



# Global Gateway: Towards a European External Climate Security Strategy?

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## ► Key Takeaways

- Bridging the global infrastructure investment gap, especially in Africa, is paramount for achieving the 2030 Sustainable Development Goals. The investment needs to be associated with the energy transitions and the fight against climate change further increase the financial gap for developing countries.
- Global Gateway puts principled connectivity at the core of the EU's external action, linking geoeconomic and climate diplomacy with development policies under a Team Europe approach.
- Selected projects are to be driven both by the needs of partner countries and the EU's interests. The aim is to mobilize 300 billion euros in investments by 2027 by using public funds to crowd in private investments.
- The private sector is to play a key role in shaping the Global Gateway actions. It remains to be seen if the Team Europe approach can make a difference at the required scale. Strategic adjustments could further unleash Global Gateway's potential.

## The global infrastructure gap – the abyssal SDG challenge

Transport, energy, water and telecommunications infrastructures are vital for economic development. These infrastructures are also fundamental for the achievement of the 2030 Sustainable Development Goals (SDGs), which have suffered a setback notably due to the Covid-19 pandemic, wars and weak economic performance. Based on the Global Infrastructure Outlook,<sup>1</sup> the world needs 97 trillion dollars (\$) in infrastructure investments (energy, water, airports, ports, rail, road and telecommunications) over 2016-2040, and based on the current investment trends (\$79 trillion over the given period), the cumulative global infrastructure investment gap amounts to \$18 trillion, with \$5.6 trillion missing in the energy sector and \$8 billion in the road transport sector, in a SDG-aligned scenario. Whereas Africa represents only a small share (8%) of the estimated global infrastructure investment needed, based on current trends, more than 40% of its investment needs are not expected to be covered. Conversely, approximately 54% of the infrastructure investment needs are located in Asia, but only 12% are not expected to be covered. It is estimated, for example, that only to achieve universal electricity access, Ethiopia would need to dedicate 16% of its GDP to this objective between 2016-2030.<sup>2</sup>

### The world needs to accelerate on closing the infrastructure gap ahead of the 2030 SDG deadline

To be aligned with the Paris Agreement pathway, annual clean energy investments around the world should amount to \$4.5 trillion.<sup>3</sup> Whereas the investments in the energy sector in 2023 around the world totaled \$2.8 trillion, out of which \$1.75 trillion went to clean energy, 90% of these investments took place in advanced economies and China, leaving the emerging markets largely uncovered. At the same time, the financial gap for adaptation actions is estimated at \$194-366 billion/year for developing countries.<sup>4</sup>

Given this monumental investment challenge, several initiatives are now in place, notably the G20 Global Infrastructure Facility since 2014 (supported by funding from Australia, Canada, China, Denmark, Germany, Japan, Singapore and the World Bank), EU's Global Gateway (end 2021) and the G7 Partnership for Global Infrastructure and Investment (PGII), initially proposed in June 2022 and which has launched in September 2023 two flagship projects: the India – Middle East – Europe Economic Corridor and the Trans-African Corridor (the so-called "Lobito Corridor" between DRC, Zambia and Lobito port in Angola).

1. Global Infrastructure Outlook, available online at: [gihub.org](https://www.gihub.org).

2. Global Infrastructure Outlook, "Infrastructure Investment Need in Compact with Africa Countries", June 2018.

3. IEA, "Net Zero Roadmap. A Global Pathway to Keep the 1.5°C Goal in Reach", September 2023.

4. UNEP, "Underfinanced. Underprepared. Inadequate Investment and Planning on Climate Adaptation Leaves World Exposed", *Adaptation Gap Report, 2023*, available at: [unep.org](https://www.unep.org).

These two G7 PGII flagship projects announced in 2023 are not only an acknowledgment of the global infrastructure investment gap but also a Western response to the Belt and Road Initiative (BRI) in the sense of balancing China's economic position in Asia and Africa. The key for the European Union (EU) and the United States (US) is proving that they can offer a better value proposition (not only in terms of funding, but also quality of investment, resilience, political stability, security, responding to demands etc.) than China and avoiding a schism between advanced countries and the developing world.

