Greener on the other side?

Mapping China's Overseas Co-financing and Financial Innovation

Yunnan Chen, ODI Global | **Teal Emery**, Teal Insights

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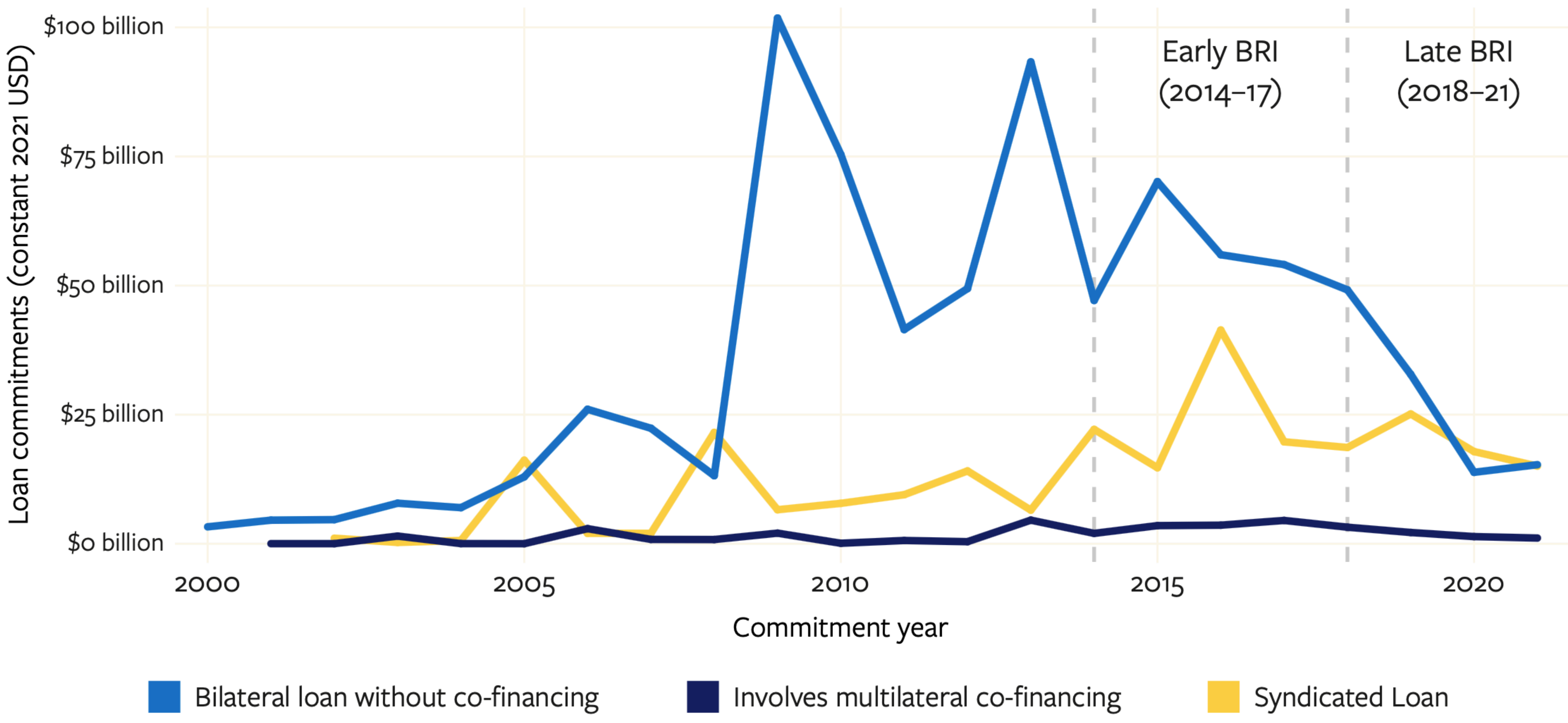
The shift to co-financing: What does it mean for energy transition?

