China – Belt and Road is taking shape

- **China has deepened trade, investment and infrastructure links with Belt and Road (B&R) countries**
- **Multi-tier financing mechanism gives prominent roles to development financing and commercial banks**
- **China's government is prioritising B&R as part of its commitment to opening up the economy**
- **Risks include geopolitics, financing, local operating challenges and scepticism among other countries**

From vision to action

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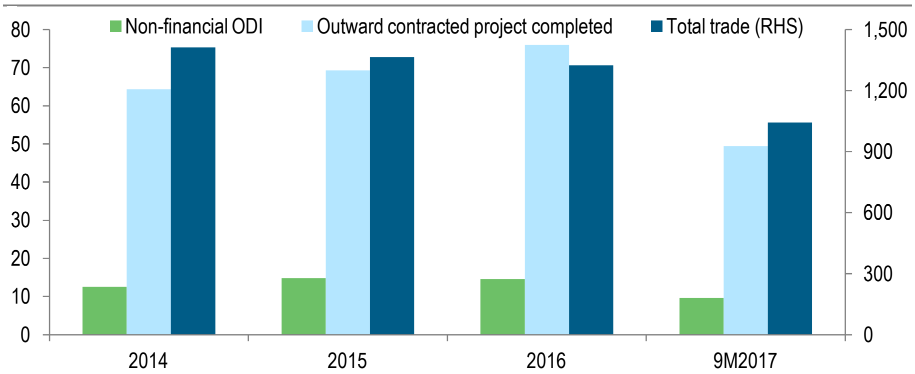
The Belt and Road (B&R) initiative has made significant headway in the past four years, and is now well into the implementation stage. B&R, a China-led economic cooperation strategy, involves billions of dollars of trade and investment – as well as policy coordination – across dozens of countries in Asia and beyond. China has deepened its ties with participating countries in recent years. Its total trade with B&R countries, which currently total 64, exceeded USD 3tn between 2014 and 2016; China's stock of direct investment in these countries had surpassed USD 129bn as of end-2016, up from USD 92bn at end-2014. More cross-regional infrastructure networks have begun construction, and are expected to generate economic returns for both China and partner countries over time.

Multiple tiers of financial institutions are participating in B&R funding, including international financial institutions such as the World Bank; multilateral development financial institutions such as the Asian Infrastructure Investment Bank (AIIB); investment cooperation funds; China's policy banks; commercial banks (both Chinese and foreign); and China's export insurance company. The AIIB has provided USD 2.8bn for 18 B&R projects, and the Silk Road Fund (SRF) has concluded contracts for 15 projects. China's policy banks are leading project financing for domestic companies participating in B&R. We expect 'development financing' and commercial banks to play an increasing role in meeting the financing needs of B&R projects.

Xi Jinping, China's top leader, has identified the B&R initiative as a top priority. At the 19th Party Congress in October, he cited it as a new frontier in China's efforts to further open up its economy. In order to surmount financing challenges, counter scepticism from international partners, and contain geopolitical and local risks, we think China needs to improve transparency on project planning and financing arrangements; better align its strategy with the interests of B&R partner countries; and ensure that the initiative brings clear growth and development opportunities in both the short and long term.

Figure 1: Trade and investment cooperation between China and B&R countries

China's trade, outward investment and contracted project in B&R countries, USD bn



Source: CEIC, Standard Chartered Research

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Recent developments

Proposed by President Xi Jinping in 2013, the B&R initiative is now well into the implementation stage. China's top leadership released a B&R action plan in 2015. The initiative was incorporated into China's 13th Five-Year Plan (for 2016-20) in 2016, and was cited at the recent 19th Party Congress as a priority for the further opening of China's economy.

The B&R initiative is an extensive China-led economic cooperation strategy focusing on development in related regions and economies. Current participants include 64 countries (Appendix 1), but this is likely to increase. In addition, dozens of international organisations are involved in B&R. We expect B&R coverage to expand to more countries in Europe, Africa, Latin America and Oceania over time.

Progress has been made on policy coordination, trade and investment cooperation, and infrastructure connectivity

To enhance policy connectivity, B&R projects are being coordinated with initiatives in relevant regions and countries, including the Eurasian Economic Union, the Master Plan on ASEAN Connectivity, The Investment Plan for Europe (a European Commission infrastructure development programme), Poland's Amber Road, the UK's Northern Powerhouse development plan, and Turkey's Middle Corridor initiative In Asia, B&R-linked initiatives include Kazakhstan's Bright Road, Mongolia's Development Road, and Vietnam's Two Corridors, One Economic Circle.

Trade and investment cooperation has deepened across the B&R coverage area. Total trade between China and OBOR countries exceeded USD 3tn between 2014 and 2016, Xi said in at the Belt and Road summit. China's stock of direct investment in these countries had surpassed USD 129bn as of end-2016, up from USD 92bn at end-2014. Chinese companies have set up 56 economic cooperation zones in more than 20 countries, generating some USD 1.1bn of tax revenue and 180,000 local jobs, according to China's National Development and Reform Commission (NDRC). Infrastructure connectivity has improved – a cross-regional network of railway, port and pipeline projects is taking shape, funded by various forms of financial cooperation with countries and organisations (discussed in more detail below).

