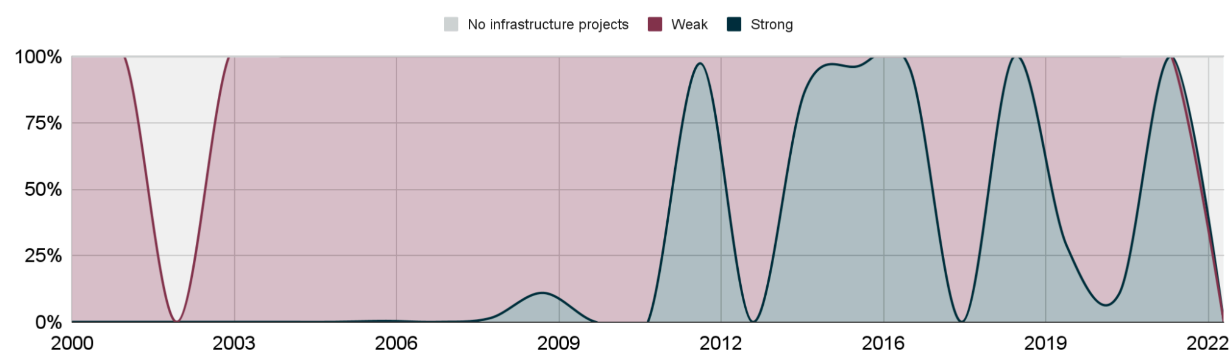
Has China increased ESG safeguard stringency in its infrastructure portfolio in Vietnam over time?

Between 2000 and 2022, 23% of China's grant and loan-financed infrastructure project portfolio had strong contractual ESG safeguards in place across all developing countries. China's infrastructure project portfolio in Vietnam is inconsistent with this global trend, with 45% of its grant and loan-financed infrastructure projects meeting the same standard on average—well above the global average. Typically, in the late BRI period (2018-2022), China began providing new infrastructure funding via syndicated loan arrangements (often with Western financial institutions as loan participants). As no new infrastructure projects were committed in Vietnam in 2022, ESG safeguards data is not applicable for that year.

In 2021, 100% of infrastructure financing in Vietnam had strong contractual ESG safeguards. This was due to two infrastructure loans—for the Lotus Wind Power Project and the 240MW Dau Tieng Solar Power Plant Construction—in 2021, which both featured syndicated loans involving Chinese state-owned commercial banks, which typically feature stronger ESG contractual safeguards.

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

Figure 4.1: Infrastructure project portfolio with strong contractual ESG safeguards[10]
Percent of infrastructure project portfolio committed each year



[10]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 Vietnam in the BRI era

Vietnam has held ambivalent views towards China since 2006, with opinions of the population swinging back and forth. Data captured by Gallup between 2006 and 2022 shows that Vietnamese citizens held an average approval rate of 42.1% toward China.[11] This is 18% lower than the global average of 60.1% over the same period. This approval rating decreased to a low of 6% in 2015. The temporary drop can be explained by territorial disputes in the South China Sea. Favorability was highest at 89% in 2008. In 2022, the approval rate was at 19.7%.

Figure A.1: Vietnam's approval of Chinese leadership, 2006-2022[12]

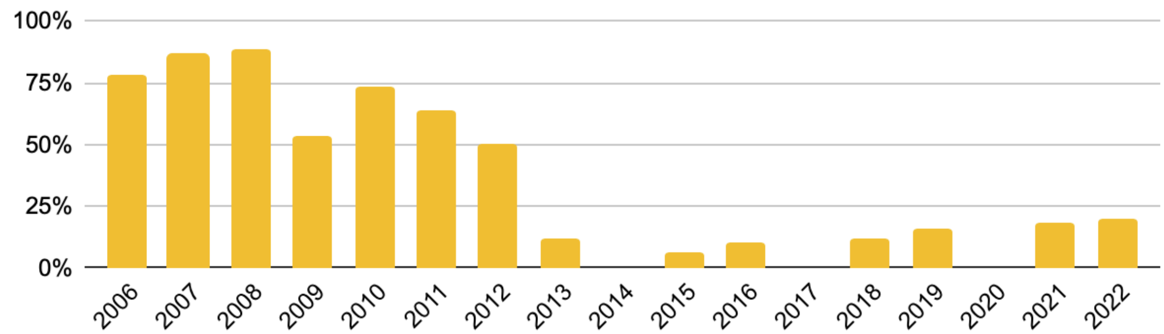


Figure A.2: Bilateral diplomatic visits between China and Vietnam

2014 NOV	Vietnamese President Trương Tấn Sang visited Beijing and met President Xi Jinping.
2015 NOV	President Xi visited Hanoi, the same year marked the 65th anniversary of the establishment of diplomatic relations between the two countries.
2017 NOV	President Xi visited Vietnam and attended the 25th unofficial APEC Leaders' Meeting. During this visit, the two countries signed the 'Memorandum of Cooperation on Jointly Building the "Belt and Road" and "Two Corridors and One Belt."
2019 APR	Prime Minister Nguyễn Xuân Phúc visited China for the 2nd "Belt and Road" International Cooperation Summit Forum.
2023 DEC	President Xi visited Vietnam, and the two sides issued a "Joint Statement on Further Deepening and Upgrading the Comprehensive Strategic Cooperative Partnership and Building a Strategic China-Vietnam Community with a Shared Future."
2025 APR	President Xi visits Vietnam and meets with General Secretary of the Communist Party of Vietnam Central Committee Tô Lâm and Vietnamese Prime Minister Phạm Minh Chính.

[11]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 2006-2022. For Vietnam, no data is available for 2014, 2017, and 2020. For more information on the Gallup methodology, see https://www.gallup.com/178667/gallup-world-poll-work.aspx

[12]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 Vietnam 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 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, 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. 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).

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