AIIB: China's Lending Arm?

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Abstract

The Asian Infrastructure Investment Bank (AIIB) is one of the most prominent international organizations launched by China in recent years. Its primary aim is to address the significant infrastructure gap in many developing Asian nations, while fostering collaboration among countries to meet the region's substantial infrastructure demands, extending its impact beyond Asia. Since its inception, however, the Bank has largely been viewed by Western countries, the US in particular, as a financial tool for advancing China's self-interests. The Bank commenced operations in early 2016 and has so far approved 284 projects and over $54.5 billion in funding, providing researchers with a valuable opportunity to examine China's role within this organization. Drawing on detailed project-level data, this paper examines whether political and economic proximity to China influences the AIIB's lending practices, specifically regarding country selection, fund allocation, and approval timelines. Our extensive analysis suggests that countries economically distant from China tend to have a higher chance to be selected by the AIIB and receive larger loans. Additionally, emerging evidence indicates that political alignment with China may also influence AIIB lending decisions, potentially favoring politically aligned countries. To support future research, we are making our AIIB project dataset publicly available, with annual updates.

1 Introduction

The Asian Infrastructure Investment Bank (AIIB) was first proposed by China's President Xi in 2013 to help close the infrastructure deficit in Asia and improve people's livelihoods (Wang, 2018). During the Bank's founding period between October 2013 and March 2015, 57 countries signed up to become prospective founding members. As of

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September 2024, the AIIB boasts 109 member states, which makes it the second largest multilateral development bank after the World Bank in terms of membership (Grieger, 2021). The AIIB has approved 284 projects with cumulative investments totaling USD 54.5 billion. Its annual approvals have also been steadily increasing, from 8 in 2016, its first year of operation, to 49 in 2023.[1] The AIIB has approved 26 projects so far in 2024, including initiatives in Singapore, Turkey, India, and Hungary. Despite its rapid growth in membership and influence, however, the AIIB has faced persistent doubts and suspicion from Western countries since its inception. The Obama administration assumed it would primarily serve as a vehicle for advancing narrow Chinese interests and actively lobbied allies to refrain from joining (Dyer & Parker, 2015). To this day, neither the United States nor its close ally, Japan, have joined the organization. Western democracies that have joined the AIIB argue their involvement aims to influence the organization from within (Knoerich & Urdinez, 2019).[2]

A well-established body of research shows that dominant members exert disproportionate influence in international organizations (see, for example, Vreeland (2019) and (Stone, 2011)) and oftentimes use it to advance their own political and economic interests. For example, countries that vote in line with the United States tend to get better treatment from the IMF (Dreher & Jensen, 2007). Similarly, developing countries with stronger economic ties with the United States are more likely to receive loans from the World Bank (Fleck & Kilby, 2006). There is no reason to expect that the leading player in AIIB, China in this case, would behave otherwise and refrain from using its influence to advance its own interests. As a matter of fact, existing literature has started to show that countries that economically distant from China are more likely to receive loans from the AIIB, giving support to the theory of remedial multilateralism where China uses the multilateral platform to shore up the gaps in its existing economic relations (Kaya et al., 2021).

In this article, we examine the influence of both China's political and economic bilat-

[1] https://www.aiib.org/en/index.html.
[2] https://www.ft.com/content/0d9a619a-dc53-11e4-a6f7-00144feab7de.

eral ties on the AIIB's lending practices, utilizing this organization's loan data from 2016 to 2024. Our dataset is arguably the most comprehensive on this topic to date, offering a fine-grained, project-level analysis. We approach the data from several perspectives, including country selection, fund allocation, and approval times. While aspects such as country selection have been previously studied, those existing studies only had access to considerably smaller datasets. Our research adds greater depth to that literature. Other dimensions, such as project-level data, are newly explored in our analysis. Overall, our findings reveal an intriguing pattern: countries with weaker economic ties to China are more likely to receive AIIB loans, and these loans tend to be larger. In contrast, countries with stronger political proximity to China are also more likely to receive loans, and these loans are similarly larger and approved faster. Our findings on remedial economic multilateralism and supplementary political multilateralism provide nuanced insights into AIIB lending practices and contribute to the broader literature on the influence of major powers over international organizations. Our AIIB project dataset, which will be updated annually, is intended to lay the foundation for future research on this significant emerging institution.

2 Literature Review

2.1 The Influence of Established Powers on the Decision-Making at International Organizations

Whether international organizations like Multilateral Development Banks (MDBs) are independent actors or tools of great powers for their interests has long been a major issue of debate in international relations (Keohane & Nye, 1974; Nielson & Tierney, 2003). Critics have argued that great powers exert disproportionate influence over funding, policies making, and staffing decision in multilateral institutions (Krasner, 1981; Upton, 2000). The growing gap between the influence of the international organizations on the world's people and the ability of those affected to constrain international organizations creates a

"democratic deficit."

Among the existing studies, many have examined the impact of the major shareholder countries of the MDBs on their financial decisions, among which the majority is about the manipulation of the Bretton Woods institutions by the United States. Countries with closer ties to the United States in diplomacy and/or trade have a greater chance of receiving funding from World Bank (Fleck & Kilby, 2006; Braaten, 2014; Andersen et al., 2006; Vreeland & Dreher, 2014). A similar pattern was observed in the International Monetary Fund (IMF) (Harrigan et al., 2012; Vreeland, 2019). In addition, Kersting & Kilby (2021) found that the influence of U.S. preferences is statistically significant and numerically stronger when the U.S. political scene is more divided (i.e., the president is not of the same political party as the congressional majority), which the authors attributed to the fact that the president, when unable to secure congressional cooperation to secure bilateral aid, can achieve the same goal by exerting influence in a multilateral organization, thereby bypassing Congress. In terms of the effect on approval time, Kilby (2013) used stochastic frontier analysis to show that countries of high geopolitical importance to the U.S. have shorter preparing time in the MDBs. Beyond the influence of the U.S., Kim & Kim (2021) found that the World Bank is also inclined to provide higher amounts of official development assistance to recipient countries that share similar preferences with major powers such as the United Kingdom, France, Germany, and Japan.

Apart from the allocation of funds, there are multiple ways in which major stakeholder countries influence the MDBs. Clark & Dolan (2021) show that borrowing countries that vote more consistently with the United States at the United Nations General Assembly (UNGA), are asked to enact fewer domestic policy reforms. Wade (2002) finds that the United States is able to stop proposals that it strongly opposes before they even reach the MDBs' executive boards for formal approval. Babb (2019) shows that the U.S. can threaten to reduce its commitment to these banks if its policy preferences are not followed, thus increasing its influence over the MDBs. Kilby (2009) also analyzes the overall disbursement of the World Bank's structural adjustment loans by treating U.S. interests as a moderating

variable, and shows that lending is less sensitive to macroeconomic performance when countries are aligned with the United States, which suggests that for U.S. allies World Bank lending conditions are less stringent.

2.2 AIIB and (Contested-) Multilateralism

Contested multilateralism (Morse & Keohane, 2014) refers to "the situation that results from the pursuit of strategies by states, multilateral organizations, and non-state actors to use multilateral institutions, existing or newly created, to challenge the rules, practices, or missions of existing multilateral institutions." China's establishment of the AIIB is widely viewed as a response to its inability to bring about reforms within existing Bretton Woods institutions (Vreeland, 2019). Wang (2018) shows quantitatively that members countries currently under-represented in the Bretton Woods institutions are more likely to join the AIIB.

Under the Belt and Road Initiative, China leverages AIIB to facilitate loan assistance and international development cooperation within Asia. Recent research by Qian et al. (2023) shows that AIIB's founding members have significantly reduced cooperation with the World Bank's infrastructure projects, weakening the US's political influence on developing countries through the World Bank in economic assistance. This underscores a significant challenge to the US-led liberal international order, marking a degree of disintegration and transformation in the international political and economic order. As a result, the relationship between the AIIB and China has been a topic of debate. Although the AIIB is a multilateral development bank, China plays a pivotal role, similar to the United States' influence over the World Bank.

By establishing AIIB as a multilateral lending institution, China depoliticizes potentially contentious bilateral financing deals and enhances its regional image. Beyond fostering intra-Asian cooperation, AIIB's influence exerts pressure on the World Bank, the Asian Development Bank(ADB), and other financial institutions, which drives profound reforms in the international financial system. Emerging amid strategic competition between China

and the U.S., the AIIB challenges existing U.S.-led multilateral development banks, leading the U.S. to perceive the AIIB as a tool for China's global influence (Callaghan & Hubbard, 2016).