Box 1: Projects progressing under the B&R initiative – Examples

China-Europe Railway Express

- As of June 2017, the network operated 4,000 trains, covering 27 cities in 21 provinces in China and 29 cities in 11 countries in Europe.
- The Express operated 1,702 trains in 2016, up from 815 in 2015 and 308 in 2014.
- The Express system has three main lines – the eastern line to Russia, the middle line to Northeast Asia, and the western line to Western Europe. All three lines saw growth of more than 100% in the number of trains operating in 2016.
- China's government targets 5,000 trains per year with average daily transport mileage of 1,300km, covering 80% of total global rail freight for containers by 2020.
- Construction and coordination of the project is led by China Railway Group, and financed by domestic institutions as well as AIIB, Silk Road Fund and investment funds.

Sihanouk Ville Economic Zone, Cambodia

- The zone is one of 20 overseas Economic and Trade Cooperative Zones recognised by China's Ministry of Commerce, and is the biggest economic zone in Cambodia.
- 103 companies have set up in the zone; 88 of these are Chinese enterprises, mainly in the textile/apparel, luggage leather products, hardware machinery and accessories industries.
- The zone has created some 16,000 jobs.

A series of B&R summits in 2017 have solidified investment and cross-regional cooperation for the initiative.

- **Belt and Road Summit (May 2017).** President Xi hosted a summit of world leaders and multilateral institutions in Beijing, urging increased policy coordination. China committed to contribute an additional CNY 10bn to the Silk Road Fund. It also committed about c.CNY 300bn to financial institutions conducting overseas Renminbi funding business, and CNY 380bn in special lending schemes to support cooperation on infrastructure and industrial capacity. Official media reported after the summit that 270 B&R results had been achieved across the five key areas of policy, infrastructure, trade, finance, and people-to-people connectivity.
- **19th China-EU Business Summit (June 2017).** The two sides welcomed the establishment of the China-EU Joint Investment Fund, a "co-investment framework" by the Silk Road Fund and the European Investment Fund.
- **9th BRICS Summit (September 2017).** China committed to provide USD 4mn for projects of the BRICS New Development Bank, and invest an initial CNY 500mn in a plan to facilitate economic and trade cooperation among BRICS countries (Brazil, Russia, India, China and South Africa).
- **Second Hong Kong Belt and Road Summit (September 2017).** Hong Kong expanded its cooperation with ASEAN countries and mainland China under the B&R strategy.

Deeper trade links with B&R countries

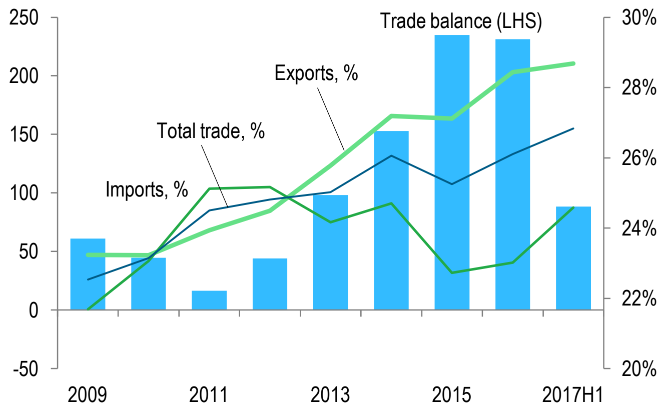
Trade between China and B&R countries has remained robust, despite headwinds to global trade

Trade between China and countries along the Belt and Road has been robust, and the momentum has continued in 2017 despite subdued growth in global trade. China's total trade with the 64 B&R countries reached USD 512.2bn in H1, up 13% y/y. China's trade with B&R countries as a percentage of its total trade rose to a record high of 26.8% in H1-2017, with both exports and imports increasing their share (Figure 2).

In full-year 2016, China's trade with B&R countries totalled USD 962bn, rising to 26.1% of China's total trade (Figure 2) from 25.3% in 2015. B&R countries' share of China's total trade exceeded those of the EU (15.0%) and the US (14.2%); this was also true for both exports and imports.