RESEARCH QUESTION

Figure 5 The rise of syndicated lending (2000–21)



The shift:

- Policy bank bilateral lending ↓
- Commercial co-financing ↑

The context:

- Green BRI commitments
- Solar/wind costs plummeting
- Chinese clean tech capacity
- $4 trillion SDG financing gap

What does the evidence show about Chinese lending's role in funding energy transition in developing countries?

TEAL INSIGHTS

A complex paper. Here's what matters for policy.

ROADMAP

1. **Methodology** – How we classified 18,000 loan descriptions
2. **Three findings** – Green finance patterns in overseas co-financing
3. **For developing country policymakers** – Where energy transition financing flows
4. **For Chinese policymakers** – Two mechanisms that show promise

What Counts as Green? From impossible questions to actionable answers

METHODOLOGY

Building practical validation frameworks for AI-assisted research enables ambitious evidence-based policymaking where it was previously infeasible.

Traditional Approach

⏰ **1,500 hours**
💰 **$22,500**
📅 **Months of work**

→ Research doesn't happen

→

Our Approach

⏰ **15 hours**
💰 **$1.58**
📅 **Hours, not months**

→ Comprehensive analysis possible

✓ Validated

Clear validation workflow
91.8% human agreement

✓ Transparent

Detailed methodological appendix

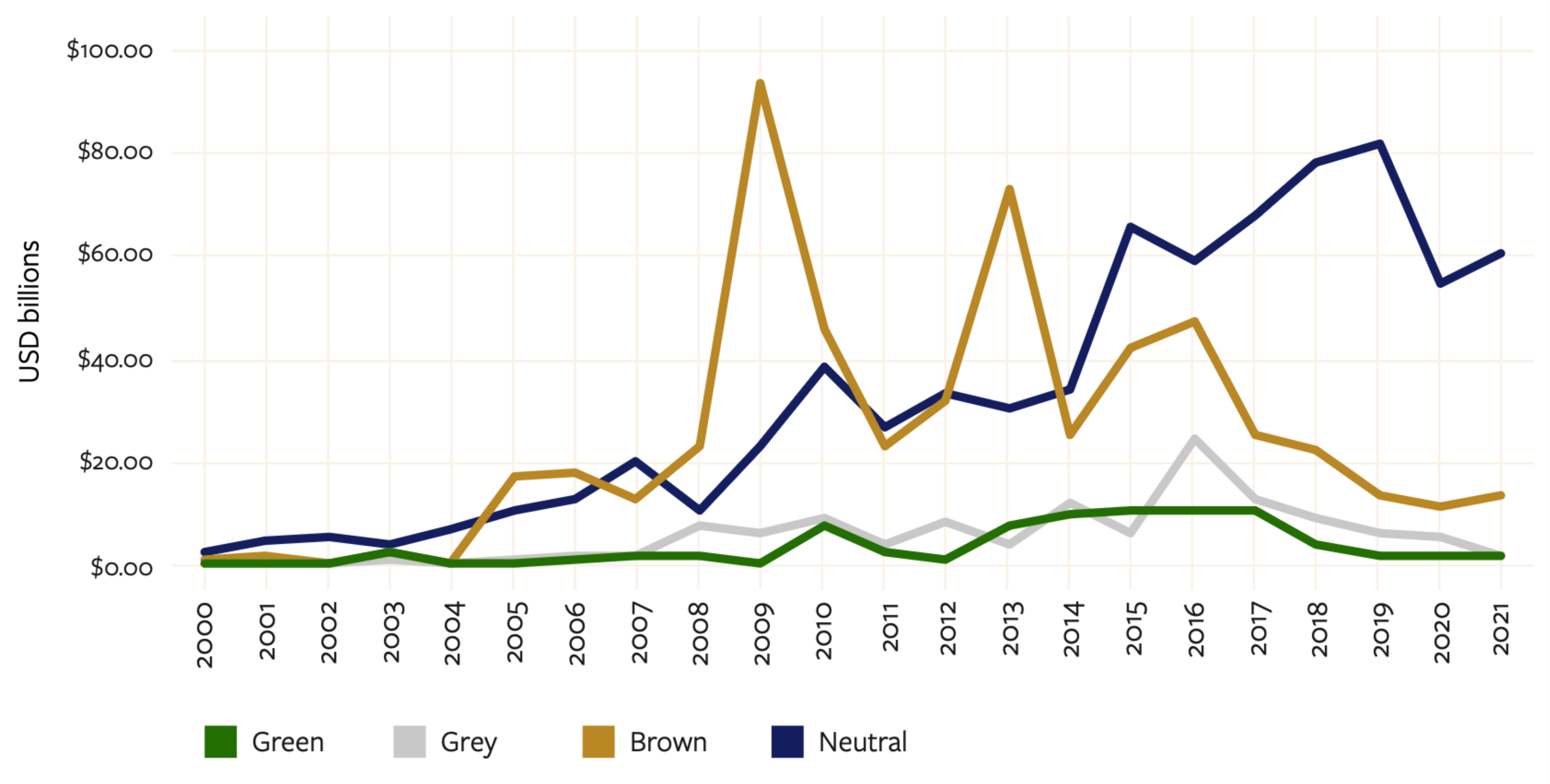
✓ Reproducible

Code on GitHub—apply
your own definitions

TEAL INSIGHTS

Brown lending collapsed after 2015—but green didn't surge to fill the gap

FINDING 1 of 3



Novel LLM-assisted classification of ~18,000 AidData GCDF 3.0 lending records

Novel LLM-assisted classification of ~18,000 AidData GCDF 3.0 lending records by relationship to energy transition

2015 oil price collapse

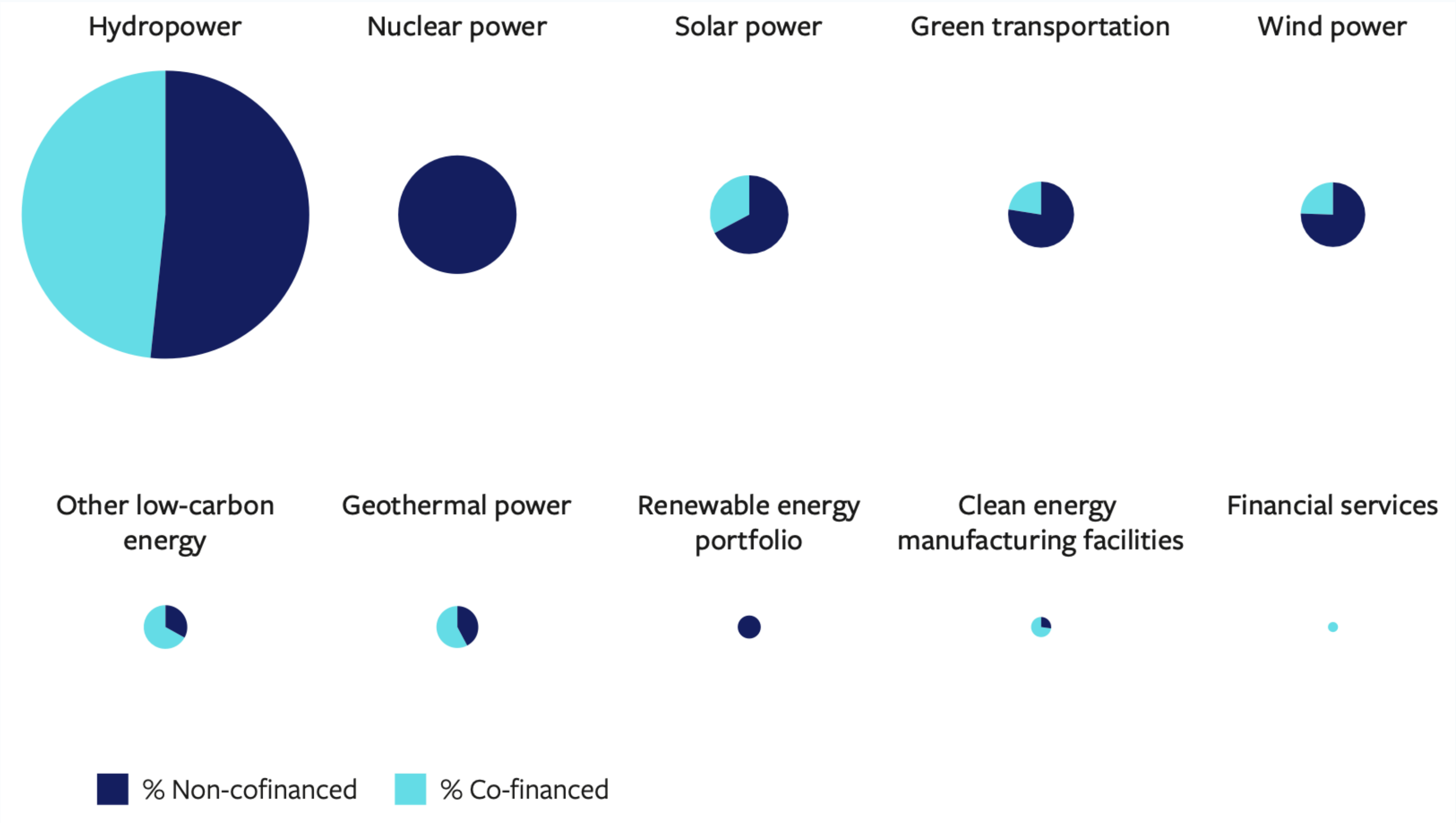
Venezuela, Angola, Ecuador → lending challenges