3 A Framework of Remedial Economic Multilateralism and Supplementary Political Multilateralism

In their seminal paper, Kaya et al. (2021) present a comprehensive typology of the influence exerted by major stakeholders in international organizations, distinguishing between "supplementary multilateralism" and "remedial multilateralism." In the case of supplementary multilateralism, major stakeholders use international organizations to reinforce existing ties. Conversely, with remedial multilateralism, stakeholders utilize international organizations to compensate for weak bilateral relations.

In the case of China and the AIIB, Kaya et al. (2021) lean towards the remedial multilateralism, contending that "countries with strong existing political or economic ties with China may already support Chinese endeavors, providing these same countries with additional funding – via supplementary multilateralism– risks diminishing returns." This argument is particularly pertinent to the economic sphere, where the scale of multilateral support from the AIIB pales in comparison to the magnitude of bilateral trade and investment.[3] China could well experience diminishing marginal returns if the AIIB continues to favor countries that are economically close to it.

However, when it comes to political proximity, the argument of "diminishing marginal returns" may not apply. While China is undoubtedly an economic powerhouse, it has relatively few close political allies (Jung, 2018). In the political sphere, any investment could potentially yield increasing marginal returns. This reasoning aligns with numerous studies showing that China's bilateral development financing is often directed toward countries

[3]For example, according to the Statistical Bulletin of China's Outward Direct Investment in 2023 released by the Ministry of Commerce of China, China's total outward investment in 2023 reached 177 billion USD, with approximately 80% directed toward Asia. By contrast, the AIIB's average annual investment is less than 8 billion USD.

with greater political proximity to China (Dreher & Parks, 2024; Stone et al., 2022; Norris, 2021). Based on the above argument and evidence, we hypothesize that China's influence on the AIIB exhibits supplementary political multilateralism.

H1: Countries with closer political ties to China are more likely to be favored by the AIIB compared to those with weaker ties.

H2: Countries with lower economic ties to China are more likely to be favored by the AIIB than those with stronger economic ties.

4 Data and Methods

4.1 Data Collection

Our sample comprises countries that have received loans from the AIIB from its inception in 2016 through 2024. This dataset includes information on country selection, fund allocation, and approval time. We exclude the loans made to China itself. We also exclude those projects organized in multiple countries, whose relevant indicators are difficult to measure. The final dataset consists of 273 loans, including 190 sovereign loans and 83 non-sovereign loans, amounting to a total of 55.9 billion USD (including approved and proposed projects).

Figures 1 and 2 depict the geographic distribution of the projects which have received funding from AIIB, in terms of number of projects and total amount, respectively. It is shown that South Asian countries like India, Bangladesh, and Pakistan are significant recipients of projects and financial support, reflecting the regional focus of AIIB. India stands out with the highest total amount of 10.3 billion dollars (47 projects), followed by Indonesia (5.1 billion, 14 projects) and Türkiye (4.5 billion, 25 projects). Central Asian countries like Uzbekistan and Kazakhstan also feature prominently with several projects and considerable financial support (3.1 billion and 1.3 billion, respectively). Small island

states like Fiji, Maldives, and Cook Islands are also part of the list but generally receive fewer projects and smaller amounts. Non-Asian countries like African countries (Egypt, Rwanda, Côte d'Ivoire) and Latin American countries (Argentina, Brazil, Ecuador) also appear in the list, but the financial allocations to them are much smaller in comparison to Asian counterparts.

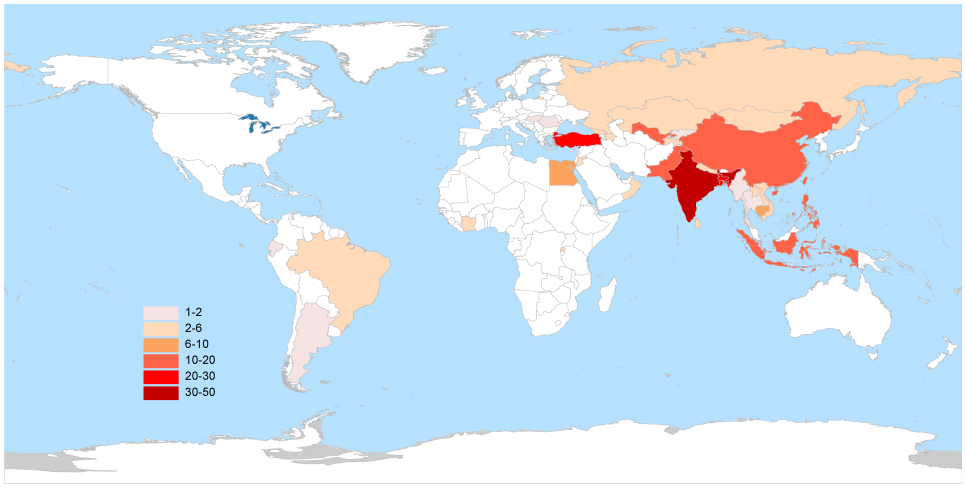

Figure 1: Distribution of AIIB-supported projects around the world between January 2016 and August 2024.

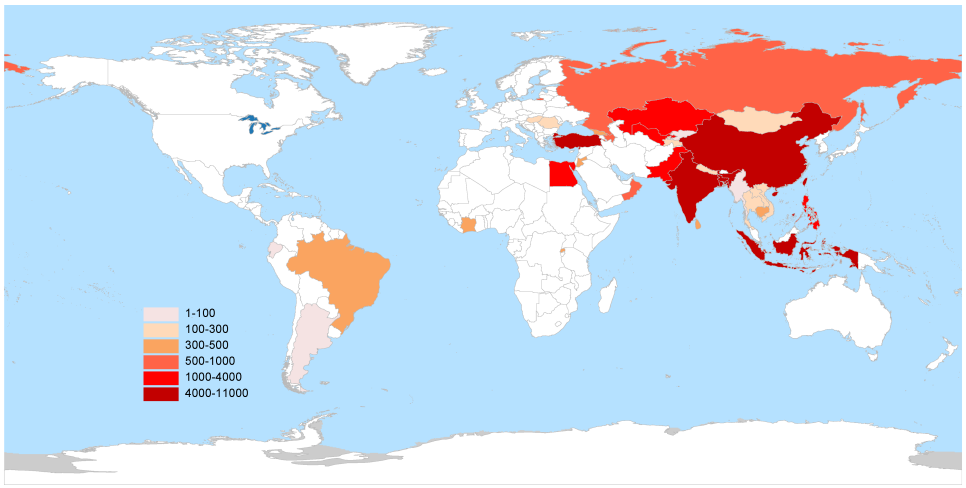

Figure 2: Distribution of AIIB funding (million USD) around the world between January 2016 and August 2024. Multi-country projects are not included.

4.2 Variables

Our paper focuses on country selection, fund allocation, and approval time in AIIB lending. While the specification of the models differs from each other, they share mostly the same independent variables. We group these independent variables into four categories: (a) country-level variables, excluding bilateral relations with China; (b) project-level variables; (c) political proximity to China; (d) economic proximity to China.

Country-level Variables

Firstly, we include GDP per capita and country population as our control variables. Since "development" is a core policy objective of the MDBs, it follows that lower-income countries should be more likely to receive MDB loans (Neumayer, 2003). Literature on the impact of population size on MDB investment, however, is somewhat divided. Some studies have suggested that countries with larger populations receive more investment opportunities, which may be explained by the fact that large countries are typically politically important (Humphrey & Michaelowa, 2013). Yet others argue that countries with smaller populations are more likely to attract multilateral funding, as development finance may be more effective in smaller countries (McGillivray, 2003; Basílio, 2014). Secondly, considering the AIIB's focus on infrastructure investment, we use the road-to-area ratio as a measure of infrastructure demand. Lastly, we include Standard & Poor's sovereign rating as a variable to capture investment risk. Again, existing literature is divided. Some studies find that countries with lower financial risk and greater contract enforcement capacity attract higher multilateral amounts as well as more infrastructure projects (Frey & Schneider, 1986; Hammami et al., 2006). Others, however, have argued that MDBs are more likely to invest in countries with less developed financial systems and higher pressure on external debt, because the very existence of MDBs is meant to compensate for the "risk-averse" tendency of private investment (Basílio, 2014).

