

STUDY

Requested by the AFET Committee



Global Gateway: Strategic governance & implementation



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EN

STUDY

Global Gateway: Strategic governance and implementation

ABSTRACT

This study assesses the EU Global Gateway strategy in terms of its strategic governance and implementation in its first year. To this end, the Global Gateway's policy context, financial architecture and initial flagship projects were examined by means of a desk review and multi-stakeholder consultations. At the same time, a preliminary assessment was conducted using the criteria laid down by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. The assessment results provide a mixed picture, especially regarding the implementation of the Global Gateway. Finally, a set of recommendations was compiled for the EU institutions, particularly the European Parliament, and the EU Member States with a view to enhancing the effectiveness, efficiency and impact of the Global Gateway and improving its democratic and budgetary oversight.

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List of abbreviations

ACP	Africa, the Caribbean and Pacific
AFD	Agence Française de Développement
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative (of China)
DFI	development finance institution
EBRD	European Bank for Reconstruction and Development
EDFI	Association of Bilateral European Development Finance Institutions
EFSD	European Fund for Sustainable Development
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
EU	European Union
KfW	Kreditanstalt für Wiederaufbau
NDICI-GE	Neighbourhood, Development & International Cooperation Instrument – GlobalEurope
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PGII	Partnership for Global Infrastructure and Investment (G7)
TEI	Team Europe Initiative
UN	United Nations

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Executive summary (EN)

The Global Gateway (GG), which was announced in December 2021, supports the major innovations that are taking place in EU foreign policy and confirms the EU's aim of increasing its geopolitical weight in the global arena. It is presented as a European strategy to boost smart, clean and secure links in digital, energy and transport and strengthen health, education and research systems across the world. However, it is much more than that. It sets out to combine transformative infrastructure investments, soft connectivity, global commitments such as the Sustainable Development Goals, multilateralism and a more assertive role for the EU in the world.

More than one year on from its launch, against a backdrop of uncertainty following the invasion of Ukraine, the GG has begun to present initiatives focusing on its identified priorities (climate change and energy, digitalisation, transport, health, education systems and research) in various regions outside the EU. The initiatives build on the combination of options to be employed within the context of the GG to achieve the EUR 300 billion target by [2027](#), including EU financial instruments and the [Team Europe approach](#).

However, the initiatives are being rolled out within a governance structure that remains a work in progress, amid considerable uncertainty about what the strategy actually offers, what its actual priorities are and how capable it is of delivering results. This being the case, most partners still lack a clear idea of how the GG functions and how they can participate in it.

This study describes the work done on the strategy in its first year, including a preliminary review of GG projects, and provides an initial assessment of its strengths and weaknesses. It also puts forward a number of recommendations. These focus on the five areas identified as being critical for rounding out the GG's main building blocks and ensuring that it lives up to expectations. In broad terms, these areas are:

- overcoming the severe lack of information available about the GG;
- upgrading the strategy's communication capacity to convey the progress made on it, the added value it brings and its impact, both in the EU and in partner countries;
- developing a governance structure that is capable of leading and managing the strategy and delivering results at the level envisaged by the GG;
- clarifying the criteria used to determine what makes a GG project, explaining the identification and selection process and showing how these relate to the strategy's proposed objectives;
- presenting how results will be measured and reported and, on the basis of this, how different participating actors will be held accountable and EU targets and standards achieved.

This requires the European Parliament to engage actively in the debate about the GG, exercising its decision-making, oversight and budgetary powers with respect to external financial instruments and policy issues. The European Parliament has a longstanding interest in EU foreign affairs and development cooperation and has been involved with these issues for many years, enjoying a privileged position in relations with many partner country governments (e.g. EU-ACP Assembly). It should increase its scrutiny of essential aspects that are insufficiently addressed, such as the GG's overall objectives and priorities, where greater political and democratic oversight is essential. It could also add value with regard to other fundamental issues, such as the EU's institutional capacity to achieve the GG's goals, the GG's compliance with EU targets, and better inter-institutional dialogue and reporting on the GG's implementation. Lastly, the European Parliament could contribute to the discussion about the GG's thematic and geographical priorities, as it has always made a vital contribution in these matters.

Executive summary (FR)

Le GG (*portail mondial*), présenté en décembre 2021, accompagne les innovations qui ont récemment marqué la politique étrangère de l'UE et confirme son objectif d'accroître son poids géopolitique sur la scène mondiale. Présentée comme une offre européenne visant à 'stimuler les liaisons intelligentes, propres et sûres dans les domaines du numérique, de l'énergie et des transports et à renforcer les systèmes de santé, d'éducation et de recherche dans le monde entier', cette initiative est en réalité bien plus que cela. Elle vise à articuler les investissements dans les infrastructures transformatrices, la connectivité douce, les engagements mondiaux tels que les objectifs de développement durable, le multilatéralisme et l'objectif d'un rôle plus affirmé pour l'UE dans le monde. Après un an, et dans un contexte d'incertitude suite à l'invasion de l'Ukraine, le GG a commencé à présenter des initiatives dans le cadre des priorités fixées (changement climatique et énergie, numérisation, transport, santé, systèmes éducatifs et recherche) et dans diverses zones géographiques (tant au niveau régional que national). Ces initiatives s'appuient sur la combinaison d'options, y compris les instruments financiers de l'UE et l'approche 'Team Europe', à utiliser dans le contexte du GG pour atteindre l'objectif de 300 milliards d'euros d'ici 2027. Ce processus se déploie dans une structure de gouvernance en phase de construction et il existe beaucoup d'incertitudes quant à ce que la stratégie offre réellement et à sa capacité à produire des résultats. En ce sens, la plupart des partenaires n'ont toujours pas une idée claire du fonctionnement du GG et de la manière d'y participer. Cette étude décrit l'évolution de cette stratégie depuis sa présentation, en ce compris un examen préliminaire des projets du GG, et fournit une première évaluation de ses forces et faiblesses. Un certain nombre de recommandations sont également présentées à l'issue de cette analyse. Elles se concentrent sur cinq enjeux qui seront essentiels pour compléter les principaux éléments constitutifs de la stratégie et s'assurer que le GG réponde aux attentes. En termes généraux, il s'agit des objectifs suivants :

- Surmonter le manque considérable d'informations disponibles sur le GG;
- Améliorer la capacité de communication de la stratégie sur ses progrès, sa valeur ajoutée et son impact tant au niveau de l'UE que des pays partenaires;
- Présenter une structure de gouvernance capable de diriger, gérer et produire des résultats au niveau envisagé par le GG;
- Clarifier les critères des projets du GG, ainsi que le processus d'identification et de sélection, et la manière dont ceux-ci sont liés aux objectifs de la stratégie;
- Présenter la manière dont les résultats seront mesurés et rapportés, dont les différents acteurs participants seront contrôlés, et dont les objectifs et normes de l'UE seront atteints.

Ces objectifs appellent le Parlement européen (PE) à s'engager pleinement dans le débat sur le GG, conformément à ses pouvoirs de décision et de contrôle et à ses pouvoirs budgétaires sur les instruments financiers externes. Le PE s'intéresse et participe depuis longtemps aux affaires étrangères de l'UE et à la coopération au développement, avec une position privilégiée auprès de nombreux gouvernements des pays partenaires (via, par exemple, l'Assemblée UE-ACP). Le PE doit accroître son contrôle sur des aspects essentiels du GG qui restent peu abordés, tels que ses objectifs et priorités d'ensemble, où une supervision politique et démocratique plus importante est essentielle. De même, le PE pourrait apporter une valeur ajoutée à d'autres questions fondamentales, telles que la capacité institutionnelle de l'UE à atteindre les objectifs du GG, sa conformité aux objectifs de l'UE et l'amélioration du dialogue interinstitutionnel et des rapports sur la mise en œuvre du GG. Enfin, le PE pourrait contribuer à la réflexion sur les priorités thématiques et géographiques du GG, domaines où le PE a toujours apporté une contribution essentielle.

1. Introduction: Background to the GG

1.1. The infrastructure gap

Roads, schools, energy, water and telecommunications are just a few examples of infrastructure that we use every day. Infrastructure is so central to our way of life that it is difficult to provide a concise explanation of what it is. One frequently cited definition is the one used by Jeffrey Fulmer in his article 'What in the world is infrastructure?'. Here, infrastructure is defined as 'the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions'¹. Although this definition is precise, it fails to capture the impact that infrastructure has in the wider context of various aspects that are critical for a community, including security, growth, competitiveness, cohesion, mobility, productivity, equality and well-being.

Despite the considerable human, economic and technological progress achieved in recent decades, there are still enormous disparities on the global infrastructure map. In the most developed countries, it is taken for granted that people will be able to reach a hospital in an emergency, or that they have regular access to clean water or to a high-quality internet connection enabling them to work or study. In these countries, substantial investments focus on increasing the quality and efficiency of new infrastructure (e.g. applying artificial intelligence across sectors). However, this does not reflect the reality of billions of people.

According to UN figures², in 2018 over one billion people still lacked basic resources such as clean drinking water, sanitation and electricity. Looking to the future, the total global population living in similar circumstances, which are very frequently associated with the rise in informal settlements, is expected to reach two billion by 2030. This means that almost a quarter of the global population (adjusted to projections) will lack access to the resources they need to meet their basic needs³. In addition, in a global context, wider trends such as demographics, urbanisation, trade, security, climate change and pandemics are driving the enormous demand for different types of infrastructure.

In recent years, increased efforts have been devoted to identifying and quantifying the infrastructure gap. For example, the Organisation for Economic Co-operation and Development (OECD) estimates that the global infrastructure financing gap will be around USD 15 trillion by 2040⁴. Most of the investments needed to fill this gap should take place in low-income economies, with over 80 % of needs being concentrated in three large regions: Sub-Saharan Africa, Central and South Asia, and South-East Asia. The Asian Development Bank has calculated that about USD 1.7 trillion will need to be invested in infrastructure across Asia each year until 2030 if the region is to maintain its growth momentum, eradicate poverty and respond effectively to climate change⁵.

Although different institutions offer slightly different figures, they all agree on two basic, undeniable trends. The first is that the infrastructure gap is widening. The second is that most countries cannot afford to invest in infrastructure without external financial support, and are even less able to do so now, given the impact of the COVID-19 pandemic.

¹ Fulmer, J., 'What in the world is infrastructure?', *Infrastructure Investor*, July-August 2009, PEI Group, 2009, pp. 30-32.

² United Nations Department of Economic and Social Affairs, *The Sustainable Development Goals Report – Goal 11: Sustainable Cities and Communities*, 2019.

³ *Ibid.*, and Inter-American Development Bank, *Investing in Safe Sanitation in Informal Settings*, 12 November 2019.

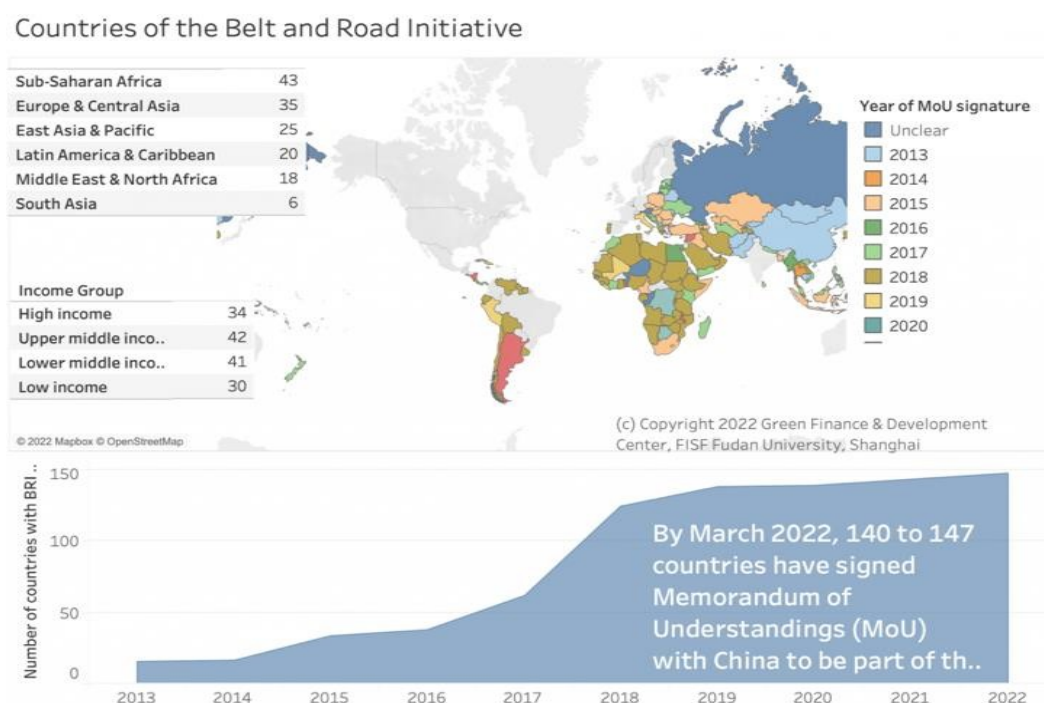
⁴ OECD, *G20 Infrastructure Investors Dialogue: Financing Sustainable Infrastructure for the Recovery*, concept paper, 3 June 2021.

⁵ Asian Development Bank, *Meeting Asia's Infrastructure Needs*, 2017.

1.2. Infrastructure and geopolitics

Infrastructure investments and foreign policy have long been connected. There are plenty of examples of this worldwide. However, the emergence of strategies like the GG in response to increased global debate is a slightly different matter. The need to tackle the infrastructure gap is giving rise to a hybrid space, where geopolitical and technical considerations, political mandates, financial instruments, diplomatic tradition, development efforts, and public and private interests converge. That space is increasingly populated with terms like connectivity, partnership, financial integration, policy coordination, plurilateral infrastructure, debt distress and others that conceal the exercise of influence in a wider context, often on a transcontinental scale.