Figure 2: B&R countries play an increasing role in China's total trade

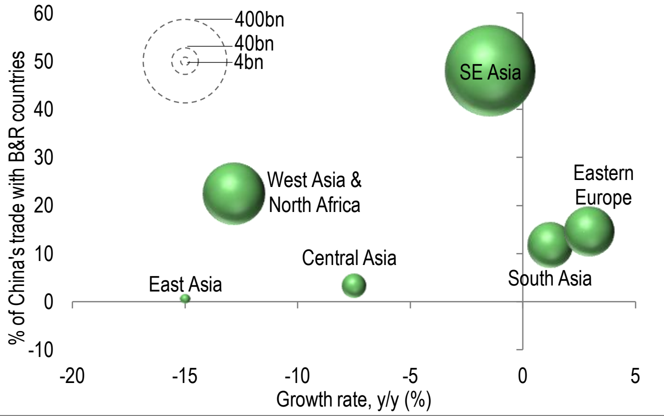
China's trade with B&R countries, USD bn (LHS), % of China's total trade (RHS)



Sources: CEIC, Standard Chartered Research

Figure 3: Southeast Asia dominates China's B&R trade; Eastern Europe shows fastest growth

China's 2016 trade with B&R countries across regions, % of trade (y-axis), growth rate (x-axis), trade in USD bn (bubble)



Source: CEIC, Standard Chartered Research

China's key exports to B&R countries reflect its shift to higher-value-added exports, while its imports from these are dominated by raw materials and machinery. Electrical equipment was the top export product in 2016 (Figure 4). Exports of vehicles and machinery surpassed those of labour-intensive goods like knitwear and textiles in value terms. Minerals and fuels were the top import from B&R countries in 2016 (Figure 5). We expect China to continue to shift its export composition from low-value manufactured goods and commodities to high-value manufactured goods, high-tech products, and value-added services. Meanwhile, it is likely to increase imports of strategic important food and energy resources.

Among the five B&R regions, Southeast Asia was China's biggest trade partner in 2016, with total trade of USD 460.5bn (see Figure 3). Southeast Asia ranked first for both exports and imports. The 'West Asia and North Africa' region ranked second, mainly driven by commodity trade. Eastern Europe and South Asia saw positive growth in trade with China in 2016, even amid headwinds to global trade.

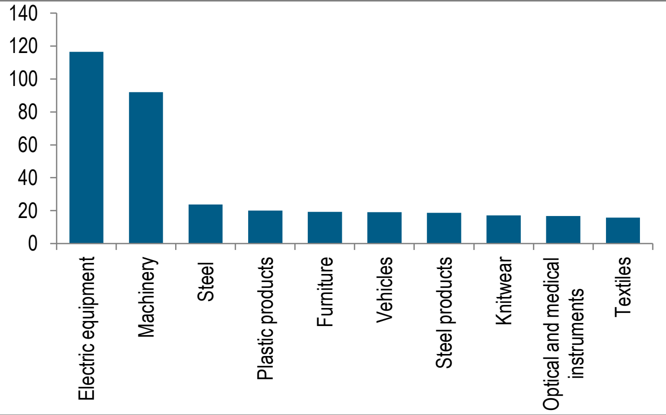
China is promoting Renminbi internationalisation and trade facilitation with B&R countries

China is promoting increased Renminbi usage for cross-border trade settlement under the B&R initiative. It has expanded bilateral local-currency swap programmes to 21 countries and now has Renminbi settlement banks in eight B&R countries (Appendix 1). Usage of Renminbi trade settlement for cross-border transactions between China and B&R countries stood at 13.9% in 2016, below the 20% level for China's global trade. This implies potential for growth in Renminbi settlement by improving payment systems, lowering currency swap interest rates, and promoting mixed-currency loans.

China is also working on trade facilitation. The government has free-trade agreements (FTAs) with 12 B&R countries in Europe and Asia. It has cooperation agreements with more than 40 countries and international organisations in relation to B&R, and has cooperated on production capacity with more than 30 B&R countries (Appendix 1). Chinese companies have set up 56 Economic Cooperation Zones (ECZs) in more than 20 countries as part of the B&R initiative. Xi said at the Party Congress that China will further develop pilot free trade zones onshore and explore the opening of free trade ports. The goal is to form a more integrated market and support trade connectivity among B&R countries.

Figure 4: High-value manufactured goods are China's main export items

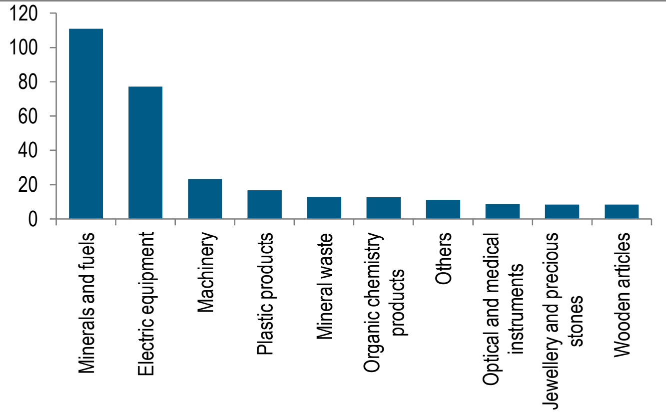
China's top 10 exports to B&R countries (2016), USD bn



Sources: State Information Center, Standard Chartered Research

Figure 5: Commodities and resources are China's main import items

China's top 10 imports from B&R countries (2016), USD bn



Source: State Information Center, Standard Chartered Research

China increases outward investment along B&R network

The B&R initiative has accelerated growth in China's outward investment (ODI). China's ODI flows were the second-largest (after the US) among single countries in 2015 and 2016, rising from third place. The stock of China's ODI in B&R countries reached USD 129.4bn as of 2016, rising 12% y/y and accounting for 9.5% of China's total. Non-financial ODI in B&R countries rose to 13.7% of China's total non-financial ODI flows in H1-2017 from 8.5% in 2016 (Figure 6).