Project-level Variables

Our project-level variables represent a significant advancement over existing literature, which has primarily focused on country-level characteristics (Kaya et al., 2021). We have created a web crawler to collect project-level variables from the AIIB website. This process provides us with three key variables: financing type (sovereign guarantee / non-sovereign), infrastructure sector, and environmental and social (E&S) categories. Government guarantees can help reduce a project's risk profile, thereby broadening the investor base, increasing available financing, and lowering financing costs (Lu et al., 2019). A report by Marsh & McLennan Companies' Asia Pacific Risk Center analyzed a decade of projects in Asia and found that an estimated 55% to 65% were not bankable without government or multilateral guarantees, as lenders were unwilling to finance them on a non- or limited-recourse basis (Marsh & McLennan Companies' Asia Pacific Risk Center, 2017). Infrastructure sector clearly has an impact on financing as well. The total investment in infrastructure is correlated with its size, more complex projects also tending to imply longer project approval timelines (Ketterer & Powell, 2018). In this paper, we use 6 sectors to categorize all the projects, which are transport, energy, finance and economy resilience, health and education, water, and other.

Environmental and social (E&S) sustainability has increasingly become a major focus of international development finance institutions, particularly for infrastructure projects (Larsen & Ballesteros, 2014). The AIIB has also declared that its Environmental and Social Framework (ESF) incorporates good international practices in environmental and social planning (AIIB, 2024). In terms of country selection, researchers have argued that interactions between MDBs and investment target countries on social and environmental issues can change the incentives of target governments and lead to cooperation (McLean, 2015). In terms of fund allocation, studies have shown that the environment-related loans granted by MDBs is positively correlated with the environmental protection measures of the target government (Nielson & Tierney, 2003). In terms of speed, it has been shown that the introduction of environmental and social safeguards in projects supported by

the World Bank results in more significant project delays (Gallagher & Kilby, 2019). In this paper, we group these projects into five categories based on the AIIB's classification methodology: Category A, B, C, FI and Other. Category A refers to business activities with potentially significant environmental or social risks; Category B refers to those with limited impact; Category C refers to those with minimal or no adverse environmental or social risks; and Category FI refers to business activities involving investments in financial institutions (FIs).

Political Proximity

We use three variables to measure the political proximity of member countries to China. For regime type, we rely on the PolityV database, where values range from -10 to 10, representing the most autocratic to the most democratic regimes. Given China's score of -7, a lower score for a country indicates greater political proximity to China in terms of regime type. Previous studies indicate that China tends to provide more aid to other autocratic regimes (Wright & Winters, 2010; Jenkins, 2022), because countries with values similar to China's are considered to have higher political closeness. We expect that this same pattern may as well emerge in multilateral financing institutions. In terms of the proximity of bilateral diplomatic relations, we use partnership level between China and other countries to measure it. Strüver categorizes China's articulated diplomatic ties as Comprehensive Strategic Partnership(CSP), Strategic Partnership(SP), and Partnership(P) based on Chinese documentation (Strüver, 2017). In recent years, the Chinese government has begun to use a fourth type of partnership - All-weather Strategic Partnership (ASP) - as a higher level of partnership. Therefore, this paper will add another category on top of (Strüver, 2017). In terms of the proximity of multilateral diplomatic relations, we compare the voting patterns in the United Nations General Assembly (UNGA), operationalized as the distance between the country's ideal point and that of China (Bailey et al., 2015).

Economic Proximity

We utilize three variables to measure the economic proximity of member countries to China: bilateral trade with China, FDI inflows from China, and external debt stock from China as creditor. At the same time, we also use each country's trade with the rest of the world, the total FDI inflows received, and the total external debt stock to control for the impact of a country's economic openness. All economic-related variables are put into the regression model using the percentage of the country's GDP in a given year to control for the country's economic size (Kaya et al., 2021). The observation unit of the above data is country-year. The effect of political proximity and economic proximity on the decision-making in MDBs has been discussed in detail in the literature review section and will not be repeated here. In Appendix A1, we report the sources of these variables. We provide the descriptive statistics in Appendix A2.

5 Main Results

In this section, we present our main results, aiming to disentangle the effects of economic and political proximity on the AIIB from three distinct but interconnected perspectives: country selection (which countries are more likely to receive funding), fund allocation (what factors influence the size of the funding), and approval time (how bilateral relations impact the speed of project approval). The models and specifications vary in each subsection, and we provide detailed descriptions of these settings at the beginning of each subsection.

5.1 Country Selection

Building on earlier research (Kaya et al., 2021), we construct a panel dataset with country-year as the unit of analysis to better understand which countries are more likely to emerge as destinations of AIIB loans.[4] We choose 2016-2023 for a total of 8 years. In the model presented in this subsection, the independent variable is set to 1 if the country receives

[4]We do not include all the member countries of AIIB in our sample. For details on the selection method, please refer to Kaya et al. (2021).

at least one loan from the AIIB in the given year. Our baseline model only includes population, GDP per capita, S&P ratings and road density. Based on this baseline, we then add our explanatory variables of political and economic proximity to China one by one. In the final specification, we incorporate all these explanatory variables.

Table 1 reports the estimation results. Across all models, the larger the population, the higher the probability of receiving loans from the AIIB. This is consistent with existing findings on other MDBs (Basílio, 2014; Kilby, 2006). As the most populous member, India has received the highest number of projects (47), nearly double that of the second-ranked country, Turkey (25). The coefficient on S&P rating is negative, but not statistically significant in any specification. The coefficient on GDP per capita has mixed signs and is not significant. The coefficient for the road-to-area ratio is negative and significant in four out of the eight models, indicating that the AIIB prioritizes supporting the development of countries with lower infrastructure levels.

Table 1 provides some initial evidence of supplementary political multilateralism. The coefficient on PolityV is negative in Columns 2 and 8 and is statistically significant in Column 8. This indicates that AIIB is more likely to lend to less democratic regimes. The coefficient on UNGA voting (Column 4) is negative and statistically significant, suggesting that countries that vote in line with China are more likely to receive AIIB loans. Overall, this paints a picture of AIIB serving to further strengthen China's existing political ties with other countries.

Table 1 also presents strong evidence supporting the concept of remedial economic multilateralism. Both the trade and FDI indicators (Columns 5 and 7, respectively) have negative and statistically significant coefficient. This suggests that states with low economic proximity to China will be more likely to be favored by the AIIB. Examining Column 5, after calculating the average marginal effects (AME) of the independent variables, we find that, holding all else constant, one percentage point decline in bilateral trade with China as a share of the country's GDP would result in the increase of the likelihood of being selected by the AIIB in the next year by approximately 1.37%. Similarly, for Col-

Table 1: Selection of Countries

Pr(Receiving=1)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Population	1.746***	1.801***	1.796***	1.851***	2.129***	1.455**	2.370***	2.645***
	(3.43)	(3.43)	(3.46)	(3.58)	(3.00)	(2.46)	(3.40)	(2.97)
GDP per capita	-0.125	-0.0412	-0.0735	-0.694	-1.013	-0.596	-1.291	-1.407
	(-0.14)	(-0.05)	(-0.08)	(-0.97)	(-1.33)	(-0.71)	(-1.46)	(-1.55)
S&P Ratings	0.0372	0.0336	0.0277	0.0428	0.0155	0.0248	0.0304	-0.0232
	(0.46)	(0.41)	(0.31)	(0.51)	(0.19)	(0.31)	(0.33)	(-0.25)
Road/Area	-1.066	-1.012	-1.071	-1.344**	-1.506**	-1.097	-2.253***	-1.996**
	(-1.43)	(-1.33)	(-1.41)	(-1.99)	(-2.13)	(-1.45)	(-2.69)	(-2.30)
PolityV		-0.0181						-0.0323**
		(-1.23)						(-2.20)
Partnership with China			-0.103					-0.164
			(-0.34)					(-0.55)
UNGA Ideal Point diff				-4.449**				0.594
				(-2.00)				(0.26)
China Trade/GDP					-11.81*			-7.739
					(-1.96)			(-1.06)
World Trade/GDP					2.110			0.860
					(1.59)			(0.48)
China Debt/GDP						-8.953		-5.109
						(-1.29)		(-0.52)
World Debt/GDP						-0.0981		1.032
						(-0.10)		(0.76)
China FDI/GDP							-42.44**	-53.72
							(-2.05)	(-1.46)
World FDI/GDP							7.861***	8.409***
							(3.89)	(3.53)
Year Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	246	246	246	246	246	246	246	246