Figure 1: China's Belt and Road Initiative



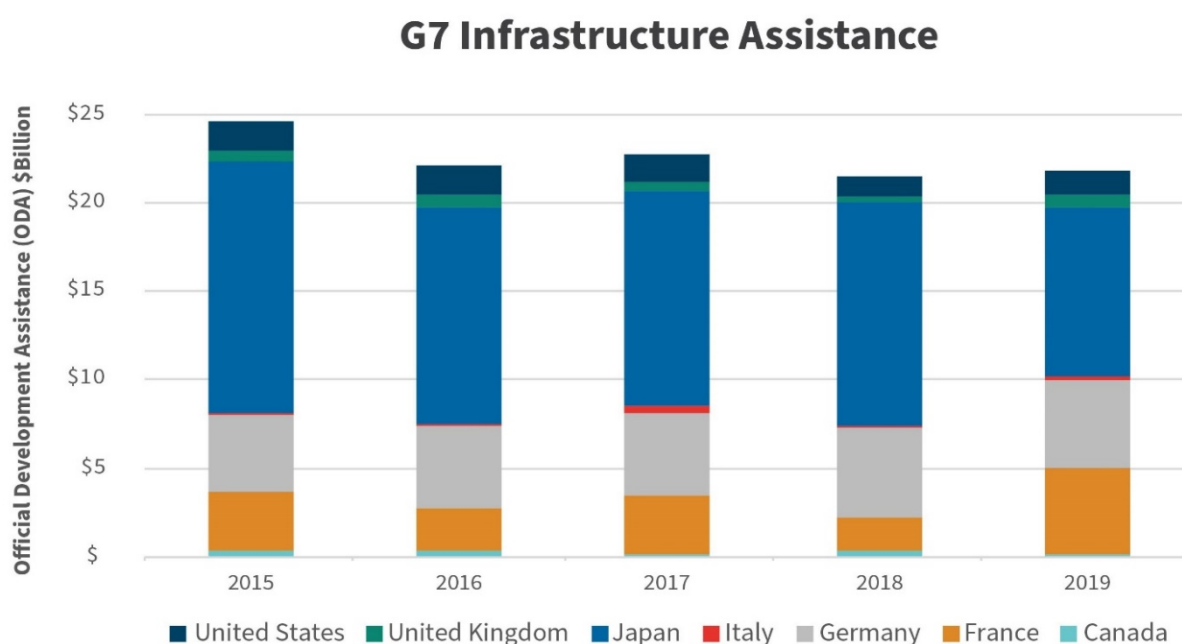
Source: Green Finance & Development Center, Fanhai International School of Finance, Fudan University, Shanghai, China

If one country has gained a comparative advantage in the relationship between infrastructure and foreign policy, that country is China. A decade on from the launch of China's Belt and Road Initiative (BRI), considered a central component of President Xi Jinping's foreign policy, China can boast a remarkable record of achievements. Figure 1 shows how the BRI has expanded since it was created. By March 2022, an impressive 147 countries, including 18 members of the European Union⁶, had signed Memorandums of Understanding with China so that they could be part of the BRI. The strategy has increased China's presence and influence on the world stage, and the financial muscle behind it is unrivalled. However, annual investments in the BRI have decreased in recent years. Before 2020, China's annual investments in countries participating in the BRI stood at more than USD 100 billion. In 2021, they totalled just under USD 60 billion. Yet this is still more than double the amount invested in infrastructure assistance each year from 2015-2019 by all the G7 countries put together (see Figure 2). The reduction in Chinese investment can be explained by the impact of the COVID-19 pandemic on both China and the global economy. Important lessons can be drawn from this, as many of the countries participating in the BRI had to change their priorities and shifted resources from infrastructure to tackling

⁶ Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia.

the direct effects of the pandemic. However, even taking into account the very recent impact of the pandemic, China will have invested a staggering USD 1 trillion in the BRI since its launch.

Figure 2: G7 infrastructure assistance 2015-2019 in USD billion



Source: Center for Strategic & International Studies, *The G7's New Global Infrastructure Initiative*, 15 June 2021 (based on OECD data)

While an infrastructure investment scheme has featured in the G7's internal discussions for years, it was not until the 2021 G7 Summit that leaders from Canada, France, Germany, Italy, Japan, the UK and the US agreed on a global 'values-driven, high-standard and transparent infrastructure partnership'. This was the first time that major democracies had made a collective commitment to crafting a sustainable and targeted alternative to the BRI. The G7 Partnership for Global Infrastructure and Investment (PGII)⁷ materialised one year later, and was presented on 26 June 2022 during the G7 summit. The PGII's objective is to mobilise USD 600 billion of private and public investment in infrastructure in low- and middle-income countries over the next five years⁸. The scheme is intended to build on the G7's strong points by addressing climate and energy security, digital connectivity, health and gender equality.

The EU took its first steps towards creating an investment partnership shortly after the G7 agreement in 2021. In July 2021, the meeting of the Foreign Affairs Council concluded with the European Commission being given the mandate to draft a communication on an EU global connectivity strategy⁹.

Two months later, President of the European Commission Ursula von der Leyen officially announced the GG in the September 2021 State of the Union address: 'We will build Global Gateway partnerships with countries around the world. We want investments in quality infrastructure, connecting goods, people and

⁷ Shalal, A., *G7 pledges to invest \$600 billion into infrastructure for developing countries*, 27 June 2022, <https://www.weforum.org/agenda/2022/06/g7-pledges-invest-600-billion-infrastructure-developing-countries/> (accessed on 28 March 2023).

⁸ The Economist, *The G7 at last presents an alternative to China's Belt and Road Initiative*, 9 July 2022.

⁹ Council of the EU, *A globally connected Europe: Council approves conclusions*, press release, 12 July 2021.

services around the world. We will take a values-based approach, offering transparency and good governance to our partners. We want to create links and not dependencies! (...) We want to turn Global Gateway into a trusted brand around the world¹⁰.

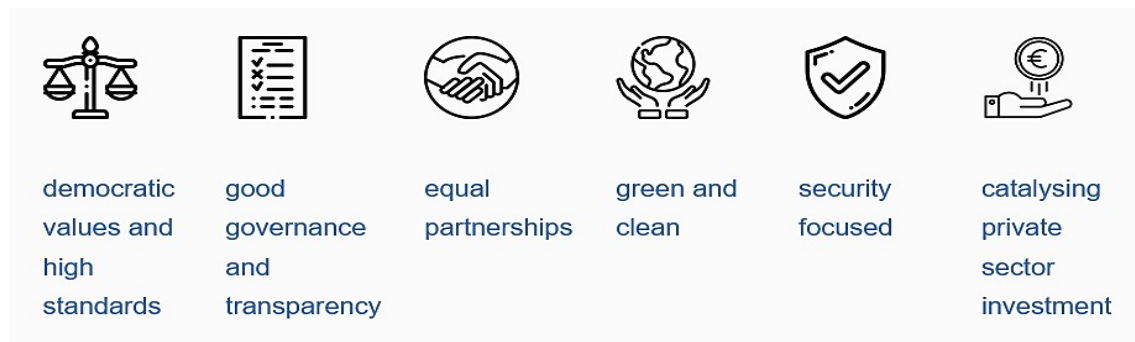
1.3. The GG in a nutshell

Aiming to foster global economic recovery and to promote its green and digital agenda, the GG is the EU's contribution to tackling the investment gap. It was designed to 'boost smart, clean and secure links in digital, energy and transport and strengthen health, education and research systems across the world'¹¹. Through it, the EU will make major investments in developing both hard and soft infrastructure around the world, with an emphasis on building global links and not dependencies and bringing EU values to the forefront, while coordinating with the G7 PGII, enhancing development cooperation and increasing the EU's geopolitical influence.

Connectivity is the concept at the heart of the GG. However, this concept is broader than it is generally understood to be, and goes well beyond the links encouraged by physical infrastructure or digital communication. The GG focuses on identifying key aspects, from energy to value chains, that strengthen interdependence, connecting these to a revamped foreign policy vision and, in practice, more effective attainment of EU foreign policy goals.

The strategy addresses five priorities (digitalisation, climate and energy, transport, health, and education and research), which provide its overall framework. Moreover, all GG partnerships are based on six principles that reflect the EU's values. These principles are depicted in Figure 3.

Figure 3: Principles of the GG



Source: European Commission, *Global Gateway*, https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway_en (accessed on 28 March 2023)

The GG connects these main priority areas and principles with a wide range of EU policies¹² and the associated financial instruments.

Inspired by the experience of the Juncker Plan, which was originally set to mobilise over EUR 400 billion in additional investment in the EU, and following the rationale of global financial agreements, the GG plans to mobilise investments of up to EUR 300 billion between 2021 and 2027 (which corresponds to the EU's new budget period) using EU development cooperation and financial tools, plus support from EU Member States¹³ and private-sector contributions. The EU funds that will be used aim to raise EUR 135 billion in

¹⁰ European Commission, *2021 State of the Union Address by President von der Leyen*, 15 September 2021, http://ec.europa.eu/commission/presscorner/detail/ov/SPEECH_21_4701 (accessed on 28 March 2023).

¹¹ European Commission, *Global Gateway: up to €300 billion for the European Union's strategy to boost sustainable links around the world*, press release, 1 December 2021.

¹² The broader policy context of the GG is described in Section 1.2.

¹³ Council conclusions of 12 July 2021, *A Globally Connected Europe*.

private-sector investments for EUR 40 billion of EU guarantees: EUR 26.7 billion through the European Investment Bank (EIB) and EUR 13 billion through the European Fund for Sustainable Development Plus (EFSD+).

This will be complemented by EUR 18 billion in grants and EUR 145 billion in planned investments by the EU Member States. Box 1 summarises the overall financial structure of the GG, in which the EIB and the European Bank for Reconstruction and Development (EBRD) are expected to play a significant role in terms of loans and guarantees (for further details, see Chapter 3).

While EUR 300 billion may sound too optimistic, the estimate behind the GG is based on using EUR 58 billion in seed capital and guarantees to reach the financial target of EUR 300 billion. Measured in terms of leverage, this is consistent with similar schemes such as the Juncker Plan. The GG is intended to have a leverage factor of approximately 5.15, whereas the stated leverage factor for the Juncker Plan was 5.4. The figures presented in Box 1 below are the planned total figures from the joint communication on the GG, updated with 2022 data.

Box 1: Financial architecture of the GG¹⁴

EUR 135 billion for guaranteed investments through the EFSD+

EUR 50 billion: first call 2022 EFSD+

EUR 26.7 billion guarantee agreement with the EIB approved in 2022

EUR 18 billion grant funding from the EU budget

Committed grants in 2022: EUR 9.4 billion

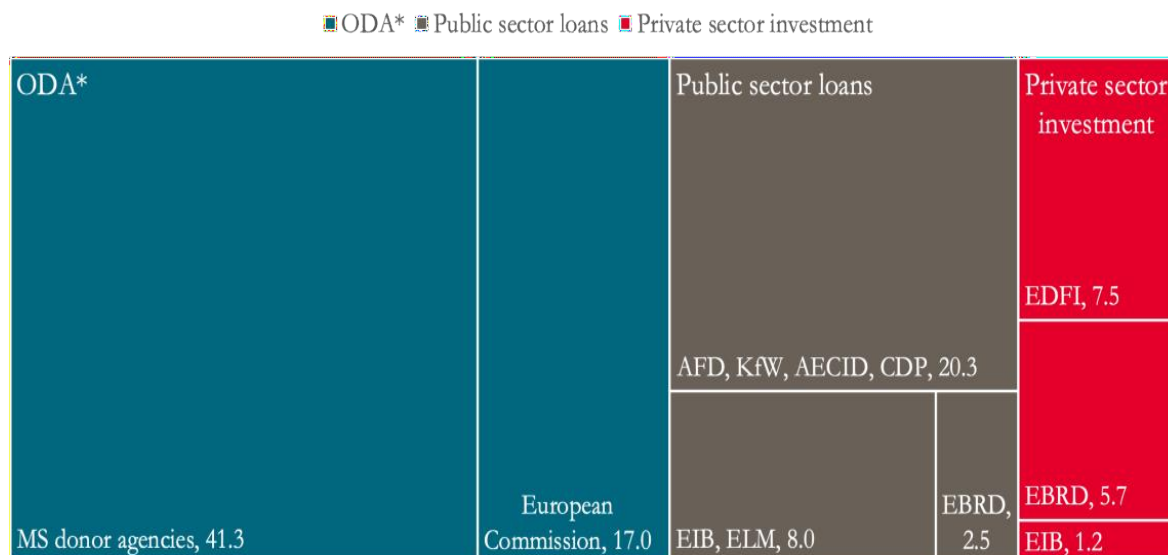
Own resources from EIB, EBRD and European development finance institutions (DFIs): EUR 145 billion

The financial architecture of the GG mirrors both changing global needs linked to the infrastructure gap, and trends in EU-signed international commitments to address development goals, such as those laid down in the 2030 Agenda for Sustainable Development. Figure 4 depicts the EU's development finance architecture in 2020, clearly showing the increasing importance of public loans and private-sector investments.

It is important to stress that the GG is not supported by an injection of additional funds from the EU budget. Instead, it encourages the use of funds from a mix of financial sources, as shown in Box 1 and in the descriptions of GG projects later in the study. It is also worth putting the financial magnitude of the GG in context. As shown in Figure 4, although the combined total of official development assistance (ODA) from the EU is approximately EUR 60 billion a year, the amount provided by the European Commission is less than half of that provided by national agencies. At the same time, up to EUR 18 billion in grants will be available from the EU budget for the entire period covered by the GG (2021-2027), which is roughly similar to the annual ODA from the EU budget.

¹⁴ Joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank of 1 December 2021 on the Global Gateway (JOIN(2021)0030).