## The Global Gateway – putting infrastructure at the core of geopolitics and promoting EU's interests and values abroad

Following previous reflections on the EU's action in the world,<sup>5</sup> in July 2021, EU foreign ministers delivered a final and decisive push to the birth of the Global Gateway (which was ultimately announced in December 2021 by the President of the EC)<sup>6</sup>, when they expressly asked from the EC and the High Representative to put together an EU global connectivity strategy, to engage in high impact and visible global projects, to bring together private and public financial resources under a Team Europe approach, also including a mobilization of the private sector as an integral part of the strategy via a Business Advisory group. Finally, the European Economic Security Strategy (June 2023) includes Global Gateway as a tool to both strengthen the EU's competitiveness and resilience and boost the economic security of partner countries via sustainable investments, diversification and further integration of supply chains.

Winning the battle of narratives has become an ever more pressing issue as propaganda, disinformation, and manipulation from powers with contrary interests to those of the EU have become widespread, especially in Africa.<sup>7</sup> This realization has grown stronger: in a world where China builds massive projects, the EU action can no longer be fragmented among its Member States (MS) and institutions if it wants to matter (the EU is collectively the first contributor to climate finance and international aid, yet it is not as visible as China's BRI). The conviction emerged that MS and EU institutions need to act as one to increase their leverage, to do high visibility – high impact projects, end the patronizing development aid approach and become a real alternative to China's BRI. At the same time, Global Gateway should enable the EU to act externally in accordance with internal EU objectives and strategic interests

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**Member States and EU institutions need to act as one to do high visibility – high impact projects**

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5. 2016 Council Conclusions on the Global Strategy for the EU's Foreign and Security Policy; 2018 Council Conclusions on "Connecting Europe and Asia – Building Blocks for an EU Strategy".

6. European Commission, "Global Gateway Strategy", December 2021, available at: [eur-lex.europa.eu](https://eur-lex.europa.eu).

7. A. Antil, T. Vircoulon, F. Givalucchi, "Thématiques, acteurs et fonctions du discours anti-français en Afrique francophone", *Études de l'Ifri*, June 14, 2023, available at: [ifri.org](https://ifri.org).

(ex., climate and energy agenda, but also facilitation of EU companies' presence abroad) and be at the origin of sizable, transformative, and visible projects, while promoting environmental, social and governance (ESG) standards.

With the target of mobilizing 300 bn€ of investments over the period 2021-2027, the Global Gateway focuses on five dimensions: Digital, Climate and Energy, Transport, Health, Education and Research. The concept is eventually to support comprehensive and integrated projects and create win-win partnerships. Under the Energy and Climate headline, Global Gateway aims to support clean energy projects, interconnections, production of renewable hydrogen (H<sub>2</sub>) and the build-out of international H<sub>2</sub> markets, as well as infrastructure associated with critical raw materials value chains. As far as transport is concerned, all types of transport infrastructure (rails, roads, ports, airports) are envisaged, including infrastructure for electric vehicles and low-carbon fuels, as well as more specific actions such as the extension of the Trans-European Network for Transport to the neighboring countries (Western Balkans, Turkey, Eastern Partnership) and reinforced links with Sub-Saharan Africa and Central Asia. The selection of projects under the Global Gateway will be driven both by the needs of the partner countries and the interests of the EU and will concern both the improvement of the regulatory framework where relevant and physical infrastructure development. Yet it is the European private sector that is key to the success of Global Gateway in delivering the expected scale of investments and impactful projects.

## **A Team Europe approach centered on de-risking and EU private sector engagement**

The investment and delivery model employed by the Global Gateway has three important characteristics. First, it is based on a de-risking of investments approach, by which public money (guarantees, blending instruments, etc.) is leveraged to crowd in private investment. Second, projects are undertaken according to a Team Europe approach, which brings together, in a flexible manner, resources from the EU budget, the European Investment Bank, the European Bank for Reconstruction and Development (EBRD), interested Member States, national development finance institutions, and the private sector. The composition of Team Europe<sup>8</sup> is a variable and changing one. Third, the private sector will be mobilized at all stages, from project identification to project implementation and project finance, with the opportunity for European companies to get access to investment opportunities in third countries and open new markets.