Note: 1. Probit estimation of unbalanced panel data. Since the year of entry into the AIIB varies across countries, the dataset is an unbalanced panel with different starting times for different countries. 2. Dependent variable = 1 if country received at least one AIIB loan that year, 0 otherwise. 3. All independent variables lagged by one year. 4. Population, GDP per capita, Road/Area, logged. Trade, debt and FDI are values divided by the current year's GDP. 5. T-statistics in parentheses. 6. The standard errors are clustered to the country level. 7. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

umn 7 we note that a 1% decrease of China's FDI leads to the increase of the likelihood of selection by about 4.07%. The high AME of the FDI aligns well with the theoretical framework of this paper. It suggests that one of the primary functions of the AIIB may be to compensate for gaps in China's bilateral investment coverage. In the same table, the country's total international trade amount and FDI flows received have positive and statistically significant coefficients, suggesting that the AIIB tends to provide loans to countries with higher economic openness, which is also consistent with the international investing literature (Asiedu, 2002; Chakrabarti, 2001).

In summary, Table 1 demonstrates that there is evidence supporting supplementary political multilateralism, indicating that countries with regime type similar to China, and with smaller ideological distances in UNGA with China are more likely to receive loans from the AIIB. Economically, however, there is evidence supporting remedial multilateralism. Countries with lower trade volumes with China and less FDI from China are more likely to receive loans from the AIIB.

5.2 Fund Allocation

This subsection analyzes the factors influencing loan sizes across projects. The sample includes projects that have received financial approval from the AIIB. In the regression models, the dependent variable represents the loan amount for each project (in millions of dollars). The independent variables include all the country-level variables from the previous subsection. In addition, we introduce the following project-level variable: financing type (sovereign guarantee/non-sovereign), infrastructure sector, and environmental and social (E&S) categories. In the assignment of dummy variables, we choose non-sovereign as the benchmark group for financing type; Transport as the benchmark group for sector; and E&S category A (the group with the biggest impact on the environment) as the benchmark group for E&S categories.

Table 2 presents our analysis of loan allocation. The number of observations varies across the models depending on the availability of the data of control variables. As ex-

pected, across the models, projects with sovereign guarantees receive significantly higher loan amounts than investments in non-sovereign projects. This suggests that the AIIB is cautious with regards to unguaranteed projects. In the E&S categories, we observe that all other categories receive lower funding than the benchmark group (E&S category A), with the coefficients of the E&S category B and E&S category FI being negative and statistically significant. This suggests that the AIIB tends to provide higher loan amounts for projects with higher risk of environmental damage. With respect to the effect of the sectors, Table 2 shows that the amount of fund invested in the finance and economy resilience sector is significantly higher than other sectors. We note that, after the outbreak of COVID-19 in 2020, the AIIB has provided multiple loans in response to the public health crisis.[5] This result reflects the countercyclical function of AIIB as an MDB (Galindo & Panizza, 2018; Avellán et al., 2021). Regarding country-level variables, we observe a similar pattern for population and road density as in the previous subsection. Additionally, the coefficient for the S&P rating is positive and statistically significant.

Political proximity variables are insignificant in most specifications. But the direction of the coefficients can provide some evidence for supplementary political multilateralism. The coefficient for the PolityV variable in Column 2 is negative, which suggests that projects in countries with regime types similar with China's will receive more AIIB funding. Moreover, the coefficient has a t-score of -1.50, which corresponds to a two-tailed p-value of 0.136. In addition, in the robustness tests in the appendix, it can be seen that the coefficient of the PolityV is negative and statistically significant when we choose country-level variables in different time points (e.g., with a 2-year lag).

There is again strong evidence for remedial economic multilateralism. Columns 5 and 8 in Table 2 show that projects in countries with stronger trade ties to China receive significantly less funding from the AIIB, even after accounting for the effect of trade openness. Holding all other variable constant (Column 8), if a country's bilateral trade

[5]The AIIB has provided "COVID-19 Active Response and Expenditure Support" (CARES) to some countries in Asia since 2020. In fact, four of the top five projects, ranked by the amount of loan, are CARES programs, and each of them covers $750 million (the borrowing countries are India, Indonesia, the Philippines, and Kazakhstan).

Table 2: Loan Allocation to Projects

Loans Allocation	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Project-level variables								
Sovereign	137.3***	143.7***	136.5***	143.8***	136.6***	138.1***	135.2***	152.0***
	(5.66)	(6.20)	(5.43)	(6.02)	(5.74)	(5.78)	(5.38)	(6.45)
E&S category: B	-86.34***	-84.31***	-86.30***	-86.52***	-87.12***	-86.07***	-87.48***	-88.45***
	(-4.20)	(-4.05)	(-4.22)	(-4.16)	(-4.62)	(-4.23)	(-4.26)	(-4.55)
E&S category: C	-30.94	-25.94	-30.51	-35.87	-2.450	-21.35	-30.11	1.943
	(-0.60)	(-0.52)	(-0.59)	(-0.69)	(-0.05)	(-0.44)	(-0.57)	(0.04)
E&S category: FI	-93.90***	-88.57***	-94.83***	-82.35***	-90.62***	-87.51***	-94.91***	-69.34**
	(-3.79)	(-3.46)	(-3.79)	(-3.24)	(-3.81)	(-3.51)	(-3.75)	(-2.55)
E&S category: Other	-12.55	-14.59	-10.63	-16.31	-6.301	-7.340	-8.573	-12.03
	(-0.17)	(-0.21)	(-0.15)	(-0.23)	(-0.09)	(-0.10)	(-0.12)	(-0.17)
Sector: Eenegy	27.44	24.47	27.40	30.57	28.12	24.16	23.77	31.42
	(0.98)	(0.88)	(0.98)	(1.12)	(1.01)	(0.86)	(0.85)	(1.10)
Sector: Finance and economy resilience	133.4***	133.8***	133.1***	130.3***	124.0***	123.4***	127.2***	113.9***
	(3.67)	(3.57)	(3.65)	(3.67)	(3.40)	(3.41)	(3.32)	(3.03)
Sector: Health and education	73.93	77.08	73.79	75.11	73.36	72.40	66.95	71.47
	(1.30)	(1.28)	(1.28)	(1.34)	(1.24)	(1.26)	(1.09)	(1.10)
Sector: Water	-15.68	-22.09	-14.82	-19.25	-14.05	-22.52	-21.50	-26.09
	(-0.44)	(-0.65)	(-0.42)	(-0.55)	(-0.41)	(-0.64)	(-0.65)	(-0.79)
Sector: Other	4.167	1.924	4.938	-0.826	3.673	-0.599	0.685	-5.672
	(0.17)	(0.08)	(0.19)	(-0.03)	(0.14)	(-0.02)	(0.03)	(-0.20)
Country-level variables								
Population	88.60***	96.23***	88.69***	88.77***	89.75***	71.75***	82.27***	99.24***
	(6.86)	(6.72)	(6.63)	(7.05)	(6.75)	(4.22)	(5.60)	(4.17)
GDP per capita	23.00	19.21	18.92	37.80	-6.997	-3.774	11.78	-2.048
	(0.54)	(0.47)	(0.42)	(0.88)	(-0.16)	(-0.09)	(0.26)	(-0.05)
S&P Ratings	13.27***	15.36***	13.34***	13.18***	13.08**	13.07***	13.81***	14.13**
	(2.79)	(2.98)	(2.80)	(2.85)	(2.63)	(2.79)	(3.02)	(2.45)
Road/Area	-69.60***	-71.19***	-70.74***	-68.45***	-79.64***	-83.95***	-71.88***	-80.75***
	(-3.70)	(-3.68)	(-3.86)	(-3.67)	(-4.10)	(-4.23)	(-3.60)	(-4.00)
PolityV		-2.033						-1.629
		(-1.50)						(-1.26)
Partnership with China			-2.502					-0.475
			(-0.32)					(-0.05)
UNGA Ideal Point diff				150.3				255.7
				(1.22)				(1.30)
China Trade/GDP					-301.2**			-395.5*
					(-2.26)			(-1.85)
World Trade/GDP					66.23**			88.37*
					(2.20)			(1.83)
China Debt/GDP						-137.6		-170.4
						(-0.76)		(-0.41)
World Debt/GDP						-55.38		29.87
						(-1.41)		(0.50)
China FDI/GDP							-1096.5	-354.5
							(-0.97)	(-0.24)
World FDI/GDP							24.69	90.33
							(0.21)	(0.85)
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	217	214	217	217	217	217	217	214

Note: 1. OLS estimation of cross-sectional data. 2. Country-level variables lagged by one year (based on the year of financial approval). 3. T-statistics in parentheses. 4. The standard errors are clustered to the country level. 5. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

with China increases for 1%, the AIIB loan amount received by the projects in this country will decrease by about 4 million. Further, although not statistically significant, the same pattern emerges for the external debt stock from China as creditor (Column 6) and FDI inflows from China (Column 7).