Figure 4: EU architecture for external financing and development cooperation (2020) (amounts in EUR billion)



Source: European Parliament, *The future of the European Financial Architecture for Development*

1.4. The GG one year on

The previous section provided a straightforward description of the GG as it was designed and presented. However, the reality has proven to be much more complex. In a certain sense, the GG is a newcomer trying to establish itself in a heavily populated environment. Firstly, it needs to take account of the interests and objectives of EU players in the more convoluted global context that has resulted from unforeseeable events including the COVID-19 pandemic and the invasion of Ukraine. Secondly, the GG is both subject to, and dependent on, the inertia of previous priorities and existing policies and initiatives. Thirdly, it must be mindful of the previous two points while pursuing its forward-looking, innovative infrastructure and foreign policy experiment in its quest to make the EU a more assertive global player.

While the rest of the study is dedicated to attempting to address the many questions about the GG's status and the progress made on it so far, the list below provides an initial, non-exhaustive, overview of the difficulties that the GG will need to overcome to be fully effective. The list reflects the density of interaction between old and new EU instruments, some of which cannot easily be put into practice, and among which the GG needs to find its rightful place.

- *Considerable changes and significant innovations in the EU's external action over the last five years, led by the ambition to promote a revamped role for the EU in the world.* This is reflected in a number of key documents, such as the global strategy for the foreign and security policy of the European Union¹⁵, the new European consensus on development¹⁶, the new strategic agenda for the EU 2019-2024¹⁷ and the EU strategic compass¹⁸. While all of these are significant contributions, they are also a work in progress and remain difficult to implement, being better on paper than in practice.

¹⁵ Council conclusions of 5 December 2019 on Strengthening the European financial architecture for development.

¹⁶ European Commission, Directorate-General for International Cooperation and Development, The new European consensus on development – 'Our World, Our Dignity, Our Future': joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament, and the European Commission, Publications Office of the European Union, 2018.

¹⁷ European Council, *A new strategic agenda 2019-2024*, June 2019.

¹⁸ European Commission, *A strategic compass for security and defence*, March 2022.

- *The connection between the GG and existing EU policies and initiatives in the GG's priority areas, on which substantial work has already been done.* The policies in question include the EU's policies on [energy](#), [digitalisation](#), [transport](#), [health](#), [research and development](#) and [education](#).
- *The link with ongoing regional dialogues, which build strongly on the past and must address new challenges and meet new objectives.* While the GG draws heavily on the [2018 EU-Asia connectivity strategy](#)¹⁹, it also builds on existing partnerships with regions and individual countries, such as the recently concluded connectivity partnerships with [Japan](#) and [India](#)²⁰ and the economic and investment plans for the [Western Balkans](#)²¹, the [Eastern Partnership](#)²² and the [Southern Neighbourhood](#)²³. It also places particular emphasis on Africa, as demonstrated by the extensive budget allocated to the EU-Africa Investment Package under the GG. Equally significant are the [Central Asia](#), [Indo-Pacific](#), and [Latin America](#) connectivity strategies.
- *The testing of demand and the identification of potential projects.* This fundamental area needs to link up with processes for policy dialogue with multiple actors and with the EFSD+ blending facilities, and must clarify the criteria that qualify a project to be a GG project before virtually any project can be labelled as such.
- *The capacity to mobilise sufficient capital to implement the methods and fulfil the ambitions of a revamped European financial architecture in order to address global challenges more effectively, where investments depend strongly on guarantees stemming from dedicated EU financial instruments for external action, private-sector investments and contributions from EU Member States.* The validity of this assumption, especially as regards attracting investments from the private sector, builds on previous experience from institutions such as the EIB and the European Fund for Sustainable Development (EFSD) among others. However, it remains to be seen what the results will be once the implementation of the GG is accelerated.
- *The willingness to make 'working better together' a reality, coordinating a myriad of actors, particularly EU Member States, to participate in the GG.* Team Europe puts in place a broader political approach, strengthening the need to better coordinate the efforts of the EU and the Member States, both globally and at country level. Financial institutions and the private sector must be added into the mix too. While this is promising in principle, experience shows that efforts towards enhanced joint planning, information-sharing and cooperation still leave much to be desired and that there is still a

¹⁹ Joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank of 19 September 2018 entitled 'Connecting Europe and Asia – Building blocks for an EU Strategy' (JOIN(2018)0031).

²⁰ The EU's Indo-Pacific strategy and the connectivity partnerships with Japan (2020) and India (2021) are also important building blocks for the GG in the region (joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament and the Council of 16 September 2021 entitled 'The EU strategy for cooperation in the Indo-Pacific' (JOIN(2021)0024)).

²¹ Commission communication of 6 October 2020 entitled 'An Economic and Investment Plan for the Western Balkans' (COM(2020)0641).

²² Joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 18 March 2020 entitled 'Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all' (JOIN(2020)0007) and the joint staff working document entitled 'Recovery, resilience and reform: post 2020 Eastern Partnership priorities' (SWD(2021)0186).

²³ Joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 9 February 2021 entitled 'Renewed partnership with the Southern Neighbourhood: a new Agenda for the Mediterranean' (JOIN(2021)0002) and the accompanying joint staff working document entitled 'Renewed Partnership with the Southern Neighbourhood – Economic and Investment Plan for the Southern Neighbours' (SWD(2021)0023).

gap between the narrative and the reality of joint action in terms of both governance and implementation.

For the GG to become operational in partner countries, its political weight must be able to bring partners added value beyond the mere provision of funds. It will also need to develop good communication products, including in partner countries. The EU delegations will play a key role in making the strategy operational in this respect, liaising with partner governments, agencies, financial institutions, the private sector, and so on. So far, there has been no lack of back and forth between delegations and Member States regarding responsibilities. There is also the issue of resources: it would be beneficial to know whether the EU delegations have enough capacity and expertise to integrate the GG into their day-to-day work.

2. Strategic governance of the GG

More than one year on from the GG's launch, its governance structure remains a work in progress and is probably the strategy's weakest component. This reflects the difficulty in striking the right balance when faced with a complex array of policies, policy tools and actors, as described in the previous section. As observed in the final months of 2022, it seems that the challenge lies not only in creating an efficient governance structure from the outset, but also in making the necessary adjustments to that structure during the implementation process. The length of time required to develop the governance structure partly explains the perceived delays in the first year of implementation, and all signs point to the governance structure being one of the main aspects to be clarified in 2023.

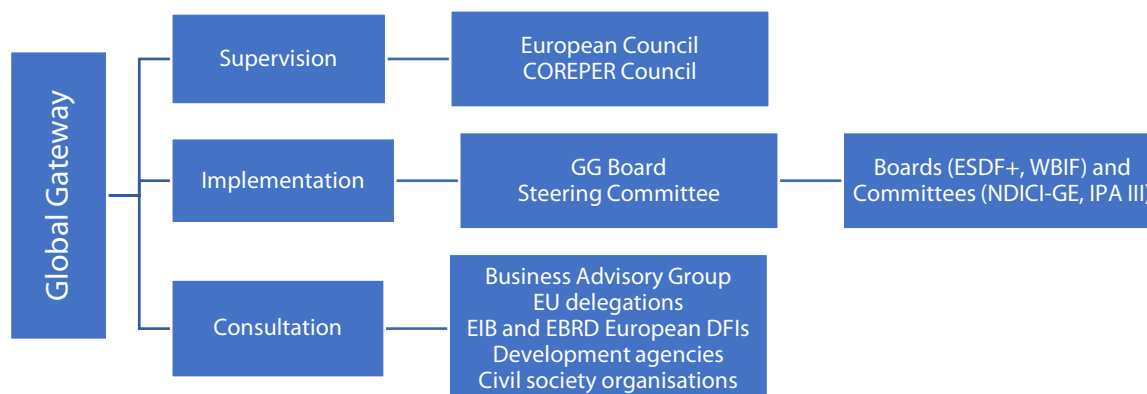
The joint communication on the GG presented the main components of the governance structure in broad terms. These include a GG Board, a Business Advisory Group, dialogue with civil society, strong involvement of EU delegations and increased efforts to raise awareness in partner countries.

This is currently being discussed, with the interviews undertaken for this study revealing some general indications of the forms that the main building blocks of the governance structure could take. This will depend on the participation of, and interplay between, EU institutions and other actors in the three dimensions shown in Figure 5, which we refer to as supervision, implementation and consultation. These three dimensions are channelled through coordination bodies that have yet to be clearly defined. The following description attempts to give a first impression of roles and responsibilities. However, there are still many unanswered questions as regards how to overcome overlaps and ensure that the strategy has an organisational structure that allows efficient decision-making, management and implementation, supported by the contributions of the different actors and institutions involved, with a realistic, results-oriented framework of action.

2.1. Supervision

As the EU is the 'owner' of the GG, it is natural for the European Council and the Member States to closely follow the GG's progress and contribute to it. The strategy will be reviewed frequently in European Council meetings. These meetings should both examine the strategy as a whole and address more specific aspects linked to implementation, including political guidance on thematic and geographical priorities, as well as ensuring that the GG becomes an effective, functioning component of the EU's external action. The EU Member States will also be actively involved in regularly monitoring the strategy, through the Committee of Permanent Representatives (COREPER). They will be kept informed by both the European Commission and the Directorate-General for External Relations of the General Secretariat of the Council (RELEX). The relationship between the European Commission, RELEX, the European External Action Service (EEAS) and the EU Member States is critical, both in Brussels and in partner countries. For example, the EU investment packages developed for major summits (e.g. EU-Africa) have put forward GG projects for different regions. All of these bodies were involved and, with time, should streamline their working methods in a hybrid space, whereas the current mandates of institutions still adhere strongly to the methods and approaches used in the past. These often conflict or overlap with one another and may not be so aligned with the GG's intrinsic ambition of boosting the EU's collective political and geostrategic significance. This should also be reflected in the EU's contribution in different multilateral forums, where 'working better together' needs to be more than just an empty slogan.

Figure 5: Tentative governance structure of the GG (prepared by the authors)



2.2. Implementation

The emerging governance structure for implementation and management is made up of two complementary bodies. At the moment, these are the bodies that seem to be best defined. While the Business Advisory Group is often referred to as part of this group, for the purpose of this study we believe that it would be better described as a consultation group rather than an implementing body.

2.2.1 GG Board

The GG Board is the body in charge of providing strategic guidance and is made up of the President of the European Commission, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the Commissioner for International Partnerships, the Commissioner for Neighbourhood and Enlargement, and the Commissioners responsible for the GG's priority areas.

The GG Board met for the first time on 11 December 2022, one year after the strategy was launched. Box 2 summarises the GG's achievements as presented in that Board meeting.

Box 2: Achievements of the GG in 2022²⁴

The first meeting of the GG Board described the progress of the first year of implementation. The following are some examples taken directly from the press release 'Global Gateway: First meeting of the Global Gateway Board, dated 11 December 2022'

'Since the launch of the GG strategy, more than EUR 9 billion in grants from the EU budget have been committed for key investments in all identified sectors in Africa, Latin America and the Caribbean, and the Pacific.

On 15 December 2022, the Commission submitted 40 project pipelines from European financial institutions for the approval of the EFSD+ Operational Board. These project pipelines, which support programmes in Sub-Saharan Africa, Latin America and Asia-Pacific, are expected to generate a total of over EUR 50 billion in investments in key sectors contributing to the GG.

A total of 34 projects representing EUR 7.4 billion in investments have already been approved under the EFSD+ guarantee agreement signed in May 2022 with the EIB. This agreement

²⁴ European Commission, *First Meeting of the Global Gateway Board*, press release, 11 December 2022.

provides a EUR 26.7 billion guarantee to cover EIB sovereign lending in sectors like clean energy, green infrastructure and health.

As regards the Western Balkans and the Southern and Eastern Neighbourhoods, to date the EU and the European financial institutions have mobilised to EUR 14 billion of the EUR 77 billion in total investments expected to be leveraged by 2027 under the three economic and investment plans, contributing to delivery of the GG in these regions’.

Representatives of the EU Member States’ governments are expected to participate in GG Board meetings as members, given that the Team Europe approach is embedded in the GG’s implementation.

Other stakeholders, such as the EIB, the EBRD and Member State development financial institutions, can also attend Board meetings as observers on an issue-specific basis or an investment-project-specific basis. Fundamentally, the participation of these institutions is crucial for the success of the GG, not only because they are part of Team Europe but also because they will be the ones to facilitate financing for the GG.

Finally, the European Parliament attends Board meetings as an observer.

The frequency of Board meetings is decided by the Board and is expected to be in line with the implementation of the GG.

The GG Board has a wide range of responsibilities, which include accelerating Team Europe initiatives (TEIs), promoting the GG brand at high-level events and meetings, evaluating the geopolitical context and the feasibility of investments to be made, ensuring strong coordination for the implementation of the GG in terms of both policy and flagship projects, identifying the impact of the GG, and, finally, ensuring regular comprehensive reporting to the Council and the European Parliament.

2.2.2 GG steering group / steering committee

This group/committee is currently part of the secretariat of the GG, and its presence and work are likely to be formalised. It is chaired by the Secretary-General of the Commission and its members include the Secretary-General of the EEAS and relevant Directors-General/Heads of Unit. They follow the day-to-day processes of the GG and provide support for the GG Board. They have knowledge and experience of multi-stakeholder engagement and management and will potentially contribute additional value to the implementation of the GG by establishing a monitoring and evaluation system to measure its effectiveness, efficiency and impact.

Unfortunately, there is not as much information available about what could be called the GG management team, which should lead and manage the strategy on a daily basis and handled (at least) four essential aspects of running the GG:

- gathering information and ensuring enhanced communication between partner countries, major financial stakeholders, the EU institutions and the wider public;
- identifying and selecting projects for the allocation of resources and also for strategic implementation reasons, it being necessary to agree upon a set of criteria for identifying projects and establishing performance indicators for projects;
- monitoring, which is a necessary part of the GG’s governance, not least to enable measurement of the impact of the jointly programmed and implemented projects;
- handling aspects of supervision and implementation, complemented by two central components of the GG, namely the Team Europe approach, which is the more aspirational method of strengthening

EU capacity and delivering EU goals, and the existing procedures and regulations that govern financial instruments linked to the GG.