China's outward investment and project construction in B&R countries have accelerated, led by SOEs

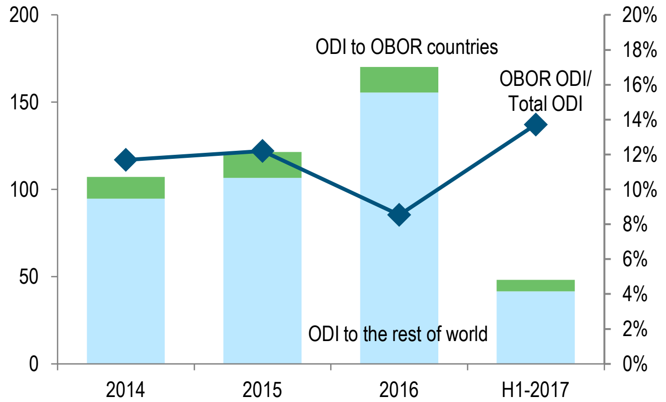
Construction of overseas contracted B&R projects has accelerated. The value of newly signed contracts between China and B&R countries surged 36% to USD 126.0bn in 2016; the value of completed projects in B&R countries grew 9.7% to USD 76.0bn (Figure 7). The momentum continued in H1-2017, with newly signed projects rising to USD 71.4bn. Chinese companies are actively pursuing overseas M&A opportunities, with 111 transactions totalling USD 6.64bn in B&R countries in 2016.

China's state-owned enterprises (SOEs) are leading this global push. 47 SOEs were participating in 1,676 projects in B&R countries as of May 2017, according to the State-owned Assets Supervision and Administration Commission (SASAC); they were concentrated in infrastructure, energy and industrial zones (Figure 8), SOEs have advantages in terms of capital, technology and management experience, particularly for capital-intensive projects with long life cycles. China's private companies have also ramped up global expansion efforts in recent years, helped by their flexibility and operational efficiency; their share of ODI projects has grown (Figure 9).

Tighter government restrictions on ODI have slowed the pace in 2017. However, with China's cross-border capital flows now more balanced and exchange rate expectations anchored, we expect the authorities to unwind some restrictions on capital account transactions in 2018. We expect investment related to B&R to be prioritised. The signing of bilateral and multilateral economic cooperation agreements with B&R countries in 2016 should provide a transparent and stable environment for China's ODI in these regions. We expect China's direct investment in B&R countries to maintain strong momentum in 2017-18.

Figure 6: China's outward investment has entered the fast lane

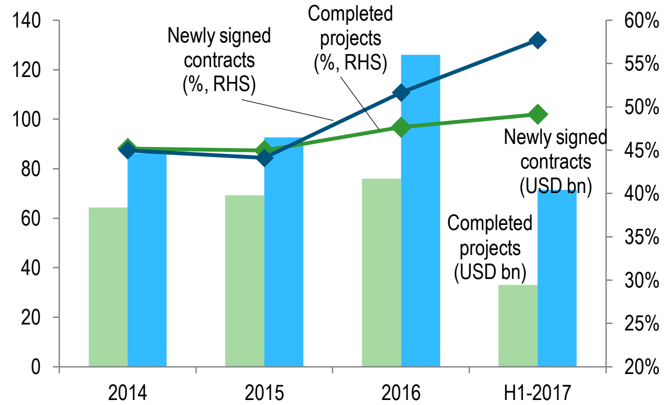
China's non-financial ODI flows to B&R countries, USD bn (LHS), % of China's total non-financial ODI flows (RHS)



Source: CEIC, Standard Chartered Research

Figure 7: China's outward contracted projects have accelerated

China's outward contracted projects in B&R countries, USD bn (LHS), % of China's total outward contracted projects (RHS)



Source: CEIC, Standard Chartered Research

Filling the infrastructure gap

China's investments in B&R countries are aimed at meeting the host countries' development needs while leveraging China's production capacity advantage. Infrastructure bottlenecks have impeded economic development in many B&R countries. For example, per-capita annual power generation was only 204kWh in Cambodia and 534kWh in Pakistan in 2014, compared with 4,123kWh in China and 13,000kWh in the US. Railway mileage was just 3,000km in Bangladesh and 612km in Cambodia. The stated goal of the B&R initiative is to remove infrastructure bottlenecks in order to improve connectivity and efficiency. So far, 20% of the invested project value has been in power and 19% in railways, followed by roads, pipelines and other transport.