In sum, about the allocation of AIIB loans, we find strong evidence consistent with remedial economic multilateralism, and tentative evidence in favor of supplementary political multilateralism. Apart from this, those project-level variables reveal some patterns of AIIB's loan disbursement: AIIB tends to provide more funding in projects with sovereign guarantee, projects bearing higher environmental and social risk, and projects in the finance and economic resilience sector.

5.3 Approval Time

In this subsection, we analyze the approval time for each project passing its financial approval. As of August 28, 2024, 57 projects had not yet received financial approval, and therefore their approval times are unavailable. In this case, the survival analysis model is an appropriate choice. The model consists of two main types of data: the first is survival status, where projects that have received financial approval are labeled as 1 and those that have not are labeled as 0. The second is the survival time. For projects that have already got financial approval, the survival time is the number of days from "concept review" to "financial approval"; for projects that have not been approved by August 2024, the survival time is counted as the number of days from "concept review" to "censor date." Due to missing review date data for 15 projects, our sample size is 258.

We use the Cox Proportional Hazards model to calculate the Hazard Ratio (HR) of each covariate. The set of variables are mostly the same as in Table 2. The only differences are: firstly, the amount of funding received by each project is now added as an independent variable; secondly, we no longer include the year fixed effect, as time dependency can be reflected in the hazard ratio (Beck et al., 1998; Carter & Signorino, 2010).

Table 3 shows the results for each specification. In Appendix A3&A4, we further

Table 3: Approval Time

Pr(Approval=1)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Project-level variables								
Amount of loans	-0.000310	-0.000298	-0.000295	-0.000212	-0.000294	-0.000363	-0.000192	-0.000201
	(-0.54)	(-0.54)	(-0.51)	(-0.38)	(-0.51)	(-0.63)	(-0.35)	(-0.38)
Sovereign	-0.109	-0.116	-0.125	-0.123	-0.101	-0.111	-0.0738	-0.0747
	(-0.57)	(-0.60)	(-0.66)	(-0.69)	(-0.53)	(-0.58)	(-0.36)	(-0.38)
E&S category: B	0.374**	0.381**	0.372**	0.373**	0.350**	0.376**	0.384**	0.406**
	(2.31)	(2.26)	(2.31)	(2.25)	(2.22)	(2.28)	(2.33)	(2.41)
E&S category: C	0.885***	1.012***	0.865***	0.905***	0.882***	0.912***	0.937***	1.002***
	(2.78)	(3.01)	(2.66)	(2.78)	(2.90)	(2.64)	(2.94)	(2.68)
E&S category: FI	0.381	0.389	0.372	0.322	0.351	0.388	0.376	0.290
	(1.27)	(1.27)	(1.24)	(1.10)	(1.17)	(1.30)	(1.22)	(0.97)
E&S category: Other	-0.173	-0.120	-0.145	-0.114	-0.220	-0.149	-0.259	-0.188
	(-0.27)	(-0.19)	(-0.23)	(-0.18)	(-0.35)	(-0.22)	(-0.41)	(-0.29)
Sector: Eenegy	0.533***	0.515***	0.530***	0.500***	0.565***	0.509***	0.575***	0.492***
	(2.99)	(2.90)	(2.98)	(2.87)	(3.12)	(2.91)	(3.04)	(2.92)
Sector: Finance and economy resilience	1.734***	1.653***	1.727***	1.723***	1.799***	1.690***	1.800***	1.763***
	(5.24)	(4.79)	(5.21)	(5.06)	(5.59)	(4.87)	(5.21)	(4.74)
Sector: Health and education	0.632	0.573	0.659	0.671	0.667	0.615	0.462	0.493
	(1.54)	(1.36)	(1.58)	(1.58)	(1.62)	(1.49)	(1.06)	(1.01)
Sector: Water	-0.110	-0.112	-0.0986	-0.0749	-0.0852	-0.132	-0.116	-0.103
	(-0.42)	(-0.42)	(-0.37)	(-0.27)	(-0.32)	(-0.50)	(-0.41)	(-0.35)
Sector: Other	0.987***	1.004***	0.993***	1.029***	1.026***	0.961***	1.020***	1.068***
	(5.09)	(5.10)	(5.10)	(5.36)	(5.28)	(4.93)	(4.94)	(5.40)
Country-level variables								
Population	-0.129	-0.165	-0.126	-0.153	-0.0819	-0.179	0.0251	-0.128
	(-0.97)	(-0.98)	(-0.96)	(-1.14)	(-0.60)	(-1.11)	(0.17)	(-0.75)
GDP per capita	-0.615*	-0.571*	-0.658*	-0.733**	-0.579	-0.693*	-0.685*	-0.747*
	(-1.83)	(-1.66)	(-1.89)	(-2.16)	(-1.55)	(-1.84)	(-1.87)	(-1.81)
S&P Ratings	0.145***	0.132***	0.145***	0.147***	0.142***	0.142***	0.128***	0.109***
	(3.88)	(3.55)	(3.86)	(3.83)	(3.90)	(3.92)	(3.79)	(2.89)
Road/Area	-0.403***	-0.373**	-0.416***	-0.369**	-0.401***	-0.420**	-0.534***	-0.480***
	(-2.69)	(-2.48)	(-2.75)	(-2.49)	(-2.80)	(-2.16)	(-4.29)	(-2.60)
PolityV		0.00511						-0.0000633
		(0.22)						(-0.00)
Partnership with China			-0.0393					-0.00147
			(-0.62)					(-0.01)
UNGA Ideal Point diff				-1.610*				-2.040
				(-1.85)				(-1.44)
China Trade/GDP					-0.290			2.309
					(-0.11)			(0.77)
World Trade/GDP					0.127			-0.467
					(0.22)			(-0.69)
China Debt/GDP						-0.932		-2.213
						(-0.71)		(-0.70)
World Debt/GDP						-0.0865		-0.392
						(-0.13)		(-0.60)
China FDI/GDP							0.498	5.482
							(0.08)	(0.48)
World FDI/GDP							4.094***	3.815***
							(7.24)	(3.88)
N	257	254	257	257	257	257	257	254

Note: 1. Cox proportional hazards model used in estimation. 2. Country-level variables lagged by one year (based on the year of concept review). 3. T-statistics in parentheses. 4.The standard errors are clustered to the country level. 5. *** p < 0.01, ** p < 0.05, * p < 0.1.

provide the Kaplan-Meier survival curve by E&S category and by sector. We can find that projects with higher E&S risks will face longer approval time. Projects of the transport and water sectors are likely to face longer approval time than other sectors, while projects of the finance and economy sector are the fastest to be approved.

Table 3 also provides some evidence for supplementary political multilateralism. Column 4 shows that the coefficient on UNGA voting is negative and statistically significant. This suggests that AIIB tends to accelerate a project's review procedure for countries that are consistent with China's voting. In addition, the coefficients on GDP per capita and Road/Area are negative and statistically significant, suggesting that the AIIB will set a shorter approval time for projects in countries with less developed economies and lower levels of infrastructure, again reflecting the AIIB's objective of supporting underdeveloped countries. The coefficient on S&P Ratings is positive and statistically significant, suggesting that the AIIB will have a shorter approval time for countries with better ratings.