2.2.3 Team Europe approach

The governance of the GG hinges on the Team Europe approach. Although the idea behind Team Europe, namely how to pool the Member States' capacities and capitalise on their complementary nature, has long been discussed, the Team Europe brand and the associated initiatives were born in April 2020 as a united European response to the major needs emerging in partner countries in the context of the COVID-19 pandemic. The Team Europe concept has already proven its worth, with the approval of a series of initiatives and investments. The Team Europe approach is better known for TEIs, but its ability to strengthen EU foreign action and make the EU's political priorities more visible on the global stage is every bit as important.

According to the European Commission:

'The Team Europe approach draws on contributions from the European Union and combines resources mobilised by EU Member States and financial institutions, while respecting the EU competences and the decision-making procedures, including the voting rules, established by the EU Treaties. The Team Europe approach relies on the EU, its Member States, their finance institutions including national development banks and implementing agencies, as well as the EIB and the EBRD. It is also implemented in EU partner countries, including through EU delegations, to facilitate EU coordination on the ground'²⁵.

While part of the financing for the GG comes from the EU budget, TEIs (explained in greater detail in the next chapter) are highly encouraged and are consistent with the roadmap for an improved European financial architecture for development:

'TEIs promote coordinated actions with a transformative impact in partner countries/regions, drawing on combined resources from all the players. TEIs are fully embedded in the EU programming documents with a substantial part of the multi-annual budgets dedicated to them'²⁶.

2.2.4 Governance of the EFSD+, the IPA III and the NDICI-GE

The EFSD+ is the EU financial investment arm of the GG, with approximately 50 % of EFSD+ funds set to be channelled through the GG²⁷. Member States participate in the EFSD+ and, drawing on the supervisory spirit mentioned above, should ensure alignment of the initiatives with GG priorities. Naturally, this also requires them to coordinate efforts. Coordination with the EFSD+ governance bodies (strategic and operational boards) and with the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE) and Instrument for Pre-accession Assistance (IPA III) committees is essential, given the programming process involved. This set-up was laid down by existing regulations, so the GG cannot change it. However, the fragmented interaction between different bodies, instruments and participating actors with different competences has repeatedly been highlighted as a factor that causes confusion and reduces the ability of participating actors to act according to a clear joint plan. It should also be noted that the development banks (e.g. EIB, EBRD) have been working effectively on similar projects for a very long time, delivering excellent results, and it is not clear how the current governance mechanisms could improve on their experience.

²⁵ Report from the Commission to the Council of 24 March 2022 entitled 'Commission's roadmap for an improved European financial architecture for development and 2021 progress report' (COM(2022)0139).

²⁶ Ibid.

²⁷ 'Investment window means a targeted area for support by the EFSD+ Guarantee to portfolios of investments in specific regions, countries or sectors and implemented via the regional investment platforms.' Annex to Commission Decision C(2022)3529 of 7 June 2022 establishing the Investment Windows for the European Fund for Sustainable Development Plus.

2.3. Consultation

Lastly, a third level (where the Business Advisory Group might be better placed) will involve participation by a number of actors who will undertake a frequent process of consultation. The following will be the main actors:

2.3.1 Business Advisory Group

The joint communication provides for a Business Advisory Group, which will be entrusted with engaging the private sector in external action. The selection of members is expected to follow a call for participation, as is the case with similar EU procedures. It is not clear why the Business Advisory Group is considered responsible for implementation and not consultation, since it is tasked with enabling exchanges within the private sector at different levels, with the goal of increasing both the impact and the effectiveness of the GG. A Business Advisory Group has not been established thus far, but its members are to be selected from among the CEOs of EU companies and investors, in line with the GG agenda. It is important to have high-level participants (e.g. CEOs) as they have greater authority and possess established networks in their respective sectors.

The Business Advisory Group will undoubtedly have formal and informal interactions with members of the GG Board, CEOs of EU companies and institutional investors, and development finance institutions. These actors can support the GG's investment strategies in line with its priority areas and interact with TEIs.

2.3.2 Partner countries

The implementation and impact of the GG should feature prominently in the regular exchanges held with partner countries and regions. This is a significant challenge in setting up the GG in practice. It is only natural that the EU delegations should have a broader responsibility within the context of the GG. They will act as the main liaison with partner governments and will determine the type of role the EU can play. The EU delegations, in cooperation with the Member States' embassies and Team Europe members, are key in identifying the initiatives that can be undertaken under the GG strategy, on the basis of the needs in partner countries, the priorities and principles of the GG and the potential contribution from the private sector. Ultimately, they will also make a major contribution to ensuring that everything lives up to the EU's foreign policy goals.

2.3.3 European Parliament

In line with the democratic and budgetary powers of the European Parliament, including its mandate on external financial instruments, the European Parliament has sole responsibility for democratic and budgetary oversight. The EU funding instruments employed for the GG fall under the European Parliament's budgetary powers. Furthermore, the European Parliament has observer status on the GG Board. Its role could certainly have a higher profile in the overall debate about many different areas of the GG. For example, a parliamentary oversight body for the GG could be established and could form part of the GG governance structure. This would also deliver on the principles laid out for the GG, such as democratic values and higher standards, and good governance and transparency. Similarly, the European Parliament has full access to all projects before their adoption, just as the Member States do, which gives it the opportunity to assess many important aspects, ranging from institutional capacity and training needs to the progress made by the GG and its actual contribution to EU goals.

2.3.4 Civil society

Despite expectations that civil society would be given an advisory role, there will be no established civil society group that will interact directly with the GG as the Business Advisory Group does. Instead, the voice of civil society will be channelled through existing dialogue platforms, at both EU and country level. At EU

level, the [Policy Forum on Development](#) – a multi-stakeholder dialogue platform involving the EU, Member States, and representatives of civil society, local government and the private sector from all regions - will be the main forum for communicating civil society views about the GG.

The sections above describe the current debate on the governance structure of the GG, showing that many questions on the matter still remain open. As one representative from the private sector put it during an interview, ‘it still needs to be explained how the EU will effectively manage to tie the geopolitical outlook of the GG with the operational needs of technical infrastructure, through a strategy that needs to overcome the inheritance of silos between foreign and development cooperation and the engagement of many new actors’. In one way or another, most of those interviewed lacked knowledge about the development of the governance structure, finding it somewhat confusing. For example, in the European business community, there is still a lack of understanding as to how companies can benefit from EU funding in general and the GG in particular, and how they can contribute to EU projects.

In sum, while the implementation of the GG is already under way, as described in the next two chapters, the GG still lacks a broadly accepted and effective governance system. In addition, the well-resourced, cohesive team that may be expected has yet to materialise. The GG still needs a team that is capable of putting an initiative of this magnitude into effect, setting the boundaries of its work, holding regular meetings with the relevant partners, identifying flagship initiatives, incorporating necessary products and working routines, gathering intelligence and communicating on its progress.

3. Implementation of the GG

3.1. Launch of the first GG projects

Although considerable progress must still be made on the GG's governance structure, the identification of GG projects has started. Initially, this was mainly done in the context of the EU's regional dialogues and connectivity strategies, such as with the announcement of the EUR 150 billion [Africa-EU Investment Package](#) at the EU-African Union summit in February 2022.

The process of identifying and selecting GG projects accelerated over the course of 2022, with a list of initiatives being presented at the first GG Board meeting in December. The list covers the GG priority areas and includes a mix of individual country and regional initiatives. The projects are at a very early stage of development – either the feasibility assessment stage or the programming stage – so actual implementation is still very limited.

The following boxes showcase some examples of projects in each priority area.

Box 3: Digital sector

- A new cable system approximately 7 100 km long is currently being built under the Mediterranean Sea to directly connect countries on the northern and southern shores. The investment will total EUR 342 million, including an EU grant of EUR 40 million. Its objective is to tackle the digital divide together with partner countries.
- Together with the European Space Agency, a regional Copernicus centre will be funded in Panama to gather and use data to monitor the environment

Box 4: Climate and energy

- [Climate change adaptation and resilience in Africa](#) is part of the EU-Africa GG Investment Package. Its objective is to bring together old and new interventions in the area of climate change adaptation. This initiative will invest over EUR 1 billion in areas such as flood prevention, energy preparation and reducing the risk of climate related disasters.
- Similarly, the Team Europe's [Green Initiative with ASEAN \(Association of Southeast Asian Nations\) countries](#) gathers projects targeting green cities, the circular economy and sustainable value chains. This initiative contributes with EUR 783 million to the ASEAN Catalytic Green Finance Facility. This Facility is funded by different actors, including the EU, the EIB and various EU Member State development banks: Casa Depositi e Prestiti (CDP), Kreditanstalt für Wiederaufbau (KfW) and Agence Française de Développement (AFD).

Box 5: Transport

- The creation of strategic corridors for rail transport is also an archetypical GG investment. EUR 565 million is planned to be invested in [rehabilitating a 34 km section of railway](#) in North Macedonia, between Beljakovce and Kriva Palanka. Similarly, EUR 279 million will be invested along Corridor X on the Belgrade-Niš railway line.
- The Northern Corridor consists of a new 560 km [highway](#) in Kenya which will boost trade in East Africa. This is part and parcel of the creation of 11 transport corridors across Africa, supported by the EU through the EUR 150 billion GG EU-Africa Investment Package.

Box 6: Health

- Team Europe has supported with more than 1 billion EUR the access to and manufacturing of vaccines, health technologies and medicines in Africa. These investments [support African partners](#) in their efforts to increase manufacturing capacity and strengthen local pharmaceutical systems. Countries where this support has been delivered are Rwanda, Senegal, Ghana and South Africa.
- The [GG EU-Africa Investment Package](#) includes other initiatives in the area of Health. For example, how to enhance [sexual and reproductive health and rights for women and girls](#) across different countries in Africa.

Box 7: Education and research

- The EU-ASEAN Cooperation on Research, Innovation and Education is a project that addresses the increase of student and academic mobility. The initiative also strengthens the collaboration between the EU and ASEAN in University Networks. It is an example of the different [projects for education and research conducted in cooperation with ASEAN](#).

It is fair to say that the first round of GG project selections was slightly rushed or underprepared. It was conducted without agreed criteria for determining what a GG project should look like, or how GG projects should differ from other ongoing or planned initiatives being conducted through TEIs, EU facilities, regional partnership agreements and other programmes.

At the same time, however, it has shown that criticisms of the GG's capacity to present projects and accusations that the GG is a mere rebranding exercise are unfounded. There is still plenty to be done to make the GG a fully operational strategy, but the first GG projects confirm that there is a demand for it and, by extension, for its potential value. For example, members of the [Practitioners' Network](#) (the Brussels-based platform of European national development agencies) were interviewed to determine their views on the potential demand for GG projects. They confirmed that the GG's objectives are both relevant and a potential priority for the regions/sub-regions in which they work. They also mentioned the importance of drawing on the considerable experience gained through years of development-related work in partner countries and emphasised the need to capitalise on this by better linking dialogue on policies, visibility and geopolitical impact. Other Team Europe members, such as DFIs, shared this opinion.

Yet while there is a demand for GG projects, there is also a clear need for better understanding of how the strategy's internal machinery works. A first glance at the scale of the selected projects demonstrates that we are entering uncharted territory when compared with more traditional, often development-related, projects. The engineering of the GG 'flagships' requires more know-how, particularly in terms of bringing together geopolitical interests, technical criteria, expected financial leverage, and the particular objectives and ways of working of different actors. Although some actors (e.g. EIB, EBRD and DFIs) have extensive experience with projects of this type, the GG, as a collective effort, is still very new.

3.2. Selection of GG projects

So far, there has been no shortage of proposals submitted to the European Commission for the financing of projects that fall under the scope of the GG. The European Commission has reviewed the applications and has approved a number of projects after assessing their potential impact and their alignment with EU policy objectives. For the approval of specific projects, GG initiatives, like any other EU project, are bound

by the Treaties, the Financial Regulation²⁸, the Comitology Regulation²⁹ and the NDICI-GE Regulation³⁰. In practice, this entails:

- identification of a project by an EU delegation – consultations with the national government(s) and implementing partners (international financial institutions, national agencies, civil society);
- submission to the Strategic Steering Committee – strategic validation within the Commission's Directorate-General for International Partnerships / EEAS;
- project formulation – describing the individual actions making up the project in greater detail;
- inter-service consultation – consultation with all directorates-general/services about the project, with each of them having the right of veto;
- committee procedure – examination by Member States (all documents are also shared with the European Parliament);
- if the Member States agree, adoption by Commissioners.

While this process may be clear, it is still far from obvious how the GG works and how potential partners can take part in it. A survey conducted among members of the Practitioners' Network tended to confirm that there were challenges in terms of the lack of clear guidelines/procedures on involving the private sector in identifying and implementing projects, the lack of guidelines on mobilising different cooperation tools and procedures within the GG, the lack of awareness of the GG's existence and the lack of shared criteria for identifying and selecting GG projects. Considerable improvements must therefore be made in this regard. The GG should move gradually towards an efficient and transparent implementation process that facilitates quality projects. While the projects under way reflect the strategy's ambitious nature, it remains difficult to gain an overview of the GG implementation process and examine how GG projects are assembled.

This section attempts to describe, in a straightforward manner, the existing options and financial instruments and show how they interact to produce GG projects. These options and instruments are EU financial instruments, TEIs and, to a more limited degree, initiatives in cooperation with other multilateral initiatives (e.g. PGII).