Financially rational risk management—not a green pivot

Brown declined. Green stayed flat.

71% of green is hydro and nuclear—7% is wind and solar

FINDING 2 of 3



Total green lending (2000-2021)

$86.5 billion

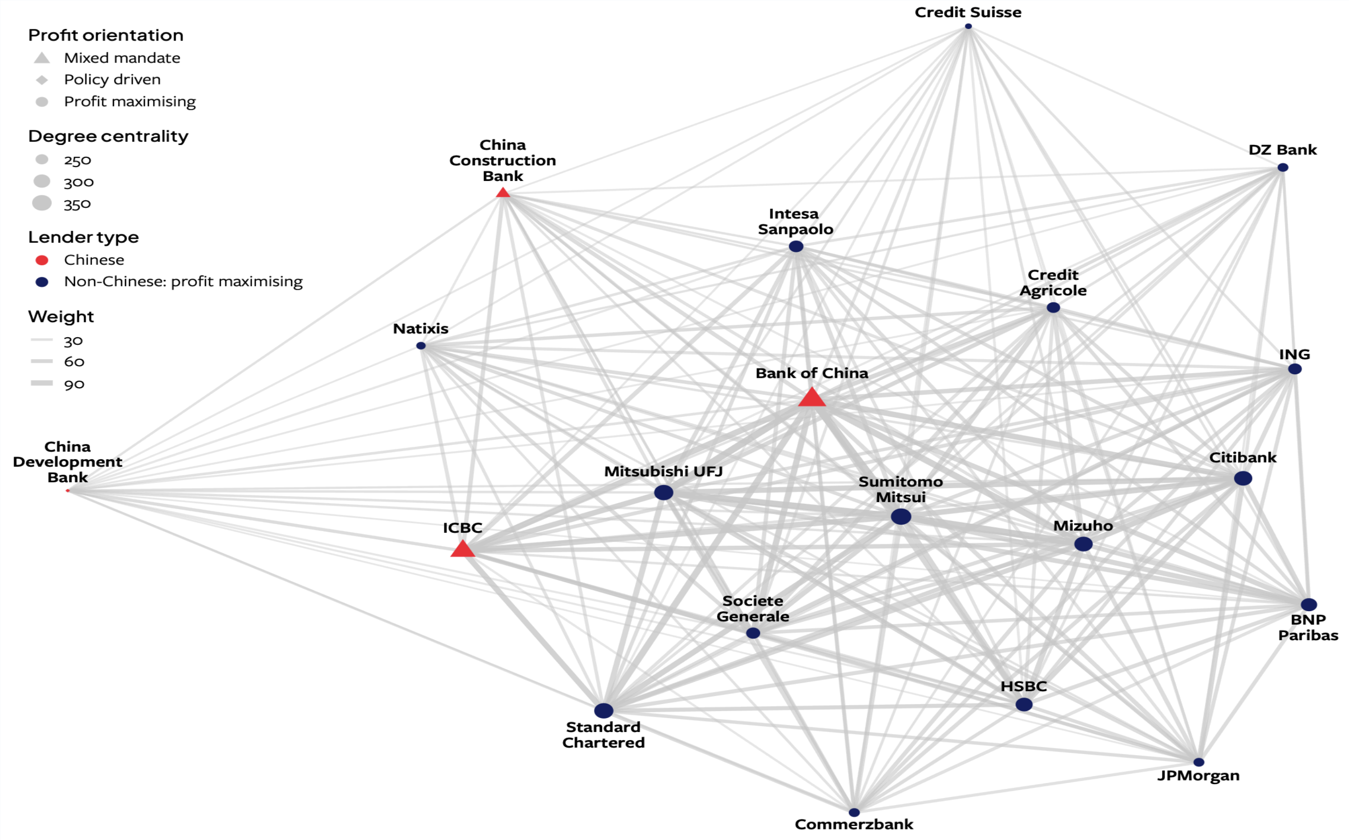
Hydropower	**71.6%**
Nuclear	12.0%
Wind	3.7%
Solar	3.2%

LLM-assisted classification reveals both **size and composition**—policy-relevant detail previously unavailable at scale.