In summary, this subsection provides evidence of supplementary political multilateralism. However, for remedial economic multilateralism, this subsection does not provide strong evidence. In addition, project-level variables reveal that different types of projects may have different review lengths. In general, projects with higher environmental risks, as well as in the transport and water sectors, have longer approval time.

5.4 Robustness Checks

In the main results section, the country-level independent variables are lagged by one year (based on the year of project approval or review). In order to mitigate the potential influence of time, we run the same regressions again with the data lagged by two years. Appendix B1-B3 report our results. Appendix B1 shows that for country selection the evidence for supplementary political multilateralism and remedial economic multilateralism still holds except that the coefficient on UNGA voting is not longer statistically significant. About fund allocation, Appendix B2 provides stronger evidence for supplementary political multilateralism. The coefficient on PolityV becomes statistically significant. With

respect to approval time, Appendix B3 provides further support for Table 3.

6 Conclusion

Before the AIIB began its operations, critics — particularly the U.S. government — claimed that the bank was merely a tool for China to advance its narrow interests and undermine U.S. global influence. The AIIB's establishment was seen as part of China's broader strategy to increase its voice and influence within the international financial system, especially in the context of the Belt and Road Initiative. However, at least in terms of its operations and governance, China's "manipulation" of the AIIB is not obvious. The AIIB's senior management team and technical experts have diverse national backgrounds, and in terms of institutional rules, the AIIB has drawn considerable inspiration from established organizations like the World Bank. This diversity in culture and professional expertise has endowed the AIIB with a global perspective and an international mode of operation. The tension between these two perspectives makes it necessary to empirically analyze the AIIB's lending behavior to determine the true extent of China's influence over the institution.

Our contributions are twofold. First, on the theoretical front, we extend the work of Kaya et al. (2021) on remedial multilateralism, which suggests that diminishing marginal returns would lead the AIIB to favor countries with weaker political and economic ties to China. We argue that there is important heterogeneity between political and economic variables: while diminishing marginal returns explain remedial economic multilateralism, political proximity operates through different mechanisms. Second, on the data collection front, we compile a dataset of 273 loan cases from January 2016 to August 2024, significantly expanding the coverage of previous research and providing insights into new trends in AIIB multilateral lending, particularly in the post-COVID-19 era. Additionally, we employ web crawling techniques to gather other project parameters, such as infrastructure sector, E&S categories, and whether the loan had a sovereign guarantee. Including these project-level variables in our model not only helps control for disturbing factors but also

refines our understanding of the AIIB's project preferences.

Our paper provides evidence for supplementary political multilateralism. Countries with regime type more similar to China's are more likely to be selected as investment targets by the AIIB, and projects in these countries tend to receive larger funding allocations. Besides, countries that align more closely with China in UNGA voting have a higher chance to be selected, and also experience shorter approval times. These findings are consistent with our theoretical expectations. We argue that, in the political sphere, any investment could potentially yield increasing marginal returns.

Our paper also provides evidence for remedial economic multilateralism, showing that the AIIB tends to favor countries with weaker economic proximity to China. Specifically, the lower the bilateral trade with China and the lower the inflows from Chinese FDI (both as a percentage of GDP), the more likely a country will be selected by the AIIB as an investment target. Moreover, the amount of funding received is negatively correlated with the bilateral trade with China. These results control for variables related to the openness of a country's economy, such as total trade volume and total FDI inflows. This finding is consistent with Kaya et al. (2021), suggesting that since its establishment, the AIIB has served as a platform for fostering new economic links between China and countries with which it has weaker existing economic connections.

Additionally, other variables also reveal the AIIB's lending preferences. In most models, the "Road/Area" variable is negative and statistically significant, indicating that the AIIB is indeed fulfilling its mission of promoting infrastructure development in less developed countries, as is implied by its name. Sovereign guarantees significantly increase the fund allocation for each project, highlighting the role of government backing in attracting investment. For projects with high E&S risks, the AIIB allocates more funds, but the approval time is significantly longer. Projects in the finance and economic resilience sectors receive significantly larger individual investments and have shorter approval times. These projects mostly belong to the AIIB's emergency support efforts following the outbreak of COVID-19, reflecting AIIB's countercyclical role in coping with negative shocks.

For future research, we note that it is important to continue tracking the loans of the AIIB. Expanding the scope of analysis will help assess whether the theories presented in this paper can be generalized to the broader discussions on political economy of international organizations. Future studies could also leverage data mining and natural language processing techniques to explore unstructured data in our AIIB dataset that could be incorporated into the analytical framework, such as project description, to further enrich the empirical analysis.

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7 Appendix

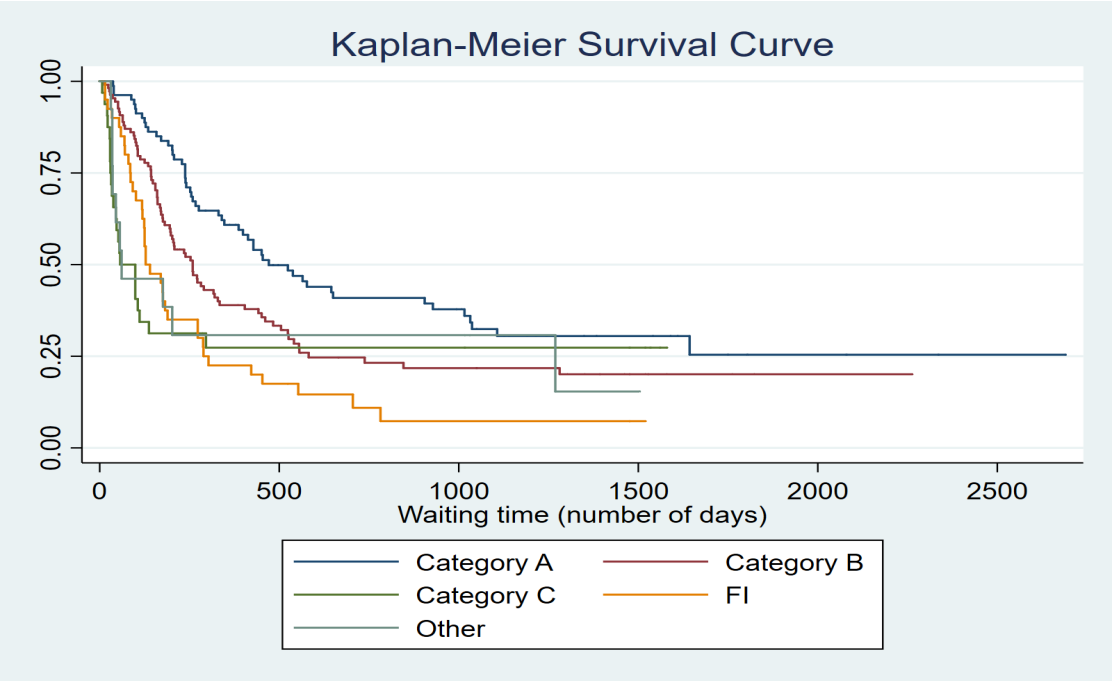
Appendix A1: Variable Description

Variable	Description	Source
Population	Logged.	World Development Indicators, https://databank.worldbank.org/source/world-development-indicators/preview/on.
GDP per capita	GDP per capita (currency USD), logged.	Ibid.
S&P Ratings	S&P Sovereign Credit Ratings. Each level (from C to AAA) is assigned a number (from 1 to 21). Sovereign default (SD) is assigned as -1.	Trading Economics, https://tradingeconomics.com/country-list/credit-rating.
Road/Area	Density of road network: road distances/land area (logged).	Central Intelligence Agency (CIA), *The World Fact Book*, https://www.cia.gov/the-world-factbook/.
PolityV	The polityV score is computed by subtracting the AUTOC score from the DEMOC score; the resulting unified polity scale ranges from +10 (strongly democratic) to -10 (strongly autocratic).	Center for Systemic Peace, https://www.systemicpeace.org/polityproject.html.
Partnership with China	Coded from 0 to 4, with 0 indicating no partnership, 1 indicating a "Partnership" (P), 2 indicating a "Strategic Partnership" (SP), 3 indicating a "Comprehensive Strategic Partnership" (CSP), and 4 indicating an "All-weather Strategic Partnership" (ASP).	Ministry of Foreign Affairs, PRC, https://www.mfa.gov.cn/web/gjhdq_676201/.
UNGA Ideal Point Diff	Voting similarity index between Member Country and China in a given year.	Harvard Dataverse, https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7910/DVN/LEJUQZ.
China Trade/GDP	Imports from + exports to China, as percentage of member country's gdp.	UN comtrade, https://comtradeplus.un.org/TradeFlow.
World Trade/GDP	Imports from + exports to world, as percentage of member country's gdp.	Ibid.
China Debt/GDP	External debt, counterpart-area set as China, as percentage of member country's gdp.	International Debt Statistics, https://datacatalog.worldbank.org/search/dataset/0038015/International-Debt-Statistics.
World Debt/GDP	Total external debt, as percentage of member country's gdp.	Ibid.
China FDI/GDP	FDI outflows from China to the given country, as percentage of member country's gdp.	Ministry of Commerce of China, https://images.mofcom.gov.cn/hzs/202310/20231007152406593.pdf.
World FDI/GDP	FDI inflows to country, as percentage of member country's gdp.	World Development Indicators, https://databank.worldbank.org/source/world-development-indicators/preview/on.