3.2.1 EU financial instruments within the scope of the GG

The NDICI-GE is at the core of the EU's new global and multilateral ambitions and is designed to make a critical contribution to supporting a stronger Europe in the world. Part of the rationale for creating the NDICI-GE was to simplify and bring greater consistency to European external action, which is highly complex and changes constantly.

The EFSD+, a key financial component of the NDICI-GE, is also the main financial instrument for stimulating investments under the GG. As mentioned earlier in this study, the EFSD+ is expected to account for a

²⁸ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

²⁹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

³⁰ Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1).

massive investment of up to EUR 135 billion for the strategy, covering the different priorities and regions. The EFSD+ provides two types of support, namely guarantees and blending.

Guarantees

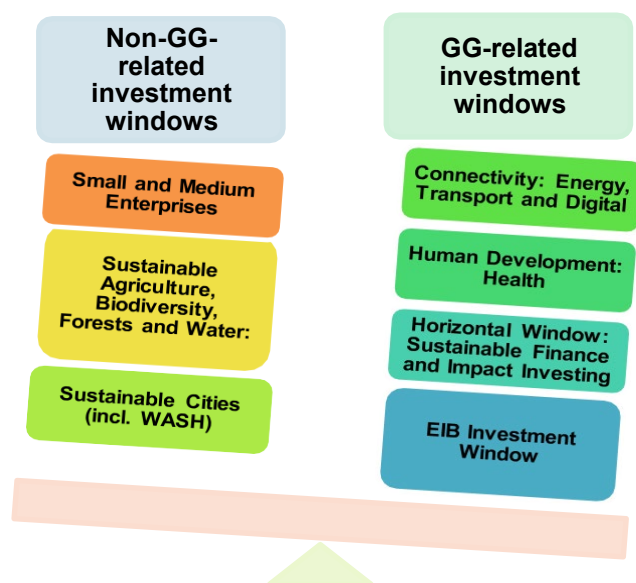
In simple terms, the guarantees are a way to mitigate the risk involved in the activities and, at the same time, attract private capital. Covering some of the risks facilitates the participation of European financial institutions and, in turn, increases the potential interest for other investors. Guarantees are implemented in two ways: the EFSD+ sectoral windows and partnerships with the EIB.

EFSD+ investment windows and GG linkage: thematic and financial scope

One factor that creates further confusion is the existence of EFSD+ sectoral investment windows. According to Commission Decision C(2022)3529 of 7 June 2022 establishing the Investment Windows for the European Fund for Sustainable Development Plus, and as previously mentioned, 50 % of EFSD+ guarantees will support the GG initiative. In view of this, numerous observers are calling for a GG window for the sake of clarity. It remains to be seen whether such a window will be created in the future. For the time being, however, it is worth clarifying how investment windows work. According to the Annex to Commission Decision C(2022)3529:

‘The investment windows will be funded by geographic envelopes (regional and national) from NDICI-GE. The guarantee capacity will be allocated to the [Development Finance Institution] partners in such a way that at the end of the seven-year [multiannual financial framework] period, the deployment of the guarantees on the ground reflects the geographic funding. The guarantee agreements with the Development Finance Institution (DFI) partners will contain geographic earmarks for this purpose and the total EFSD+ guarantee capacity will be deployed in several calls for proposals. The guarantee deployment will be continuously monitored and the subsequent calls for proposals will apply adjustments, via geographic earmarks, as necessary’³¹. Figure 6 below indicates in which investment windows the different GG activities belong.

Figure 6: Windows in which the different GG activities belong



Source: Figure prepared on the basis of the Annex to Commission Decision C(2022)3529 of 7 June 2022 establishing the Investment Windows for the EFSD+

³¹ Annex to Commission Decision C(2022)3529 of 7 June 2022 establishing the Investment Windows for the European Fund for Sustainable Development Plus.

The following subsections aim to reflect (even at this very early stage in the GG's implementation) the links between the GG, the windows, existing policy priorities and specific projects.

EFSD+ investment window: Connectivity – energy, transport and digital

Digital connectivity

Digitalisation is one of the EU's responses to global challenges. Digital security and the use of digital tools are therefore an important component of the EU's global strategy.

For example, the [Digital for Development \(D4D\) Hub](#) existed before the launch of the GG, but has recently been revitalised within the context of the GG, through the EU-Africa Investment Package, with such projects as the EurAfrica Gateway Cable.

For the purposes of this EFSD+ investment window, the scope of digital connectivity includes investments in trusted telecommunication infrastructure, ensuring the transfer of EU digital connectivity toolbox principles and EU cybersecurity policies in this domain, including the EU toolbox for the cybersecurity of 5G networks.

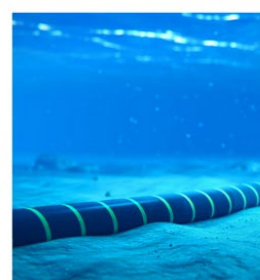
Figure 7: A sample project from the EU-Africa Investment Package

The EurAfrica Gateway Cable

An initiative on improving the connection between the EU and Africa:

Making the utmost quality infrastructure and secure connection available, along with amplifying the inter-continental data-flows.

- a secondary supporting connection system between South America and Africa, in addition to Ella Link
- increased durability against failures and flaws
- connecting Europe and Africa with a sub-marine fibre cable system with a possible enlargement agenda (e.g. Medusa flagship)



Source: https://ec.europa.eu/commission/presscorner/detail/en/fs_22_1117

Within the digital investment window, there are several types of EFSD+ guarantee³² that will also be conducive to the implementation of the GG, such as:

- guarantees covering the construction of secure and resilient submarine cables and landing points to increase and diversify international links;
- guarantees covering regional digital infrastructure, such as terrestrial regional backbones and the

³² *Ibid.*

connection of missing links between countries (fibre-optic cables);

- guarantees covering data infrastructure, such as data centres, content delivery networks and internet exchange points, to enhance regional and local data processing and storage capacities, ensure the data sovereignty of partner countries and promote technology in line with EU values and standards.

Consequently, there are several possibilities for guarantees under the EFSD+ investment windows and, depending on the scope of the target project, it is possible to bring in different types of investors. This is an advantage for the implementation of the GG.

Transport

The EFSD+ supports sustainable transport solutions to ensure efficient links within and between countries and regions, connecting the EU with its neighbours. It also seeks to improve logistics systems, including digital transport technologies, and promote greener connectivity on the basis of a sustainable and low-emission transport model.

In Central Asia, for example, a study has been conducted by the EBRD and the EU within the framework of the GG, with the goal of identifying projects on sustainable transport modes. The study has two main objectives: identifying the most sustainable transport corridors connecting Central Asian countries with the European Union's trans-European transport network and planning actions for developing these transport corridors, including actions targeting infrastructure investments and the required enabling environment³³.

The focal area for the EU-Central Asia partnership is essentially connectivity (even more so after Russia's invasion of Ukraine), and transport is undoubtedly one of the most significant contributors to this. Sustainable connectivity was the main theme of the recent [Samarkand EU-Central Asia Connectivity Conference: Global Gateway](#), which ran from 16 to 18 November 2022³⁴. At the conference, the EU also announced the launch of two new EU GG initiatives on energy and digital connectivity in Central Asia (one of these is described in greater detail in the next chapter). Consequently, the EU will fund both technical assistance for governance and infrastructure investment, contributing at least EUR 40 million, with additional financing being provided by Member States and international financing institutions³⁵.

EFSD+ investment window: human development and health, a GG priority area

Building on the experience acquired with the EFSD European Health Platform, this investment window aims to provide COVID-19 vaccines to low- and middle-income countries, focusing on areas such as vaccine manufacturing, disease eradication and other healthcare solutions. It also addresses inequalities in access to affordable and high-quality healthcare.

It is generally easier to find investors to finance investments in healthcare, especially given the recent pandemic. There are EFSD+ guarantees that support health projects such as these, as well as projects that target healthcare services. Consequently, the GG is not expected to face many challenges in raising funds for the health priority area. The EIB is also funding a GG investment project in this domain, as described in the next subsection.

³³ EBRD, EBRD researches sustainable transport connections between Central Asia and Europe, 7 November 2022.

³⁴ Delegation of the European Union to Turkmenistan, *The Samarkand EU- Central Asia Connectivity Conference: Global Gateway*, 16 November 2022, https://www.eeas.europa.eu/eeas/samarkand-eu-central-asia-connectivity-conference-global-gateway_en?s=231 (accessed 5 April 2023).

³⁵ European Commission, *Global Gateway: Team Europe launches two initiatives in Central Asia on energy and on digital connectivity*, press release, 18 November 2022.

EIB and EBRD: Financial framework partnerships

On 29 April 2022, the European Commission signed a guarantee agreement with the EIB to support financing for up to EUR 26.7 billion of EIB lending in sectors including clean energy, green infrastructure and health. This is to be increased by EUR 8.3 billion in connection with the GG. Some 26 public-sector projects, accounting for EIB loans of EUR 2.4 billion, were already signed in 2022.

Box 8: The following information is directly taken from the press release of EIB on 22 June 2022, 'Global Gateway: EIB Global helps increase the Republic of Maldives' resilience to pandemics and enhance the efficiency of its health sector with EUR 18.4 million loan facilitated via EU guarantee'³⁶

'The EIB loan, guaranteed by the EU budget, will enable the Maldives to establish a modern national health laboratory and expand regional hospitals on atolls with infectious disease wards.

The Team Europe operation allows further modernisation and decentralisation of the national healthcare system and improves treatment of patients with infectious diseases, including COVID-19.

The loan from EU bank expands Team Europe's support for the sustainable development of the Republic of Maldives.

The EFSD+ guarantee is a new means of financing development projects in the Asia-Pacific region. The EU budget provides a guarantee to share the risks involved in investing, in order for development banks and private investors to come in and lend to local entrepreneurs or finance development projects. With the launch of the Global Gateway, the EU confirms its strong commitment as a partner for sustainable and inclusive development.'

In January 2022, at the direct request of EU Member States, the EIB established EIB Global, a dedicated arm for development and internal partnerships, thus enhancing the EIB's role in the EU's external action. As an EU bank, EIB Global falls entirely within the EU and EFSD+ programming process led by the European Commission and the EEAS, and fully aligns its investment priorities with EU external action priorities, including those identified under the GG.

Both the EIB and the EBRD are natural partners for supporting the GG's implementation at different levels. Firstly, they are able to leverage the EU budget considerably. For example, for a EUR 1 billion allocation of EU budgetary guarantees, the EIB provides EUR 11 billion in public-sector loans. This is a substantial ratio, which attracts more investments. Secondly, the EIB and the EBRD have extensive experience linked to the GG priorities, ranging from hard infrastructure to energy, transport and digital. Thirdly, they have proven expertise in providing technical assistance with the preparation of high-quality projects for emerging markets and developing countries in all regions of the world (the EIB has global reach and is active worldwide, like the World Bank).

The GG agenda promotes several core principles to ensure the development of quality investments. These include adherence to high standards for infrastructure spending, good governance and transparency. As the EU's bank, the EIB is treaty-bound to apply EU standards, policies and procedures on infrastructure, procurement and environmental and social safeguards. Consequently, it supports these EU standards and

³⁶ European Investment Bank, EIB Global supports Republic of Maldives' increased resilience to pandemics and the efficiency of its health sector with a EUR 18.4 million loan facilitated via an EU guarantee, press release, 22 June 2022.

principles in international settings³⁷, and at country level in order to develop an enabling environment, and in individual projects.

The EBRD is another financial partner that works with the EU in the Western Balkans and the EU's Eastern and Southern Neighbourhoods. The European Commission renewed its existing Financial Framework Partnership Agreement with the EBRD on 21 September 2022³⁸. The new agreement covers all types of blending operations, including financial instruments and provisions to execute EFSD+ guarantee agreements.

Both the EIB and the EBRD are major stakeholders and partners in the implementation of the GG. The EIB is a shareholder in the EBRD, they have high levels of co-financing and cooperation in common regions of operation, and they both contribute to increasing the cooperation with different partners across countries and priority areas.

Blending

While guarantees are a relatively new financing tool, [blended finance](#) is a more traditional means of financing projects and is most likely the best-known form of financial operation used for development cooperation. Blended finance can be used, for example, to supplement a grant with EIB loans for a targeted investment, where the projects in question have added public value beyond the financial guarantees provided.

One example of implementation is the [EFSD+](#) blending facilities that are already in place, such as the Africa Investment Facility, the Asian Investment Facility, the Central Asia Investment Facility, the Investment Facility for the Pacific, the Western Balkans Investment Framework, the Latin America Investment Facility and the Caribbean Investment Facility.

Figure 8: EU blending finance facilities



Source: DG INTPA, *Guarantees and blending*, https://international-partnerships.ec.europa.eu/funding-and-technical-assistance/funding-instruments/guarantees-and-blending_en (accessed 30 March 2023)

³⁷ e.g. In connection with such initiatives as the Build Back Better World initiative and the G7 Partnership for Global Infrastructure and Investment.

³⁸ Commission Decision C(2022)6625 of 21 September 2022 on the adoption of the Financial Framework Partnership Agreement between the European Commission and the European Bank for Reconstruction and Development.

Blended finance has a major place in EU development finance and is largely designated for non-bankable projects, amounting to approximately 10 % of the EU's ODA. The NDICI-GE, through the EFSD+ and the External Action Guarantee Fund, provides the main mechanisms for blended finance.

3.2.2 Team Europe initiatives (TEIs)

TEIs pool resources from the EU, its Member States and financial institutions, particularly the EIB and the EBRD. The participants in TEIs work together on the design, planning/programming and implementation of the target projects.

Even though TEIs are in themselves a new development, they have succeeded in identifying sizeable projects, in all regions, that reconcile partner country needs with the capacity to coordinate strengths and efforts so as to provide resources from different European players through initiatives that, in principle, have considerable transformative potential. None of this has been easy, particularly the latter. While TEIs still account for only a marginal share of the EU's cooperation efforts, they highlight the courage needed to undertake an experiment that fits much better with global commitments and agendas, such as the Sustainable Development Goals, the Addis Ababa Action Agenda and aid effectiveness commitments.