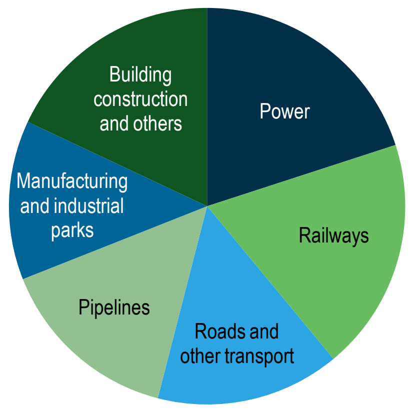
Project investment under B&R will fill an investment gap in the region and aims to generate economic returns

Developing Asia will require USD 26tn of infrastructure investment by 2030, according to the latest estimates by the Asian Development Bank (ADB). This implies USD 1.7tn of spending per year, more than double estimated actual spending of USD 881bn by these 45 countries. The gap between actual and required spending is around 2.4% of regional GDP. According to the ADB, fiscal reforms could bridge around 40% of the gap for these economies, with the private sector providing the remaining funding.

We think B&R projects could be the foundation for an increase in investment, in terms of both government-funded basic infrastructure and increased private investment. Based on ADB estimates, if we assume that private investment accounts for 25% of total B&R investment and Chinese companies' overseas investment accounts for 10% of this share, we estimate that China's stock of outward investment in B&R countries could reach about USD 300bn by 2030, more than double the current level. This implies a compound annual growth rate (CAGR) of c.6.4%.

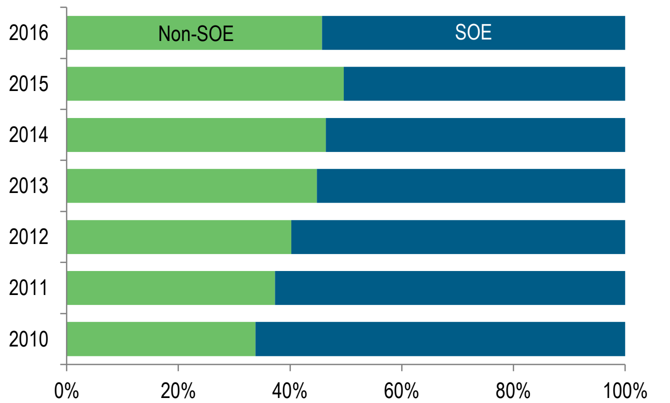
We expect B&R infrastructure projects to yield economic returns and development benefits over time. Using economic internal rates of return (EIRR) as an indicator of a project's net impact on an economy, average EIRRs for infrastructure projects implemented by the ADB in developing Asia in the past 50 years have ranged from 14.3% for air transport to 33% for conventional power generation. We expect B&R infrastructure projects to have a similar positive impact on regional growth and development in the coming decades.

Figure 8: B&R aims to remove infrastructure bottlenecks
B&R project investment value by sector, %



Source: BHP, Standard Chartered Research

Figure 9: China's non-SOEs are catching up on global expansion
ODI by enterprises, % of total ODI



Source: CEIC, Standard Chartered Research

A multi-tier financing mechanism

A multi-tier financing mechanism is taking shape, providing funding support for B&R project investment