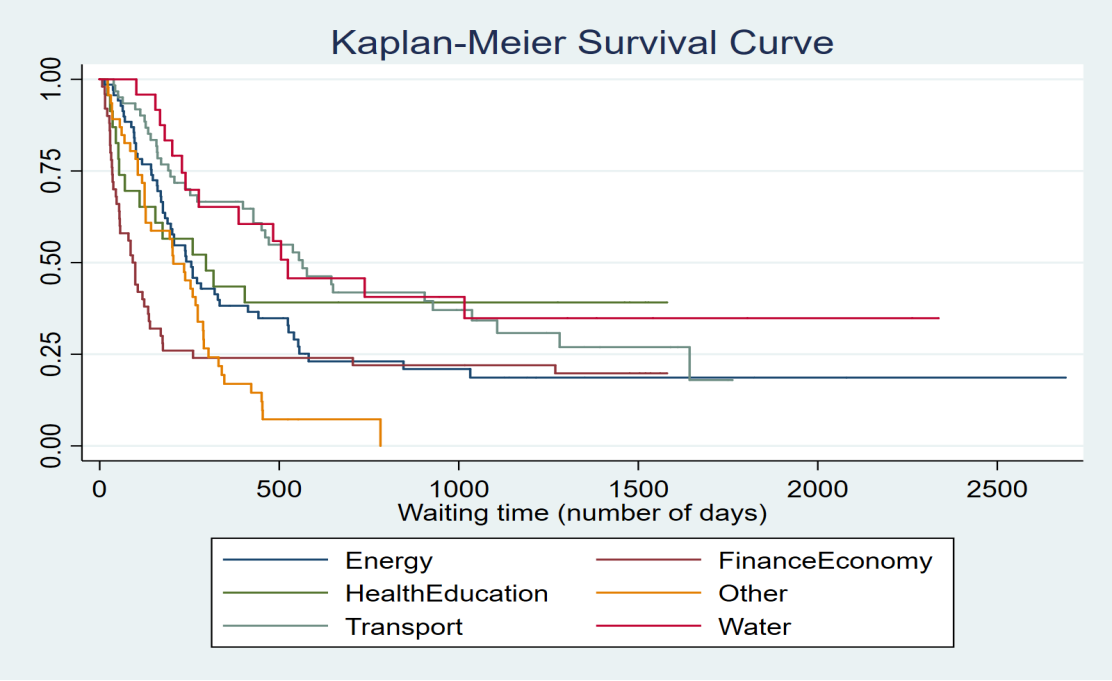
Appendix A2: Descriptive Statistics

Variable	Obs.	Mean	Std. Dev.	Min	Max
Project-level variables					
Fund Allocation	273	204.717	176.95	7.3	1200
Approval Time	273	466.938	525.38	7	2690
Sovereign	273	0.696	0.461	0	1
Non-sovereign	273	0.304	0.461	0	1
E&S category: A	273	0.293	0.456	0	1
E&S category: B	273	0.396	0.49	0	1
E&S category: C	273	0.117	0.322	0	1
E&S category: FI	273	0.147	0.354	0	1
E&S category: Other	273	0.048	0.213	0	1
Sector: Transport	273	0.223	0.417	0	1
Sector: Eenegy	273	0.253	0.435	0	1
Sector: Finance and economy resilience	273	0.183	0.387	0	1
Sector: Health and education	273	0.084	0.278	0	1
Sector: Water	273	0.088	0.284	0	1
Sector: Other	273	0.168	0.375	0	1
Country-level variables					
Population	257	8.001	0.809	5.69	9.155
GDP per capita	257	3.539	0.379	2.889	4.947
S&P Ratings	257	9.844	3.155	0	21
Road/Area	273	-0.295	0.55	-1.452	0.682
PolityV	254	1.043	8.922	-88	10
Partnership with China	257	1.922	1.196	0	4
UNGA Ideal Point diff	257	0.753	0.091	0.391	1
China Trade/GDP	257	0.135	0.573	0.011	9.123
World Trade/GDP	257	0.773	2.525	0.222	40.504
China Debt/GDP	257	0.027	0.058	0	0.339
World Debt/GDP	257	0.385	0.294	0	2.431
China FDI/GDP	257	0.004	0.01	-0.007	0.068
World FDI/GDP	257	0.035	0.079	-0.028	1.065

Note: 1. 1. January 2016 - August 2024. 2. Projects in China and multi-countries are not included. 3. Country-level variables lagged by one year (based on the year of concept review). 4. 16 projects don't have country-level variables due to missing time information. 5. There are no PolityV data on Maldives, thus 3 projects in Maldives don't have correspondent variables.



Appendix A3: Kaplan-Meier Survival Curve by E&S Category



Appendix A4: Kaplan-Meier Survival Curve by Sector

Appendix B1: Selection of Countries with a 2-Year Lag

Pr(Receiving=1)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Population	2.017***	2.114***	2.204***	2.055***	2.536***	1.658**	1.991***	2.765***
	(3.24)	(3.34)	(3.18)	(3.25)	(3.32)	(2.36)	(3.32)	(3.04)
GDP per capita	0.973	1.117	1.179	0.485	-0.282	0.406	0.526	-0.402
	(0.80)	(0.91)	(0.94)	(0.44)	(-0.31)	(0.33)	(0.45)	(-0.37)
S&P Ratings	-0.141	-0.148	-0.169	-0.131	-0.138	-0.142	-0.131	-0.165
	(-1.06)	(-1.13)	(-1.22)	(-1.04)	(-1.21)	(-1.12)	(-1.03)	(-1.46)
Road/Area	-0.645	-0.557	-0.657	-0.858	-1.357**	-0.749	-0.875	-1.420*
	(-0.86)	(-0.72)	(-0.84)	(-1.25)	(-2.03)	(-0.92)	(-1.22)	(-1.76)
PolityV		-0.0276*						-0.0392***
		(-1.90)						(-3.19)
Partnership with China			-0.270					-0.130
			(-0.96)					(-0.53)
UNGA Ideal Point diff				-3.382				-1.256
				(-1.09)				(-0.50)
China Trade/GDP					-13.52**			-12.13*
					(-2.09)			(-1.74)
World Trade/GDP					2.741**			2.404*
					(2.03)			(1.78)
China Debt/GDP						-10.39		-2.712
						(-1.28)		(-0.25)
World Debt/GDP						-0.330		0.0134
						(-0.29)		(0.01)
China FDI/GDP							-42.37***	-44.57*
							(-2.86)	(-1.71)
World FDI/GDP							2.306***	2.113**
							(3.12)	(2.24)
Year Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	246	246	246	246	246	246	246	246