In February 2023, there were 168 TEIs under way, of which 132 were country-specific, 32 were regional and 4 were global. Furthermore, 47 countries were actively involved in joint programming. Accordingly, there were 11 ongoing feasibility and scoping processes, 6 roadmaps, 14 joint analyses, and finally 18 joint strategies³⁹. It is important to stress that TEIs share priority areas with the GG. TEIs can be GG projects, but they actually cover more thematic areas than the GG. According to the Association of bilateral European Development Finance Institutions (EDFI), 71 EFSD+ proposals had been submitted by members as part of TEIs in July 2022⁴⁰. These proposals to deploy investment programmes focus on the following sectors and themes:

- renewable energy infrastructure (both off-grid and on-grid generation, as well as transmission, distribution and storage);
- digital investments, especially early-stage and venture capital, but also digital infrastructure and services;
- forestry and other 'carbon sink' investments;
- support to enable global value chains to move towards a sustainable and digital model, with a strong focus on the agriculture sector;
- support for the development of local capital markets, via market creation and enhanced liquidity of investments;
- access to finance for micro, small and medium-sized enterprises.

All of these proposals are designed for global implementation, with examples across Africa, Latin America and the Caribbean, and Asia.

It is still too early to assess how well the Team Europe approach contributes to achieving EU foreign policy objectives or carving out a more assertive role for the EU in the world. Many problems may yet arise if members have incompatible ways of working, frameworks of action prove to be overly complex or even if partner countries turn out to prefer a simpler bilateral investment approach. However, so far the Team Europe approach has been able to supply a geographically diverse pool of potential projects that tie in with the GG's priorities.

³⁹ Capacity4dev, *Team Europe Initiative and Joint Programming tracker*, <https://europa.eu/capacity4dev/tei-jp-tracker/> (accessed 3 April 2023).

⁴⁰ Anonymous survey replies to GG, October/November 2022.

3.2.3 GG implementation at the multilateral level

As mentioned in the chapter on the background to the GG, ongoing discussions about the infrastructure gap triggered the creation of the G7 PGII, which was announced at the G7 summit in June 2022. The PGII foresees a five-year plan on the mobilisation of USD 600 billion private and public investment in infrastructure, which will be at the disposal of low- and middle- income countries. The sectors chosen for investments (climate, and energy security, digital connectivity, health and gender equality) and the critical role played by the private sector in the implementation are shared by both the PGII and the GG.

On 14 October 2022, the US and the EU signed a renewed memorandum of understanding to increase their cooperation to boost sustainable energy in Sub-Saharan Africa by utilising the continent's renewable power generation potential and by improving local access to affordable green energy⁴¹.

Under the GG, the EU and the African Union are supporting the Africa-EU Green Energy Initiative in order to facilitate Africa's green transition in the energy sector. This will be done by providing funding for renewable energy generation, promoting energy efficiency and assisting with sector reforms.

On 15-16 November 2022, the G20 2022 Summit was held in Indonesia with the participation of US President Joseph Biden, Indonesian President Joko Widodo, European Commission President Ursula von der Leyen and the leaders of G20 countries. Sharing the commitment to contribute to economic recovery and tackling the investment gap, the leaders jointly presented their willingness to be engaged in PGII efforts⁴².

When these developments are considered, the GG has enormous potential to contribute to the EU's goals at the multilateral level.

⁴¹ European Commission, Global Gateway: EU and US boost cooperation on green energy in Africa, press release, 14 October 2022.

⁴² White House, Fact sheet: Presidents Biden, Widodo, von der Leyen, and G20 Announce G20 Partnership for Global Infrastructure and Investment Projects, 15 November 2022.

4. Representative projects

Box 9: Criteria used to identify GG projects

- Consistency - alignment with the scope of the GG
- Relevance - response to the strategic interests of the EU (including increased autonomy, resilience and addressing supply chain disruptions)
- Dialogue and transformative potential (including financial volume) with partner countries
- Promotion of international (agreed in multilateral forums) principles and standards, with consistency with EU policy as the primary consideration

The interviews conducted with various stakeholders revealed some broad criteria that could be used to determine what makes a GG project. These are presented in Box 9. While this is a start, the criteria are only sketched out roughly, with little elaboration or detail. For the purposes of this study, it therefore made more sense to examine a number of GG projects and try to pinpoint critical initial information about them.

The GG initiatives currently under way are geared towards Africa, Asia (including Central Asia) and the Indo-Pacific region, in line with the EU's connectivity strategies and bearing in mind the ongoing TELs in Latin America. At the time of writing, activities in Africa⁴³ are mainly concentrated in Sub-Saharan Africa. There is a sub-regional focus in Asia too, given the size of the region. As shown earlier in this study, Central Asia has become highly strategic as a sub-region, especially following Russia's invasion of Ukraine, with a particular focus on energy, transport and digitalisation. This follows the increase in high-level contacts between Central Asia and the EU.

While it would be premature to conduct a full assessment of GG initiatives or present case studies, four example projects, which cover a range of geographical regions and GG priorities, have been described below to showcase the efforts undertaken in the first year of the GG's implementation. It is important to stress that this study is in no position to assess how these projects or the GG as a whole have contributed to achieving EU foreign policy goals. The descriptions below merely summarise the information that is available about the projects and are not the result of a rigorous direct assessment of these projects.

The projects selected for this chapter were chosen with a view to covering both priority subsectors and geographical areas, illustrating the Team Europe approach, putting together different financial and operational instruments, and offering practical examples of connectivity and the potential relevance of GG initiatives for EU goals and objectives.

4.1. Africa: Manufacturing and access to vaccines, medicines and health technologies

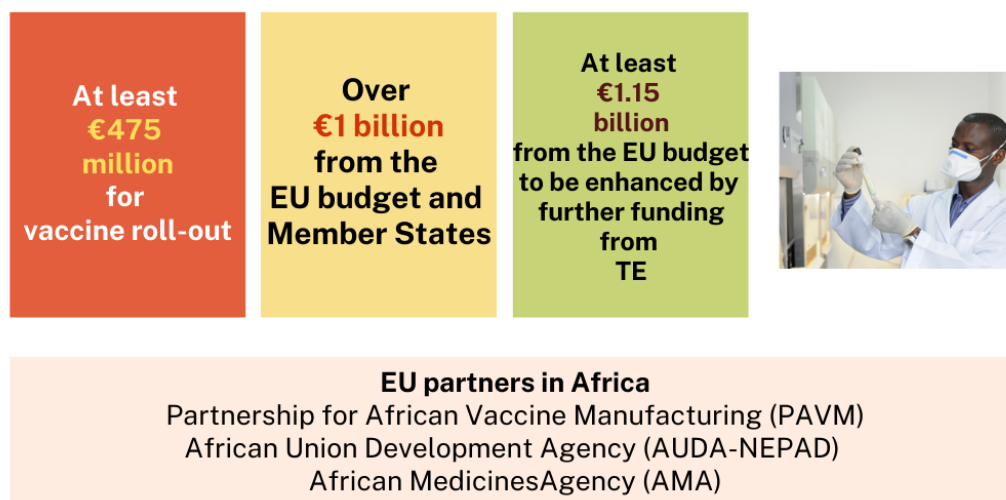
The EU has given increasing weight to developing a permanent dialogue and partnership with Africa. This was reflected at the 2022 EU-Africa summit, where the first sizeable GG projects were presented. One of these is the GG Africa-Europe Investment Package for Health, which aims to mobilise several billion euros in funding for various health initiatives (see Figure 9). The provision of supplies and technical assistance will go hand-in-hand with the construction of facilities in several African countries to boost the production of key medicines and vaccines. By building capacity in supply chain management, logistics and service for these essential health products, this investment package will contribute to improving public health systems on the continent.

⁴³ European Union, *EU-Africa: Global Gateway Investment Package*, fact sheet, Publications Office of the European Union, November 2022.

This investment package includes an estimated EUR 475 million for vaccine roll-out, which is already partly under way, as well as over EUR 1 billion for manufacturing and access to vaccines, medicines and health technologies, and an estimated EUR 1.15 billion for resilient health systems and pandemic preparedness.

[Investments](#) will come from the EIB, bilateral aid from EU Member States, grants and loans, blended finance and guarantees, with private funding to be sought in both Africa and Europe.

Figure 9: EU-Africa Health Investment Package



Source: European Union, *EU-Africa: Global Gateway Investment Package–Health*, fact sheet, November 2022.

The African Union’s goal for 2040 is to manufacture 60 % of vaccines locally and improve access. This initiative will help promote self-sufficiency in the production of vaccines and other important medicines for the region and will also enhance skills. Beneficiaries of the initiative will include health workers, laboratories, research facilities and researchers, national pharmaceutical systems and, more broadly, Africa’s people, who will benefit from these health services.

The country projects include the following:

- Senegal: a vaccine bottling facility and a medicine factory, due to become operational in 2023 and 2024 respectively;
- Ghana: the upgrade of laboratory facilities and the drafting of institutional development plans;
- Rwanda: the production of an active vaccine substance in a Rwanda mRNA factory, expected to begin by 2024;
- South Africa: the expansion of multi-vaccine manufacturing at Biovac’s facility.

According to the [GG key areas of partnership](#), enhancing secure supply chains and boosting local manufacturing capacities are key priorities for GG investments in health, along with assisting partner countries to diversify their pharmaceutical supply chains. This comprehensive approach is therefore in line with the GG objectives for the health sector.

4.2. EU-Central Asia digital connectivity

The EU-Central Asia Connectivity Conference for Sustainable Development took place in Samarkand, on 18 November 2022. This conference showed the increasing importance of Central Asia for the EU. It was accompanied by both the announcement and launch of a number of EU initiatives that covered areas such as energy, climate change, water and digital connectivity.

Secure and reliable digital connectivity in the region is likely to have a considerable transformative impact on many sectors, including education, health, finance industry and agriculture. The World Bank in the region describes the full extent of this impact, noting that 'a 10 % increase in broadband penetration adds around 1 % to economic growth in Central Asia, while a 1 % increase in internet connectivity corresponds to 4.3 % of export growth'⁴⁴.

The EU initiative on digital connectivity invests in this area while addressing another aspect of mutual concern: secure internet infrastructure. This is consistent with recent European Parliament debates on protecting government communications and encouraging the EU's strategic security and autonomy⁴⁵.

In short, this GG project aims at increasing secure and end-to-end digital connectivity in Central Asia while, at the same time, enhancing the connection between the EU and Central Asia. In addition, as well as pursuing hard connectivity through infrastructure investments, the project is expected to improve soft connectivity. This will take place through the promotion of reforms in areas closely related to data protection, cybersecurity and digital governance.

The EU is expected to provide at least EUR 40 million. This will be used to finance the needed technical assistance for encouraging reforms and improvements in sectors like telecoms, personal data protection and cybersecurity, as well as investments in infrastructure. The EU Member States and financial institutions will support with additional funding.

It is important to highlight that this GG flagship initiative builds on the past and results from an ongoing dialogue with governments in the region. It is the continuation of past initiatives, such as the 2007 New Partnership⁴⁶ which, in 2019, gave birth to a renewed stronger partnership between the EU and Central Asia, with the purpose of promoting sustainable connectivity between both⁴⁷.

4.3. Just Energy Transition Partnership with Indonesia

There are also examples of national GG initiatives that showcase both the ongoing dialogue on GG priorities and the capacity of the EU to pursue foreign policy goals in those areas. In December 2022, the EU announced the [mobilisation of EUR 20 billion](#) for a GG initiative to assist Indonesia with the transition to a more sustainable energy sector, building on the [Team Europe-ASEAN Green Initiative](#) launched in November 2021. The main aim of this new initiative is to phase out coal-based energy generation and cut polluting emissions in order to move towards cleaner sources of energy generation. Some of the specific goals include capping power sector emissions and accelerating the use of renewable energy so that it accounts for at least 34 % of the country's power generation by 2030.

Members of the international partners group (IPG) spearheading the Just Energy Transition Partnership include the Government of Indonesia, the EU and the governments of Japan, the United States, Canada, Denmark, France, Germany, Italy, Norway and the United Kingdom.

The following [financing structure](#) has been proposed with the aim of mobilising approximately EUR 19.4 billion through the partnership over the next three to five years.

⁴⁴ Brunciuc, L., How Central Asia can ensure it doesn't miss out on a digital future, World Bank Blogs, 21 June 2021, <https://blogs.worldbank.org/europeandcentralasia/how-central-asia-can-ensure-it-doesnt-miss-out-digital-future> (accessed on 5 April 2023).

⁴⁵ European Parliament, MEPs back deploying new EU satellites to protect government communications, press release, 14 February 2023.

⁴⁶ Note from the Permanent Representatives Committee of the Council of the European Union of 31 May 2007 entitled 'The EU and Central Asia: Strategy for a New Partnership'.

⁴⁷ Joint Communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy to the European Parliament and the Council of 15 May 2019 entitled 'The EU and Central Asia: New Opportunities for a Stronger Partnership' (JOIN(2019)0009).

Figure 10: Proposed financing structure for the Just Energy Transition Partnership with Indonesia

EUR 10 billion mobilised by IPG members	EUR 1 billion from EIB	EUR 25 million in grants and technical assistance earmarked from EU
EU and EU Member States in IPG to mobilise EUR 2.5 billion		Private-sector funds to be raised by Glasgow Financial Alliance for Net Zero Working Group

Source: European Commission, *The EU and International Partners launch ground-breaking Just Energy Transition Partnership with Indonesia*, press release, 15 November 2022.

In addition, multilateral development banks are expected to engage with the project, which is to be funded through a combination of financing instruments such as grants, concessional loans, market-rate loans, guarantees and private investments.