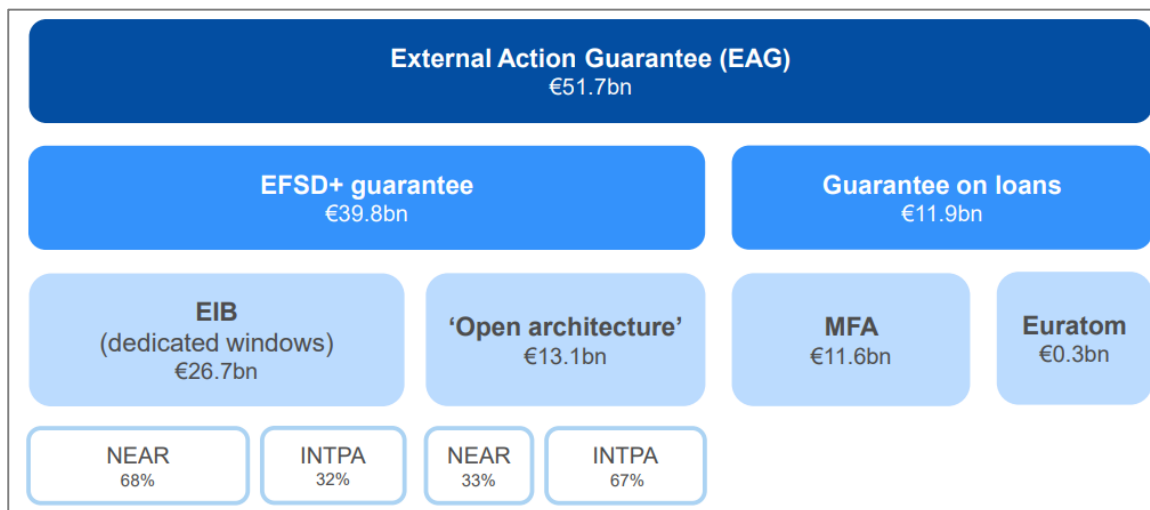
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8. Team Europe is provided with strategic guidance by the Global Gateway Board, which includes the President of the European Commission, the Vice-President of the European Commission (HRVP), the responsible Commissioners and the Member States Ministers of Foreign Affairs, with the European Parliament as an observer.

A Business Advisory Group (BAG) has been set up as a “forum for exchange on strategic interests and geopolitical business priorities in partner countries”, in charge of business intelligence, providing insights into the barriers for conducive business environments, providing feedback on the access to and use of EU instruments. It includes up to 60 members and 10 observers (EU financial institutions) selected for a 3-year mandate jointly by DG INTPA and DG NEAR. The EEAS, DG GROW and DG TRADE are closely associated with the activities of the BAG, and depending on the topics discussed, other DGs could also be involved. Current members of the BAG in the energy and climate sector are, for instance, EDP, ENEL, Iberdrola, TotalEnergies, industry associations (Hydrogen Europe, SolarPower Europe), manufacturing companies (Vestas, Global BOD Group), and players in the mining sector (Eramet).

The headline amount of €300 billion (bn) to be mobilized within the current Multiannual Financial Framework is based on: €18 bn in grant financing, the leveraging of approximately €40bn in guarantee capacity under the European Fund for Sustainable Development Plus (EFSD+), which is estimated to amount to €135bn of investments, and an estimated €145bn of planned investments by European financial and development finance institutions. The EFSD+ tool (implemented mostly by the EIB), under the External Action Guarantee, is, hence, EU’s main financial instrument to crowd in investments to support Global Gateway’s ambitions, its key role being reducing risks to facilitate the involvement of the private sector.