Appendix B2: Loan Allocation to Projects with a 2-Year Lag

Loans Allocation	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Project-level variables								
Sovereign	138.0***	142.0***	138.5***	141.2***	140.2***	138.2***	134.9***	146.7***
	(5.90)	(6.72)	(5.67)	(6.05)	(6.18)	(5.95)	(5.41)	(6.40)
E&S category: B	-88.10***	-86.31***	-88.27***	-87.95***	-90.11***	-88.60***	-88.45***	-92.55***
	(-4.44)	(-4.59)	(-4.41)	(-4.37)	(-4.75)	(-4.55)	(-4.52)	(-4.93)
E&S category: C	-32.68	-14.79	-33.11	-35.82	-0.242	-25.34	-32.67	13.59
	(-0.64)	(-0.31)	(-0.64)	(-0.70)	(-0.00)	(-0.54)	(-0.64)	(0.25)
E&S category: FI	-96.04***	-90.44***	-95.60***	-86.22***	-91.17***	-91.05***	-95.92***	-77.18**
	(-3.81)	(-3.41)	(-3.75)	(-3.23)	(-3.65)	(-3.63)	(-3.88)	(-2.65)
E&S category: Other	-12.52	-12.55	-13.71	-17.42	-1.669	-9.129	-8.479	-13.37
	(-0.17)	(-0.19)	(-0.19)	(-0.24)	(-0.02)	(-0.13)	(-0.12)	(-0.20)
Sector: Eenegy	29.45	28.75	29.53	30.30	31.39	26.08	25.71	30.59
	(1.05)	(1.03)	(1.06)	(1.08)	(1.14)	(0.93)	(0.92)	(1.09)
Sector: Finance and economy resilience	134.5***	136.8***	134.7***	133.0***	119.2***	127.7***	130.2***	113.2**
	(3.71)	(3.48)	(3.70)	(3.61)	(3.24)	(3.62)	(3.55)	(2.71)
Sector: Health and education	76.41	87.46	76.58	76.37	73.46	76.05	76.37	75.29
	(1.33)	(1.38)	(1.34)	(1.34)	(1.24)	(1.32)	(1.29)	(1.11)
Sector: Water	-14.30	-19.30	-14.81	-19.39	-14.19	-21.44	-18.12	-28.43
	(-0.41)	(-0.58)	(-0.42)	(-0.55)	(-0.42)	(-0.61)	(-0.54)	(-0.89)
Sector: Other	3.829	0.306	3.389	-2.810	2.805	-0.448	0.216	-11.37
	(0.15)	(0.01)	(0.13)	(-0.11)	(0.11)	(-0.02)	(0.01)	(-0.44)
Country-level variables								
Population	89.38***	106.5***	89.37***	92.36***	88.05***	72.89***	81.98***	105.1***
	(6.44)	(6.22)	(6.51)	(6.64)	(6.36)	(4.25)	(4.91)	(4.75)
GDP per capita	21.08	21.02	23.37	47.78	-10.30	-6.428	17.46	11.71
	(0.46)	(0.52)	(0.51)	(1.09)	(-0.23)	(-0.15)	(0.35)	(0.36)
S&P Ratings	13.86***	15.00***	13.83***	12.40**	13.70***	13.75***	14.36***	13.26**
	(2.84)	(2.99)	(2.88)	(2.53)	(2.74)	(2.96)	(3.02)	(2.40)
Road/Area	-70.81***	-66.41***	-70.19***	-69.67***	-81.53***	-88.08***	-68.26***	-77.80***
	(-3.61)	(-3.18)	(-3.70)	(-3.67)	(-4.04)	(-4.37)	(-3.21)	(-4.00)
PolityV		-4.093**						-3.105*
		(-2.42)						(-1.91)
Partnership with China			1.427					4.455
			(0.18)					(0.42)
UNGA Ideal Point diff				170.7				193.5
				(1.46)				(1.06)
China Trade/GDP					-268.8***			-369.2**
					(-2.96)			(-2.20)
World Trade/GDP					58.90***			81.79**
					(2.90)			(2.16)
China Debt/GDP						-162.6		100.7
						(-0.81)		(0.27)
World Debt/GDP						-62.95*		20.10
						(-1.86)		(0.40)
China FDI/GDP							-663.3	-1622.6
							(-0.60)	(-1.32)
World FDI/GDP							-67.40	135.8
							(-0.27)	(0.60)
N	217	214	217	217	217	217	217	214

Appendix B3: Approval Time with a 2-Year Lag

Pr(Approval=1)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Project-level variables								
Amount of loans	-0.000326	-0.000239	-0.000307	-0.000295	-0.000279	-0.000393	-0.000108	-0.000125
	(-0.57)	(-0.45)	(-0.53)	(-0.52)	(-0.48)	(-0.68)	(-0.20)	(-0.23)
Sovereign	-0.0999	-0.154	-0.119	-0.120	-0.114	-0.0982	-0.0599	-0.103
	(-0.54)	(-0.85)	(-0.65)	(-0.66)	(-0.60)	(-0.52)	(-0.30)	(-0.50)
E&S category: B	0.379**	0.392**	0.375**	0.375**	0.394**	0.385**	0.409**	0.452***
	(2.34)	(2.31)	(2.34)	(2.28)	(2.48)	(2.32)	(2.43)	(2.64)
E&S category: C	0.898***	1.014***	0.875***	0.941***	0.931***	0.964***	0.899***	1.037***
	(2.84)	(2.96)	(2.71)	(2.91)	(3.04)	(2.82)	(2.87)	(2.96)
E&S category: FI	0.434	0.477	0.421	0.389	0.430	0.444	0.402	0.392
	(1.46)	(1.59)	(1.41)	(1.33)	(1.45)	(1.51)	(1.31)	(1.29)
E&S category: Other	-0.168	-0.0467	-0.135	-0.0909	-0.194	-0.114	-0.440	-0.308
	(-0.26)	(-0.07)	(-0.21)	(-0.14)	(-0.31)	(-0.17)	(-0.77)	(-0.52)
Sector: Eenegy	0.559***	0.528***	0.554***	0.539***	0.539***	0.514***	0.583***	0.483***
	(3.22)	(3.03)	(3.19)	(3.32)	(3.08)	(3.00)	(3.05)	(2.84)
Sector: Finance and economy resilience	1.711***	1.576***	1.704***	1.687***	1.760***	1.633***	1.820***	1.731***
	(5.17)	(4.50)	(5.12)	(4.87)	(5.50)	(4.68)	(5.35)	(4.85)
Sector: Health and education	0.643	0.614	0.676	0.700	0.647	0.607	0.511	0.524
	(1.56)	(1.47)	(1.61)	(1.60)	(1.57)	(1.44)	(1.22)	(1.11)
Sector: Water	-0.112	-0.124	-0.0985	-0.0890	-0.0892	-0.137	-0.153	-0.140
	(-0.42)	(-0.47)	(-0.37)	(-0.34)	(-0.33)	(-0.52)	(-0.55)	(-0.51)
Sector: Other	0.977***	0.979***	0.984***	1.001***	0.990***	0.941***	0.992***	1.008***
	(5.03)	(4.92)	(5.04)	(5.42)	(5.21)	(4.78)	(4.98)	(5.48)
Country related variables								
Population	-0.164	-0.284**	-0.157	-0.189	-0.110	-0.222	0.0477	-0.0858
	(-1.30)	(-2.13)	(-1.24)	(-1.45)	(-0.83)	(-1.53)	(0.33)	(-0.53)
GDP per capita	-0.742**	-0.686*	-0.790**	-0.902**	-0.687*	-0.809**	-0.861**	-0.809
	(-2.27)	(-1.83)	(-2.24)	(-2.47)	(-1.69)	(-2.30)	(-2.36)	(-1.60)
S&P Ratings	0.161***	0.138***	0.160***	0.171***	0.156***	0.153***	0.131***	0.105
	(3.99)	(3.29)	(3.92)	(3.99)	(3.91)	(3.87)	(3.51)	(1.60)
Road/Area	-0.434***	-0.405**	-0.447***	-0.408***	-0.417***	-0.420**	-0.617***	-0.549***
	(-2.81)	(-2.57)	(-2.84)	(-2.67)	(-2.80)	(-2.10)	(-4.74)	(-3.25)
PolityV		0.0226						0.0130
		(1.35)						(0.66)
Partnership with China			-0.0454					-0.0208
			(-0.77)					(-0.19)
UNGA Ideal Point diff				-1.650*				-1.162
				(-1.65)				(-0.64)
China Trade/GDP					-0.421			1.486
					(-0.15)			(0.51)
World Trade/GDP					0.146			-0.285
					(0.23)			(-0.43)
China Debt/GDP						-1.855		-2.175
						(-1.29)		(-0.44)
World Debt/GDP						0.0388		-0.229
						(0.06)		(-0.41)
China FDI/GDP							-9.010	-3.209
							(-1.60)	(-0.17)
World FDI/GDP							7.184***	6.675***
							(6.22)	(3.78)
N	257	254	257	257	257	257	257	254