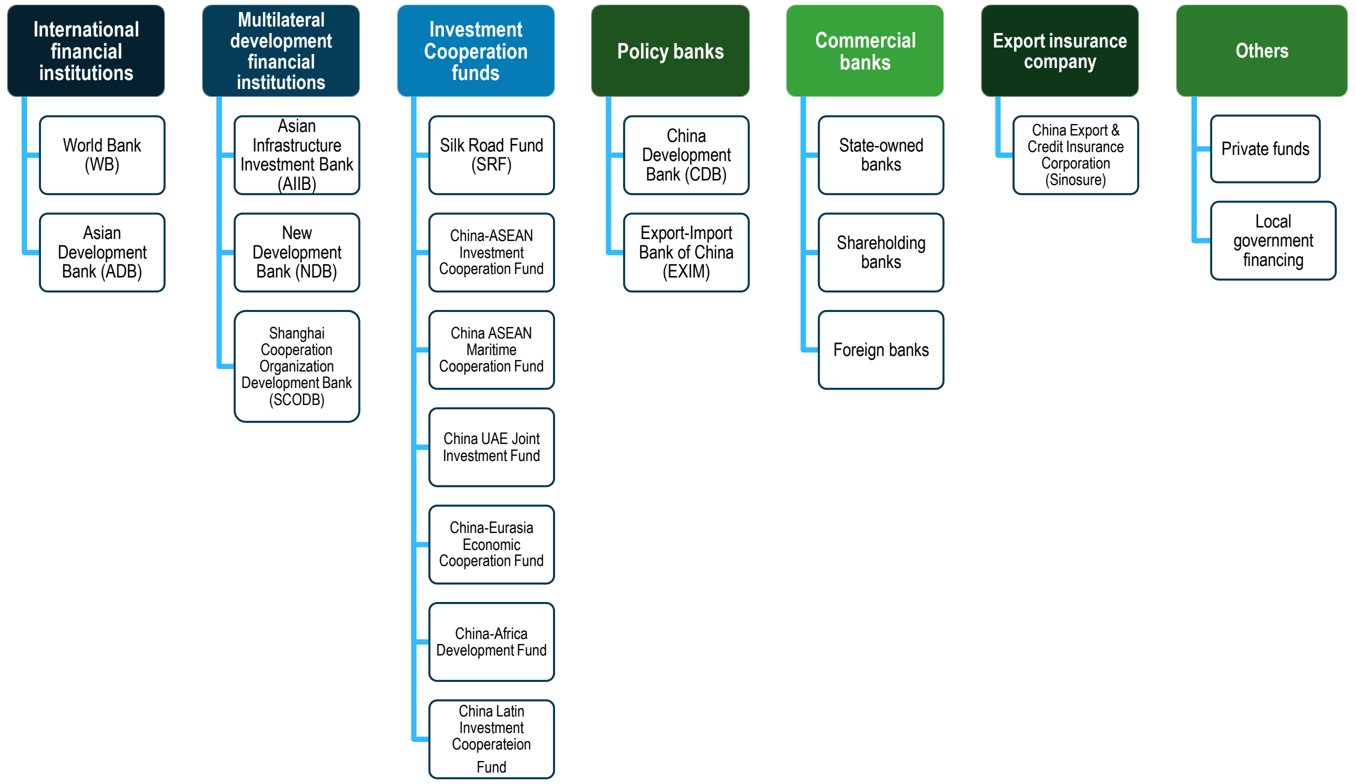
Multiple tiers of financial institutions are involved in B&R funding, including international financial institutions such as the World Bank; multilateral development financial institutions such as the AIIB; investment cooperation funds; China's policy banks; commercial banks, both Chinese and foreign; and China's export insurance company (Figure 10). The AIIB and SRF were set up primarily to support the B&R Initiative, while China Development Bank (CDB) and Export-Import Bank of China (EXIM) have taken the lead on project financing for China-based companies.

The Beijing-based AIIB was set up in early 2016 to meet the funding gap for Asia's infrastructure and other development needs. It provides equity and debt investment as well as financial guarantees for projects. The AIIB leads projects jointly financed with other international financial institutions, including the World Bank, ADB, and European Bank for Reconstruction and Development (EBRD), as well as local governments and companies. As of September 2017, it had provided USD 2.8bn of loans for 18 projects in B&R countries. Its focus is on cross-border infrastructure including road and rail networks, ports, energy pipelines and power stations, with projects in Central Asia, South and Southeast Asia, and the Middle East (Appendix 2).

The Silk Road Fund (SRF) was established in Beijing in late 2014, focusing on medium to long-term investment through debt and equity financing. As of March 2017, it had concluded contracts for 15 projects with total committed investment of about USD 6bn, in areas including infrastructure, energy and resource development, and industrial and financial cooperation. It has projects in Russia, Mongolia, Central Asia, South Asia, Southeast Asia, West Asia, North Africa and Europe. The fund also invested USD 2bn in establishing the China-Kazakhstan Production Capacity Cooperation Fund. At the

Figure 10: A multi-tier financing mechanism supports B&R project investment

Financial institutions involved in the B&R initiative



Source: Standard Chartered Research

Belt and Road Summit in May 2017, President Xi announced an additional CNY 100bn contribution to the fund to increase financing support for the B&R initiative.

Policy banks – CDB and EXIM – are the main funding providers for B&R projects with participation by Chinese companies. CDB focuses on infrastructure development and international industrial capacity cooperation. It has invested in more than 600 B&R projects, including oil and gas pipelines, nuclear stations, high-speed railways, ports, and industrial zones. CDB had about USD 112bn of outstanding loans to B&R projects as of end-2016 – 35% of its total international loans and 8% of its total gross loans. These were mainly in the form of medium- to long-term loans and special-purpose loans.

EXIM is a policy bank with a focus on promoting external trade and project financing. It has extended around USD 90bn of loans to B&R projects, which accounted for about 25% of the bank's total loans as of 2016. EXIM also extends government concessional loans and preferential buyer's credit at long tenors (usually 15-20 years) and low interest rates (2-3%) to some borrowers, including B&R projects. The two policy banks have also been involved in setting up investment cooperation funds – such as the China-UAE Joint Investment Fund, the China-Africa Development Fund, and the Silk Road Fund – to support sustainable financing for B&R projects.

We expect 'development financing' and commercial banks to play a bigger role in financing B&R projects

In a keynote speech at the National Financial Work Conference in July 2017, President Xi asked the government to encourage financial innovation to support the B&R initiative. Looking ahead, we expect 'development financing' (开发性金融) and financing from commercial banks to play a bigger role in funding B&R projects.