**Figure 1: Tools for mobilizing investments under the EU’s External Action Guarantee**

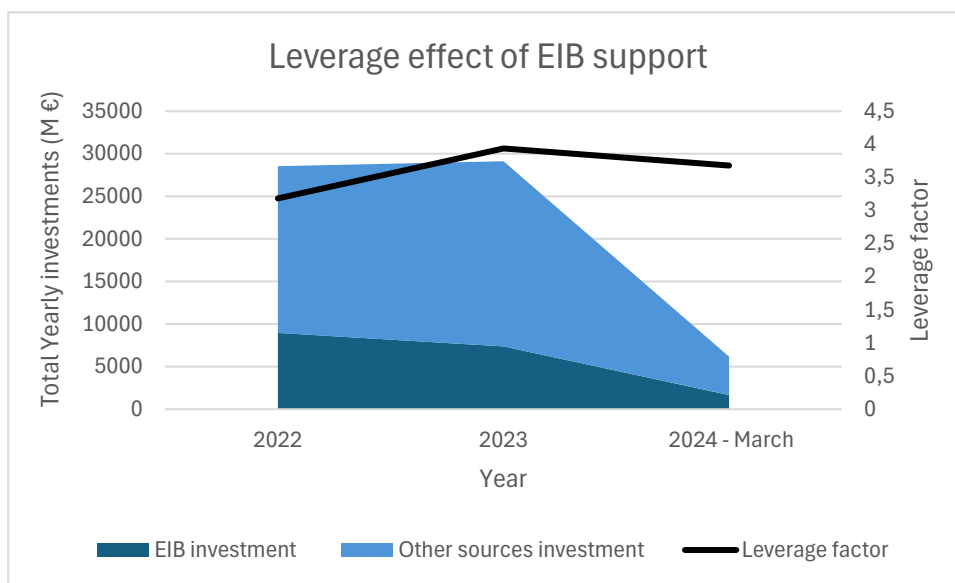


Source: DG NEAR, Magdalena Kouneva.<sup>9</sup>

9. M. Kouneva, “European Fund For Sustainable Development +: Financing the Green and Net-Zero Transition in the EU Eastern Partnership Countries and Central Asia”, European Commission, 2023.

Our analysis of publicly available data on the EIB website regarding the projects linked to sectors targeted under the Global Gateway strategy shows that, over the period 2022-2024, there were 126 projects<sup>10</sup> concerned by EIB finance and 6 projects undertaken via the Open Architecture<sup>11</sup> format, those EIB projects together representing €18bn of mobilized public funds for an estimated worth of €62bn in total investments. The leverage effect of EIB support is in the order of 3.43 over this period, and it seems to have increased from 3.18 in 2022 to 3.9 in 2023, meaning the EU should be able to reach its objective in terms of mobilized investments via the EFSD+ under the Global Gateway strategy.

**Figure 2: Estimated leverage effect of EIB finance in selected sectors**



Source: Archibald André for Ifri, based on data from the EIB.<sup>12</sup>

A sectoral analysis of investments reveals that the transport and energy sectors have mobilized the most important amounts of total investments, approximately €18bn and €16bn respectively, followed by health with €13.6bn, hence all together representing around three-quarters of the total worth of investments realized so far under the EIB support associated to Global Gateway's focus areas. Across the studied sectors, the estimated leverage effect seems different: for instance, public funds leveraged in the

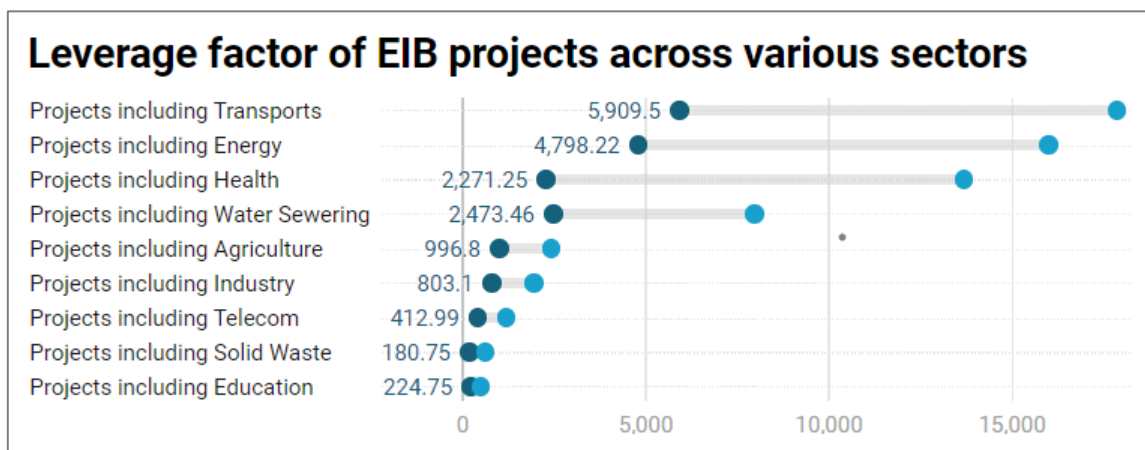
10. Those projects include both financed and to-be-financed projects.

11. The Open Architecture model is a more flexible tool under the EFSD+ . It is used for projects in the riskiest sectors and markets, offering more favorable conditions and aiming to mobilize private investors around projects that support the SDGs.