The Sustainable Development Goals, the Paris Agreement commitments and the [GG key areas of partnership](#) all recognise the need to invest in climate resilience, mitigation and the sustainable energy transition in low- and middle-income countries. In keeping with this GG priority, the Just Energy Transition Partnership will support the green transition in Indonesia in order to help the country move towards its sustainability goals. According to the [joint statement](#) by Indonesia and its international partners in the initiative, it will also provide the opportunity for Indonesian companies to build greater capacity in the sector and will engage them in the value chain for clean energy solutions, including renewables and energy efficiency.

They key priorities of the partnership are:

- accelerating the power sector emissions reduction pathway to net zero by 2050;
- devising a strategy to expand the use of renewable energies;
- phasing out on-grid and off-grid coal-fired power generation;
- securing commitments to regulatory reforms and energy efficiency.

4.4. Latin America and the Caribbean: BELLA II – closing the digital divide

One of the EU's main priorities in Latin America and the Caribbean is to strengthen education, science, technology and innovation and to foster closer ties with Europe in these fields. The BELLA link aims to enable greater exchanges and cooperation between the two regions. Research centres, scientists, educators, innovation hubs, and data and computing centres are all expected to benefit.

[BELLA II \(Building the Europe Link to Latin America and the Caribbean\)](#) is an extension of the BELLA I programme, which saw the successful construction of an underwater fibre-optic cable connecting Europe and Latin America. With the new design and build-out of a 100 Gbps-capable network backbone, the main objective of BELLA II is to strengthen and expand the digital ecosystem in Latin America and the Caribbean for a large-scale digital transformation. The next step is to lay the foundations for the necessary digital infrastructure and put it into operation so that the digital landscape throughout the region is capable of guaranteeing adequate connectivity.

DG INTPA will co-finance the initiative through the NDICI-GE, under an agreement signed in December 2022. The European Commission's contribution to the project is EUR 13 million of the estimated EUR 28 million required for its completion, the aim being to have the remaining amount matched through partnerships with governments, the private sector, banks and Latin American and Caribbean partners.

The initiative is coordinated by the BELLA Consortium:

- European partners include Germany, Portugal, Italy, Spain and France;
- Latin American partners include Ecuador, Chile, Brazil and RedCLARA (a region-wide organisation).

Some of the specific [aims of BELLA II](#) include:

- connecting Peru, Costa Rica, Guatemala, El Salvador and Honduras with the rest of BELLA's existing infrastructure from the previous programme phase;
- extending the submarine cable that has connected Europe and Latin America since 2021 to link it up with the BELLA II target countries;
- extending the programme to additional Caribbean nations and to Mexico, Belize, Bolivia, Paraguay and Uruguay, depending on feasibility and funding.

The [GG key areas of partnership](#) recognise the need to support the digital transformation in partner countries to address the digital divide and help these countries integrate more closely into an ever more connected world. BELLA II is perfectly in line with this strategy, with its goal of bridging the digital gap and laying the groundwork for improved digital ecosystems for research, innovation and education. In this regard, it will contribute to improving knowledge sharing and cooperation in these sectors between the EU and Latin American and Caribbean partner countries.

5. The Global Gateway: An assessment

More than one year has passed since European Commission President Ursula von der Leyen first presented the GG. The new strategy followed a considerable number of innovations in the field of EU external action, ranging from the EU global strategy and the new EU consensus on development to the introduction of the NDICI-GE instrument, the Team Europe approach, the EFSD+, the EU external investment plan and the EU green deal. These all contribute to the EU's goal of better connecting its foreign-policy and development efforts and promoting itself as a more assertive player on the world stage.

Officially, the GG is the EU's initiative for tackling the infrastructure gap and connecting the world through investments and partnerships. According to one EU document about the GG, 'countries need investment to create jobs, skills and better living conditions for people, and to tackle the biggest global challenges - climate change, global health security, sustainable development, stronger supply chains'⁴⁸. In practice, the GG is much more than that. It is a new experiment in EU foreign policy, and its success will depend on its ability to effectively combine its often incompatible ingredients. The EU's geostrategic proposal (including EU values) and partner countries' needs and preferences will have to be aligned, a balance will have to be struck between foreign development and private objectives and interests, EU players will have to be able and willing to work better together, the strategy will have to be consistent and bring added value that sets it apart from other initiatives and ways of working, and the strategy's participants will have to be capable of mobilising funds as effectively as other global powers.

The response to the GG has been mixed in the 12 months since its launch. While it has enjoyed considerable political support from EU Member States, it has been greeted with varying degrees of scepticism by other governments and commentators, and with both curiosity and wariness by a large number of development actors. As the months passed, most observers shared increasing concern about the actual progress made on it. That concern was assuaged by the first meeting of the GG Board, which revealed that many developments had taken place and that the strategy was gradually falling into place, supported by a considerable number of projects addressing different regions and priorities.

This section provides an initial assessment of the GG. It should be stressed that the information and experience collected to date are an insufficient basis for gauging the GG's contribution to EU external objectives or determining whether the resources to be used by the GG are proportionate to the changes it is expected to generate on a global scale. Having said that, a number of generally positive preliminary observations can be made.

- The projects identified thus far are aligned with the strategy's objectives and are relevant to the EU's geopolitical priorities. As outlined in the previous chapter, they show that theory can be put into practice and that strategic collaboration is taking place to reduce the infrastructure gap, through a process of identifying the needs of the partner countries and regions.
- Following on from the previous point, the selected initiatives also seem to link up with the GG's priorities and relevant EU policies, such as the twin transitions, and with the EU's international commitments. Each GG priority area covers planned projects and is consistent with international agreements to which the EU is a party. Furthermore, the GG is playing its part in the context of international initiatives such as the G7 PGII, adding to its external consistency. Consequently, the GG's internal and external consistency is deemed to be high.

⁴⁸ European Union, *Global Gateway*, December 2021, https://ec.europa.eu/commission/presscorner/api/files/attachment/870458/Global_Gateway_Partnerships.pdf.pdf (accessed 5 April 2023).

- So far, the GG has struck the right balance between the EU's normative power approach, its global role as a major donor giving priority to policy goals and the new geopolitical undertone (challenging China's BRI), which ties in with the current geopolitical climate and demonstrates the EU's ability to respond to global competition.
- Even though the procedure for presenting and selecting the first GG projects may have been slightly unusual (some of them were past projects, others existing TEIs, and so on), the strategy is managing to unlock tangible benefits by combining the Team Europe approach, existing financial instruments and contributions from different institutions and actors, providing genuine added value compared to what could be achieved by the European Commission or EU Member States on their own. If it continues to do so in future, it may make a considerable quantitative and qualitative improvement in terms of serving the EU's geopolitical objectives, promoting better ways for Member State actors to work together, improving aid effectiveness, strengthening the rules-based multilateral order and, more critically, providing a potential goldmine of lessons and insights in order to continuously improve EU external action.
- Lastly, given its geostrategic orientation, if the GG overcomes some of its fundamental weaknesses (as explained in the remainder of this chapter), it could have a significant impact on EU external action, both by identifying ways of working better together and by projecting the value of EU external action worldwide. The GG has the potential to provide transformative projects that empower partner countries, support international commitments in priority areas, encourage closer cooperation with like-minded international actors on enhancing global infrastructure, and increasingly assert the EU across the globe through the investments made.

Box 10: Relevance

(Source: [Joint Research Centre and Commission communication](#)⁴⁹)

Some of the geopolitical arguments regarding the twin transitions intersect with the GG's priority areas and demonstrate the GG's relevance. The statements below are directly taken from the '2022 Strategic Foresight Report.'

- 'The current geopolitical shifts confirm the need to accelerate the twin transitions, reinforcing the EU's resilience and open strategic autonomy.'
- 'Securing access to critical raw materials will be paramount for the EU's twin transitions.'
- 'Coupled with enough investment, increased circularity and precision in production might help reduce these strategic dependencies.'
- 'The transitions must be inclusive and affordable.'
- 'Public and private investments will remain key for the transitions, also supported by 'twinning-friendly' capital markets.'



On the whole, scepticism about the progress made on the GG has gradually waned in the first year of its implementation. If the global context allows, its outlook for 2023 is therefore likely to be better than most would have anticipated, as it is set to hit a number of important milestones: it should be possible to take a

⁴⁹ Commission communication of 29 June 2022 entitled '2022 Strategic Foresight Report - Twinning the green and digital transitions in the new geopolitical context' (COM(2022)0289).

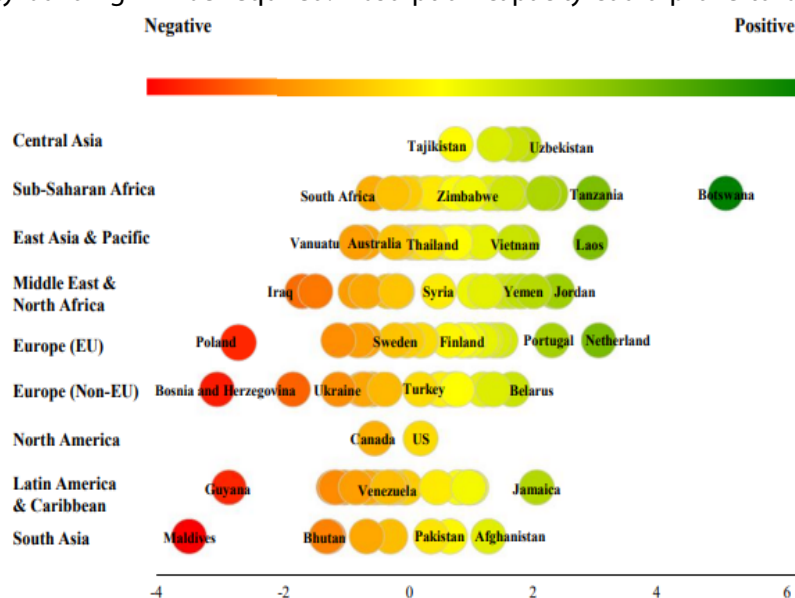
closer look at the implementation of the selected initiatives, a proposal is to be made to improve communication about the strategy and boost its visibility, the Business Advisory Group will become operational, the EU-Latin America and Caribbean summit will take place and there will be a major GG event at the end of the year.

With that in mind, there are a number of aspects that still require attention. These stem from the way the GG was conceptualised and presented.

The GG is in itself a good idea. It meets specific needs (infrastructure gap) and enjoys widespread support among EU Member States. However, its launch was a textbook example of a well-known bad habit in public affairs: ‘announce it first, think about the details later’. The GG was a promising concept, but it was not much more than a concept when it was presented, and many questions still remain unanswered. Furthermore, it was established in an environment where there were reasonable doubts about its ambitious scope, given the volatility of events (particularly as a result of the war on Ukraine) and the experimental state of many of the critical components that determine the projected capacity to deliver on EU foreign goals. It sounded like yet another in a steady stream of new initiatives (TEIs, financial architecture, policy first, and so on) with which no significant experience has yet been gained. As outlined below, both thought and action will be required to ensure that they live up to expectations.

1- There is demand for the GG – potentially even exceeding the strategy’s capacity to deliver – but very little is known about it. This issue has a number of important dimensions.

- Generally speaking, the EU’s approach to partner countries has increasingly been guided by the desire to pursue a more consolidated dialogue on needs and priorities, where projects are jointly programmed and implemented to increase the partner countries’ sense of ownership. However, it remains difficult to gain an overview of the demand for this type of cooperation, just as it is difficult to have a clear idea of the EU’s capacity to roll out the GG in partner countries, in terms of both launching projects and communicating about the GG. While this does not mean that there is no demand, it does mean that considerable improvements should be made to highlight it.
- Little is known about how much demand there is for GG projects on the part of partner countries in less developed areas of the world, and virtually nothing is known about their absorption capacity for these projects. The GG does not provide traditional aid assistance, and experience shows that extensive technical assistance and capacity building will be required. Absorption capacity could prove to be an issue, at least in the short and medium term, until the GG projects are implemented and gradually begin to deliver results. It would therefore be useful to know what the implications might be for the EU budget or for the overall effectiveness of the GG and the EFSD+.
- The demand for GG projects will also indicate how successful the GG is compared with other similar strategies. While China’s BRI is very often criticised for its



Source: García Herrero, A. and Xu, J., *Countries' perceptions of China's Belt and Road Initiative: a big data analysis*, Bruegel Working Paper, 6 February 2019.

poor economic, environmental, social and human rights standards, its direct allocation of funds to Chinese companies and its general lack of transparency, many countries actually seem to be satisfied with it. It seems to be more poorly perceived in Western countries, while African and Latin American countries have more positive opinions.