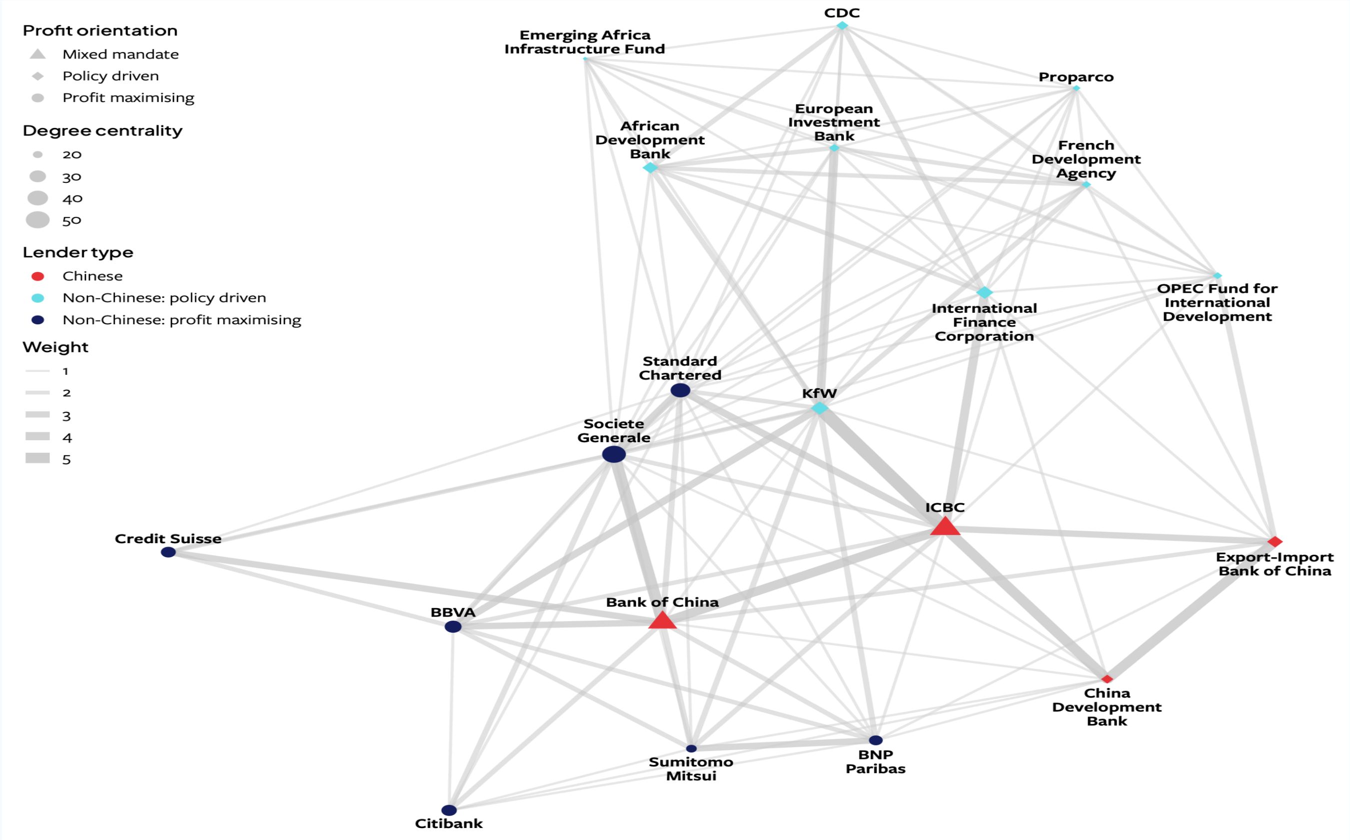
Commercial co-financing and energy transition flow through separate networks

FINDING 3 of 3

Commercial syndicated lending



Green co-financing



ICBC, BOC, commercial banks

Risk-return logic

KfW, AFD, IFC, AfDB

Policy-driven institutions

The era of big policy bank checks is over

FOR DEVELOPING COUNTRY POLICYMAKERS

What's changed:

- CDB and Exim bilateral lending → **declining**
- Co-financing now on **commercial terms**
- **Shorter tenors**, less concessional
- Concentrated in **higher-income borrowers**

Commercial logic ≠ energy transition funding

For developing country policymakers:

If you want financing for **energy transition** projects:

Work through public development bank partnerships

Energy transition projects are **predominantly funded by policy-driven lenders** (MDBs, DFIs) in the data.

Chinese lending is not the deus ex machina for energy transition

IF energy transition is a goal, THEN two mechanisms show promise

FOR CHINESE POLICYMAKERS

Pathway 1: Scale public development bank partnerships

- **Proven model**: highest green concentration
- Smallest financing stream by volume
- China already has co-financing facilities with MDBs

Requires: Dedicated funding, explicit prioritization

Pathway 2: Incentivize SOCBs

- **ICBC/BOC structurally positioned**: bridge all three ecosystems
- Need **explicit green mandates**—not just brown restrictions
- Green targets, preferential treatment, risk-sharing

Requires: Policy prioritization—commercial logic alone won't drive this

Climate risk management ≠ energy transition—different mandates require different mechanisms

The bottom line

TAKEAWAYS

Three takeaways:

1. Brown collapsed (climate risk management)—but green didn't surge to fill the gap

2. Commercial co-financing won't fund energy transition—different logic, different networks

3. IF energy transition is a goal: public development bank partnerships + explicit bank incentives show promise

Resources:

📄 Full paper (ODI Global)

💻 Code & taxonomy (GitHub)

📚 Methodology deep-dive

📧 lte@tealinsights.com