12. Data includes 2021-2024 projects from the following geographic areas: Africa, Asia, LATAM, South Africa, enlargement countries, Eastern Europe and Mediterranean countries. Only the following categories have been considered (due to deemed link to Global Gateway priority sectors): Energy, Health, Industry, Telecom, Transport, Education, Water Sewerage, Agriculture and Solid Waste. Therefore, this analysis does not include projects from diverging categories. All projects without given lever effect have been excluded from this analysis. Projects are listed on the EIB website: [www.eib.org](http://www.eib.org).

health sector resulted in a final investment worth 6.01 times more, followed by leverage factors of 3.35 in the solid waste sector, whereas it amounted to 3.33 in the energy sector, 3.02 in transport.

**Figure 3: The estimated leverage effect of EIB funding across various project sectors**



Source: Archibald André for Ifri.<sup>13</sup>

## A geopolitical strategy to re-engage with Africa

Global Gateway places a clear focus on Africa, with an objective of dedicating €150bn (half of the total investment ambition of Global Gateway) to the EU-Africa Global Gateway Investment package. Nevertheless, multiple clusters of projects have emerged notably in Latin America and Sub-Saharan Africa, with an important focus on the energy and climate sector, but also in neighboring countries (i.e., the Trans-Balkan Electricity Corridor). Central Asia is also gaining progressively more relevance: for instance, the EU has signed a strategic partnership with Kazakhstan on raw materials supply, renewable hydrogen, and battery value chains, and it has supported the Rogun hydropower plant in Tajikistan.

The Global Gateway Investment Package for Africa puts forward the ambition to add at least 300 gigawatts (GW) of renewable energy by 2030, which would imply more than doubling the current power generation capacity on the African continent (245 GW in 2022).<sup>14</sup> Building towards this target, at COP28, the EC announced €20bn of funding for the Africa-EU Green Energy Initiative (AEGEI),<sup>15</sup> including €3.4bn of grants from the EU,

13. From our database, we distribute projects across 9 EIB-categorized sectors. This table indicates the EIB investments across different sectors. In the case of multi-sector projects, a specific methodology has been used. When data were available, those projects were distributed to relevant sectors according to their respective financing shares. When unavailable, the investments related to a project have been equally distributed among the concerned sectors.

14. African Development Bank Group, "Annual Development Effectiveness Review 2023", available at: [afdb.org](https://www.afdb.org).

15. Supported by the EIB, EBRD and 12 Member States: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Portugal, Spain, and Sweden.

to support namely the deployment of 50 GW of renewable electricity generation capacity, giving access to electricity to 100m people by 2030. Among the projects supported under the Global Gateway in Africa, a number of them concern the critical issue of deploying and modernizing power grids, be it transmission grid (ex., construction of an HV transmission line in Côte d'Ivoire, rehabilitation of national transmission grid in Ethiopia), mini-grids in rural areas (ex. Project on rural mini-grids in South and West of Madagascar) or interconnectors (ex. 148 kilometers Kolwezi–Solwezi interconnector between Zambia and DRC; 594 kilometers double circuit Zambia–Tanzania–Kenya Interconnector).

The Investment Package for Africa also includes the ambition to develop Africa's critical raw materials potential and value chains and to support their integration in global trade. This is an example of a win-win partnership, and the Global Gateway Forum in October 2023 led to the signature of MoUs on CRM with DRC, Zambia, and one on the

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## The mining sector in Africa suffers from acute underinvestment

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Lobito Corridor with USA, Zambia, Angola, DRC (this is considered strategic for opening up Central Africa and giving it access to the Atlantic Ocean), next to other MoUs signed with Namibia and Rwanda.