- The GG underscores the importance of partnership and values, highlighting these as features that add value to its efforts to boost connectivity. However, this partnership approach seems to work differently in practice, since it is the EU that decides which values will be applied in GG projects (these include sustainability, human rights and democratic values) and specifies that the projects will comply with EU standards and legislation⁵⁰. While partner countries may share many of the EU's values and standards, their role in defining the projects is not clear. So far, the approach taken by the GG is clearly perceived as EU-centric, which is at odds with the vigorously promoted idea of equal partnership.
- 2- The GG's governance is still in its infancy, but early indications of the shape it is taking suggest that it requires serious review. Its governance structure naturally follows the complex distribution of responsibilities between all the EU and national institutions involved in order to provide the necessary legitimacy to the EU's broader political objectives. While this is to be expected, it seems as if aspects that are essential to sustaining and maximising the strategy's impact are not being seriously considered. There is an urgent need to create a dedicated technical coordination structure, with adequate resources, to handle day-to-day management of the GG while simultaneously pursuing strategic stakeholder management and communications. Moreover, the joint communication on the GG provides for consultative bodies, but the relationship with these bodies is currently largely informal and is hardly sufficient to sustain the strong coordination needed to implement the GG, given its broad policy scope and global focus and the sheer number and diversity of stakeholders involved both internally and externally. Review of these matters should be accompanied by a more consistent approach to information, visibility, communication, coordination and consultation.
- Although the availability of information about progress on the GG improved slightly after the GG Board meeting on 11 December 2022, there is still no adequate source of information that can be followed to understand the progress made on the GG. The space dedicated to the GG within the EU website⁵¹ is very limited, with few documents available. Examples of GG initiatives date back to February 2022 (EU-Africa Global Gateway Investment Package) and press releases are not only few in number, they are also unclear in terms of how particular initiatives are linked to the GG. A large number of relevant stakeholders were contacted for this study and their feedback was consistently negative as regards the availability of information. This was particularly true of stakeholders outside Brussels. Some of the common concerns mentioned include a lack of clarity about the progress made on the strategy, a lack of awareness of demand and participation by partner countries, confusion about how the GG works in practice and enduring doubts about the GG's added value or the actual feasibility of the financial architecture that will support the projected investments. A strategy like the GG requires proper resources to manage the considerable amount of information it will gather and present on its website. So far, it does not seem to have those resources.
 - Efforts in this area must be supported by a communication strategy that is commensurate with the GG's ambitious scope. Experience from the first year of the GG's implementation shows that there is a considerable risk of problems in developing the GG brand's reputation if that reputation is not supported by comprehensive communication and visibility efforts. The EU should better explain the strategy, the progress made on it and its impact to the large number of stakeholders involved. It should also emphasise

⁵⁰ Karjalainen, T., *The EU's Global Gateway: building connectivity as a policy*, Finnish Institute of International Affairs working paper, 15 February 2022.

⁵¹ European Commission, *Global Gateway*, https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway_en (accessed on 27 March 2023).

the political weight of the GG and be able to demonstrate the added value it offers partners beyond merely providing funds. It will also need to develop good communication products in partner countries. The EU delegations will play a key role in making the strategy operational in this respect, liaising with partner governments, agencies, financial institutions, the private sector, and so on. As regards resources, it would be helpful to know whether the EU delegations have adequate capacity and expertise to integrate the GG into their day-to-day work, as this requires a combination of skills that are not necessarily in abundance in the diplomatic service.

- The EU specialises in coordinating the efforts of different actors. However, the GG requires a new level of coordination. It is a familiar dilemma that EU foreign and security policy and development cooperation policy are managed in two separate silos, creating a need to overcome institutional gaps and improve inter-agency coordination. However, this dilemma must now be managed on a much larger scale, and now involves exploring complementary features of financial and technical cooperation and taking into account Member State agencies, financial institutions and the private sector. This will not be an easy task: despite the rationale behind the Team Europe approach, in practice European players tend to compete far more often than they cooperate. Numerous experienced commentators refer to this fact when arguing how difficult it will be for the EU to effectively mobilise investments at such a scale, in particular regarding hard infrastructure, and doubt whether the EU has an advantage over other global powers in this regard.
 - Reference is frequently made to consultation in connection with the GG. However, it remains unclear how consultation can be incorporated systematically so as to contribute to constantly improving the strategy and delivering concrete results. Other partners (including technical development agencies and financial institutions) should have a stronger consultative role on the basis of up-streamed information about the projects. So should stakeholders from the private sector. So far, efforts to enable sustainable consultation of the private sector about GG projects have not rendered productive results.
- 3- Discussions about improving the EU's financial architecture for development have been going on for over a decade, as can be seen from several official EU strategic documents and reports. The GG takes this financial architecture to a new level, moving beyond development tradition and requiring the incorporation of both foreign policy goals and a geopolitical outlook. However, it has resulted in a complex web of new and pre-existing EU initiatives that use different EU financing instruments implemented through different actors and implementing partners. Not only is the result unclear, it also fails to create the conditions for achieving the GG's broader geopolitical goals. The current composition of the mixed financial architecture for external financing and development cooperation is constantly changing, combining national and European public and private funds. While the changes in that composition follow the logic of international demand, the EU is still far from realising its ambition of consolidating its geopolitical influence across the world, as emphasised in the report entitled 'Europe in the World', which was produced by the High-Level Group of Wise Persons on the European financial architecture for development and endorsed by the Council of the European Union. That report concludes that '[i]t is a matter of political urgency for Europe to be able to ensure that external financial instruments are used strategically, that they contribute to our wider political aims, enhance Europe's leadership and reinforce its influence in the world⁵²'. This report also recommended 'creating an overall branding and narrative for the EU global development strategy and all related EU development financing⁵³'. The GG provides some of the overall branding and narrative for the EU, but the tools it uses are inherited and are not designed to support and achieve the GG's specific aims.

⁵² High-Level Group of Wise Persons on the European financial architecture for development, *Europe in the World – The future of the European financial architecture for development*, Council of the European Union, October 2019.

⁵³ Ibid.

- 4- The different stakeholders consulted for this study identified a broad variety of projects as potential GG projects, but it is still not clear how GG projects differ from non-GG projects. EDFI and individual European financial institutions mentioned many initiatives in sectors linked to GG priorities, such as renewable energy infrastructure, digital investments (including early-stage and venture capital, but also digital infrastructure and services), forestry and other 'carbon sink' investments. The European Commission mentioned a range of projects, both national (e-youth Mozambique) and regional (MAV+ during the COVID-19 pandemic). The national development agencies consulted for the study mentioned ongoing initiatives in Senegal, Niger, Burkina Faso, Mali, Nicaragua and the Lao PDR, plus four regional TEIs in Africa. The list of potential GG projects may be long, but there are significant differences between some of the projects on it, and it could be argued that some of them do not really address the strategy's priority areas. Stakeholders' feedback on this matter varied, but generally confirmed and illustrated the absence of clear guidelines on what a GG project should be. 'The GG is still too much in its infancy, both conceptually and operationally. Although we understand the need to speed up implementation and show results, there is a need for calm and strategic reflections on several issues.' 'The GG must aim for policy-driven investments rather than highly visible but isolated investment projects.' 'Policy dialogue at country level would allow not just for increased development effectiveness and impact, but also for reinforced links between policy and political dialogue, helping establish the EU as the partner of preference.'
- 5- While there seems to be overall support for the GG, there are also legitimate concerns with regard to its tangible results. There are also doubts about its commitment to development targets and its own stated principles, and more specifically about how these will be adhered to and taken into account throughout the implementation process. The EU's value system is embedded in the GG, as it aims to enhance good governance, democracy, and human rights, among other things. This means that all these values should be reflected in the different GG projects. For example, gender equality, fair treatment of vulnerable groups and workers' rights should be promoted within the projects. While there is no question about the need to ensure that EU money is spent in the right way, the debate seems to be excessively focused on the financial scrutiny of the GG, with too little attention paid to how the GG will defend a strategy that has emphasised the importance of values. The likelihood of leaning too much towards top-down geostrategic decisions tied to short-term economic gains and third-party interests could certainly undermine vital development objectives and even go against the strategy's own proclaimed principles. There is no lack of experience in this regard. The GG's defence of its own principles, including legally binding EU targets in fields such as human development, climate change and gender equality, should be a central aspect of how it works and its results should be measured with this in mind.

6. Recommendations

The first year of the GG's implementation coincided with an increasingly problematic European and global context. New terms like *permacrisis* are now part of the daily news, describing both the current situation and the permanent backdrop of consolidated geopolitical tensions, ongoing de-globalisation and the imminent economic recession, among others. All in all, this has made the environment much more complex, which will not make the implementation of the GG any easier.

The following recommendations take this into account. They echo many of the comments gathered during the research and interviews conducted for the study. They avoid entering into any existential or philosophical questions about the GG and, more importantly, focus on what we believe to be crucial now: finalising the GG's main building blocks in order to ensure its proper implementation and guarantee its added value. The following are the areas in which improvements are most urgently needed and which would benefit from closer scrutiny by the European Parliament.

- 1- One of the GG's current weaknesses is the lack of factual information about it. This is partly because projects are still in the feasibility assessment, planning or programming stage. However, the scarcity of information could be an obstacle to garnering much-needed public support for GG initiatives. Information about the GG is similarly scarce in partner countries and regions. The EU institutions must therefore gather the information available about the GG thus far (e.g. information about sectors, projects, contributions, the participation of different actors, the work done on the strategy) and organise it methodically. They must then ensure that the information is coherent and consistent and demonstrates the policy-driven nature of the GG, being accessible to the public, updated frequently, understandable and presented in a professional and user-friendly manner.
- 2- Improving communication is imperative for a global connectivity strategy like the GG: the GG is not just about implementing projects. Communication about the GG must both convey the strategy's political weight and present the added value it brings to partners. Both a professional communication strategy and action plan are needed. These must be better equipped to explain the strategy, the progress made on it and its impact to the large number of stakeholders involved. The GG will also need to develop good communication products in partner countries. The EU delegations will play a key role in implementing the strategy in this regard, liaising with partner governments, agencies, financial institutions, the private sector, and so on. Substantial improvements in information and communication are vital if the EU is to organise a GG event by the end of 2023.
- 3- The complexity of policy interactions, the multitude of stakeholders and the financial architecture of the GG require both an effective governance structure and a well-resourced management team. The governance structure outlined in the joint communication on the GG is far from complete, yet it is the key to building an efficient and legitimate strategy. How can a policy or strategy be perceived as legitimate if its governance is unclear? How should the European Parliament oversee the GG and make its promoters accountable under the current structure? At this point, there are many more questions than answers. The GG needs to establish a credible governance model, endowed with adequate and agile decision-making mechanisms, that combines the necessary political support, technical capacity and knowledge, dialogue, transparency and coordination with all those involved. This model should be established as soon as possible to ensure that everyone knows how the GG works and how to contribute to it.
- 4- There is a considerable range of existing and potential GG projects covering all of the proposed priorities and geographical regions. This is good news. However, the criteria for determining what a GG initiative is and identifying the EU's specific priorities (beyond sectors) remain confusing, particularly in view of the existing TEIs which have not been branded GG projects. Two other factors add to the general feeling of confusion. The first is the rather eclectic nature of the GG projects that have already begun:

they lack an explicit rationale suggesting a general strategic vision. The second is the process for identifying and selecting projects. Three actions would be highly beneficial at this point:

- A GG blueprint setting out the rationale, criteria and components of a project should be created in coordination with the partners. This would provide very welcome guidance on identifying initiatives, particularly in partner countries.
 - It would be helpful to produce some sort of Connectivity Master Plan to provide a clearer overview of the GG's implementation. This should be capable of explaining how the GG's aims tie in with the rationale behind GG initiatives and the project selection process and should better illustrate the GG's results and how they align with EU objectives.
 - Once the first two actions have been carried out, it would be useful to provide a better explanation of the selection process for GG initiatives. This would be highly beneficial in engaging the private sector.
- 5- Once the GG is implemented, it will need to achieve tangible results. It is still not clear how GG initiatives will be monitored and how the results will be measured for each project or priority area. This is linked to another area requiring additional work: how to improve implementing partners' transparency and accountability. The European Parliament resolution on the future European Financial Architecture for Development, which was adopted on 24 November 2022 after some nine months of discussions within the committees on development, foreign affairs and budget, touched upon this as it called on all implementing partners that access EU budget funds or guarantees to improve on transparency and accountability. It also called on them to apply the full range of EU social, human rights, procurement, transparency, and environment and rule of law standards, and for the European Commission to monitor and report back on this⁵⁴. In this regard, there is ample room to improve the scope of inter-institutional coordination and information flows. For example, there is a need to build up a monitoring and evaluation system with clearly defined performance and results indicators. This could feed into a periodic reporting system, whereby the European Commission would inform other EU institutions of the GG's activities and results. This could in turn contribute to the ongoing discussion, in the context of the multiannual financial framework, about EU external financing instruments.

The European Parliament has always had a very clear interest in foreign affairs and development policies via its parliamentary committees, joint committees and delegations and the activities of its president. The points made above take into account the European Parliament's democratic and budgetary powers, including its mandate on both external financial instruments and policy issues. They highlight that it would be beneficial for the European Parliament to be more involved in many areas of the GG. This could be achieved in a number of ways:

Establishment of a parliamentary oversight body for the GG: The EU funding instruments used for the GG fall under the European Parliament's budgetary powers, and the European Parliament has observer status within the framework of the GG. This needs to be coupled with the necessary scrutiny of the GG's overall objectives and priorities. Political and democratic oversight of the progress made on the GG is critical, especially at this early stage. A parliamentary oversight body could therefore be established to this end, and could also examine the policy relevance and consistency of GG projects.

Increased scrutiny of GG projects: While the GG is being implemented, the European Parliament could scrutinise GG projects to gauge their policy relevance. Unlike most traditional aid-funded projects, GG projects are both sizeable and highly political. While it is not expected that the European Parliament will enter into the technicalities of projects, it could assess other highly important aspects, such as institutional

⁵⁴ European Parliament resolution of 24 November 2022 on the future European Financial Architecture for Development (Texts adopted, P9_TA(2022)0420).

capacity, the transparency of the investment architecture, the links between Team Europe and resources required at EU level to assess the projects' implementation, and the achievement of EU targets.

Consistent flow of information about the implementation of the GG: An inter-institutional information flow must be established between the European Commission and the European Parliament, with the European Parliament being kept informed of the implementation of GG projects through regular reports and relevant meetings. This information should also be shared in the geopolitical dialogues, for instance. Furthermore, the European Parliament could take the initiative of organising a conference on the GG, inviting the European Commission and all the stakeholders to discuss both the progress made on the GG and its prospects for the future.

Potential thematic support in GG priority areas: Once more regular dialogue has been established about the GG's priorities, resources and governance, the European Parliament could provide additional thematic support in GG priority areas (e.g. digitalisation) in line with its democratic powers. Its insights will also be particularly relevant when assessing and weighing up the overall pertinence of the GG's geopolitical undertone of in dealings with other countries and regions in the world, and the GG's contribution to the multilateral system.

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