China's government is promoting 'development financing' as a way to combine policy objectives with market mechanisms, in order to provide low-cost financing to long-term, large-scale investment projects. People's Bank of China Governor Zhou Xiaochuan promoted the concept during the Belt and Road Summit as a way to integrate funding resources, bridge state and market interests, and operate independently of government subsidies.

Policy banks and multilateral financial institutions are currently the primary participants in 'development financing'. To attract more funding, we think these institutions should (1) make more equity investments with limited funding to leverage greater debt financing; (2) use the Public-Private Partnership (PPP) investment model in collaboration with private funds; (3) choose public projects that generate related private investment opportunities; and (4) cooperate with international multilateral financial institutions, making use of their expertise and platforms.

Commercial banks are eyeing new opportunities under the B&R initiative. In addition to traditional trade finance and commercial loans, many commercial banks are providing syndicated loans, project finance and commercial leasing to clients in overseas markets. As Chinese private companies deepen their overseas trade and investment links, they will face the challenges of increasing capital pressure, more difficult access to financial services in host countries, and currency, interest rate, and economic policy risks in local financial markets.

This creates an opportunity for commercial banks to provide comprehensive cross-border financial services that address these challenges. Leveraging their expertise and global networks, these banks can provide comprehensive financing solutions including working-capital loans, credit financing, hedging instruments and foreign exchange services – facilitating Chinese companies' international expansion under the B&R initiative.

Risks and challenges to the B&R initiative

B&B initiative is facing skepticism from other countries, geopolitical risks, financing challenges and operation risks from involved enterprises

While the B&R initiative holds great potential for national, regional and global economic development, it faces clear risks and challenges. Outside of China, there is scepticism about the strategic and geopolitical motives behind the initiative.

To counter such views, China needs to be more transparent about its geopolitical aims and its decision-making on projects and cooperation plans. It also needs to align its strategy more closely with the interests of B&R partner countries, and ensure that the initiative brings clear growth and development opportunities in both the short and long term. A test of this will be whether B&R projects create job opportunities, improve B&R countries' connectivity with the rest of the world, and improve their economic welfare over time.

Financing remains a challenge. While existing banks and funds have started to extend funding to B&R projects, the amount remains very small relative to funding needs. Filling this funding gap will require attracting more private capital, which could prove to be a significant hurdle. A successful initiative will require the participation of market forces and not just state investment. A key challenge will be to change the way investors perceive risk in many of these emerging markets. The fact that China is backing these banks and funds is a positive sign. Moreover, transparency on financing arrangements, costs and returns needs to be improved. In order to attract private funding, deployment of funds needs to follow market principles, and a regulatory system needs to be put in place that can function across borders with standardised procedures and dispute resolution mechanisms.

The B&R initiative also faces serious geopolitical risks, as many of the countries involved are located in geopolitically complicated regions facing political, religious and ethnic conflicts. Many projects are located in countries characterised by weak and unstable economies, poor public governance, political instability and corruption. Social dynamics and political conditions in each country where projects are launched need to be scrutinised and understood.

Finally, poor identification and management of investment risks could cause Chinese companies' 'global outreach' to fail. Investors face political, legal, regulatory, policy, economic and financial-market risks in B&R partner countries. Many of the companies involved lack experience in selecting investment targets, controlling investment timing, achieving post-M&A integration and dealing with host countries' regulations and procedures. Both governments and companies need to take measures to address this. China's government should do more to protect the interests of companies investing overseas through bilateral investment treaties and multilateral conventions, while participating companies will need effective risk management system to improve their capacity to deal with crises.

Box 2: Key risks faced by B&R projects – Case studies

Political risks

Changes in political power can negatively affect B&R projects. Colombo Port City project in Sri Lanka is an example. The project, which had received approval from the previous government, was suspended in March 2015 after Sri Lanka's national election. The new government initially shelved the project, citing factors such as lack of approval documents and reassessment of the environmental code. After more than one year of negotiations, China re-signed the project contract with the Sri Lankan government under a new name (Colombo International Financial City) and the project was restarted.

Exchange rate volatility

Kazakhstan is a clear example of this. The Kazakhstani tenge (KZT) depreciated significantly against the USD in 2015 as a result of falling commodity prices and the weak global economic recovery. It weakened to 350 by early 2016 from 150 at the start of 2015, creating significant financial risk for companies invested in Kazakhstan.

Appendix 1: Trade and financial partnerships between China and B&R countries

Region	Country	FTA	Cooperation agreement	Currency swap	RQFII	RMB settlement bank
East Asia	Mongolia		✓	✓		
Southeast Asia	Singapore	✓	✓	✓	✓	✓
	Thailand	✓	✓	✓	✓	✓
	Vietnam	✓	✓			
	Malaysia	✓	✓	✓	✓	✓
	Indonesia	✓	✓	✓		
	Philippines	✓	✓			
	Myanmar	✓	✓			
	Cambodia	✓	✓			
	Brunei	✓	✓			
	Lao, PDR	✓	✓			✓
	East Timor		✓			
South Asia	India					
	Bangladesh		✓			
	Pakistan	✓	✓	✓		
	Sri Lanka			✓		
	Nepal		✓			
	Afghanistan					
	Maldives		✓			
	Bhutan					
Central Asia	Kazakhstan		✓	✓		
	Uzbekistan		✓	✓		
	Turkmenistan		✓			
	Kyrgyzstan					
	Tajikistan		✓	✓		
West Asia & North Africa	United Arab Emirates		✓	✓	✓	✓
	Saudi Arabia					
	Turkey		✓	✓		
	Israel					
	Qatar		✓	✓	✓	✓
	Egypt		✓	✓		
	Kuwait		✓			
	Iraq					
	Iran		✓			
	Oman					
	Bahrain					
	Jordan		✓			
	Azerbaijan		✓			
	Lebanon					
	Georgia	✓	✓			
	Yemen					
	Armenia		✓	✓		
	Syrian Arab Rep.					
	Palestine					
Eastern Europe	Russia		✓	✓		✓
	Poland		✓			
	Czech Republic		✓			
	Hungary		✓	✓	✓	✓
	Slovakia		✓			
	Romania		✓			
	Ukraine		✓	✓		
	Slovenia					
	Lithuania		✓			
	Belarus					
	Bulgaria		✓	✓		
	Serbia		✓	✓		
	Croatia					
	Estonia					
	Latvia		✓			
	Bosnia & Herzegovina					
	Macedonia					
	Albania			✓		
	Moldova		✓			
	Montenegro					

Source: media reports, PBoC, Standard Chartered Research

Appendix 2: B&R projects financed by AIIB

Project	Region	Sector	Date	Financing
Dushanbe-Uzbekistan Border Road Improvement Project	Tajikistan	Transport	24 Jun, 2016	AIIB – USD 27.5mn EBRD – USD 62.5mn
Distribution System Upgrade and Expansion Project	Bangladesh	Energy	24 Jun, 2016	AIIB – USD 165mn
National Motorway M-4 Project (Shorkot-Khanewal Section)	Pakistan	Transport	24 Jun, 2016	AIIB – USD 100mn ADB – USD 100mn
National Slum Upgrading Project	Indonesia	Urban	24 Jun, 2016	AIIB – USD 216.5mn WB – USD 216.5mn
Tarbela 5 Hydropower Extension Project	Pakistan	Energy	27 Sep, 2016	AIIB – USD 300mn WB – USD 390mn Government – USD 133.5mn
Myingyan Power Plant Project	Myanmar	Energy	27 Sep, 2016	AIIB – USD 20mn Co-financed with the International Finance Corporation (IFC), ADB and commercial lenders
Railway System Preparation Project	Oman	Transport	8 Dec, 2016	AIIB – USD 36mn Oman Global Logistics Group (OGLG) – USD 24mn
Duqm Port Commercial Terminal and Operational Zone Development Project	Oman	Transport	8 Dec, 2016	AIIB – USD 265.00mn Special Economic Zone Authority of Duqm (SEZAD) – USD 88.33mn
Trans Anatolian Natural Gas Pipeline Project	Azerbaijan	Energy	21 Dec, 2016	AIIB – USD 600mn Co-financed with WB, EBRD, EIB and other commercial borrowings
Regional Infrastructure Development Fund Project	Indonesia	Urban	22 Mar, 2017	AIIB – USD 100mn WB – USD 103mn Government – USD 203mn
Dam Operational Improvement and Safety Project Phase II	Indonesia	Multi-sector	22 Mar, 2017	AIIB – USD 125mn IBRD – USD 125mn Government – USD 50mn
Natural Gas Infrastructure and Efficiency Improvement Project	Bangladesh	Energy	22 Mar, 2017	AIIB – USD 60mn ADB – USD 167mn
Andhra Pradesh 24x7 – Power For All	India	Energy	15 Jun, 2017	AIIB – USD 160mn WB – USD 240mn Government – USD 171mn
Batumi Bypass Road Project	Georgia	Transport	15 Jun, 2017	AIIB – USD 114mn Co finance with ADB
India Infrastructure Fund	India	Multi	15 Jun, 2017	AIIB up to USD 150mn Other investor – USD 600mn
Nurek Hydropower Rehabilitation Project	Tajikistan	Energy	15 Jun, 2017	AIIB – USD 60mn Co-financed with WB and Eurasian Development Bank
Gujarat Rural Roads Project	India	Transport	4 Jul, 2017	AIIB – USD 329mn Co-financed with local government
Solar PV Feed-in Tariffs Program	Egypt	Energy	4 Sep, 2017	AIIB up to USD 19mn Co-financed by IFC and other lenders

Sources: AIIB, Standard Chartered Research

Disclosures appendix

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