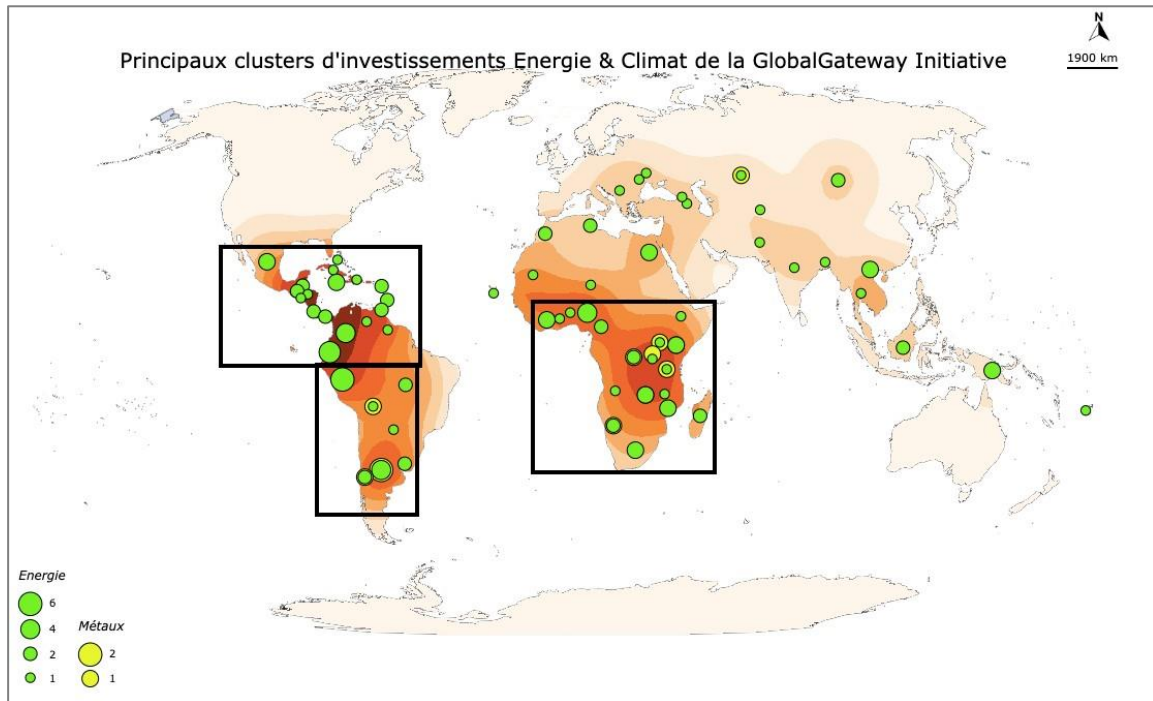
Nevertheless, the mining sector in Africa suffers from acute underinvestment, accounting for less than 5% of the global mining revenues<sup>16</sup> and around 10% of the global mining exploration spending, despite its potential. Insights from the Mining Indaba Conference in Cape Town in February 2024 confirm key issues for the mining sector in Africa: lack of electricity, weak grids and transport infrastructure, regulatory issues (changing mining codes, lack of digitization of mining licenses/permits, pressure from tax and administrative authorities to extort funds), lack of qualified personnel, difficult access to finance, widespread corruption amplified by political instability (i.e., coups). Many Western banks have reduced their activities in the mining sector, lending on a long-term basis is becoming very complex, with China and newly, Saudi Arabia, able to take advantage of the low prices cycle. Hence, Global Gateway, in principle, would have the opportunity to make a real difference in this sector by supporting the mining sector financially via EIB's EFSD+ guarantees (essential for reducing political and country risks linked to long-term projects) and Export Credit Agencies support.

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16. R. Campbell, K. Ahmad, G. Felthun, "Don't Let a Crisis Go to Waste: Financing Mining & Metals Projects in Africa in 2023", White & Case, July 12, 2023, available at: [whitecase.com](https://www.whitecase.com).



**Figure 4: Clusters of investments in the Energy and Climate sector under the Global Gateway initiative**



Source: Archibald André for Ifri.

EU's capacity to tighten relations with African countries again largely depends on delivering concrete and fast financing and implementation tools under the Global Gateway to make a sensible difference in the dire state of play in terms of energy access, clean cooking, and the number of people living in extreme poverty. Whereas Global Gateway's emergence is in part motivated by the need to counterbalance China's BRI, given China's current economic slowdown, it could actually help prevent further economic degradation of African countries' GDP. As China is cutting back on infrastructure financing, Global Gateway can help to prevent a further widening of the infrastructure gap in developing economies. The IMF estimates that Africa's average growth could slow by 0.25 percentage points within a year for 1 percentage point decline in China's growth rate.<sup>17</sup>

At the same time, following mounting criticism against BRI (i.e., lack of transparency, opaque tender processes, reports of corruption, poor delivery, etc.), the Chinese government has engaged in the restructuring of some BRI loans and extension of deadlines. China also seems to promote a certain course correction in terms of favoring more high-quality and green investments (e.g., Green Investment Principles for the BRI, the BRI International Coalition Green Development, and the Green Development Guidance for BRI projects). Should China pursue a constant and deep greening policy for its overseas investments, accompanied by transparency and accountability, this could

17. H. Abdel-Latif, W. Chen, M. Fornino, H. Rawlings, "China's Slowing Economy Will Hit Sub-Saharan Africa's Growth", November 2023, IMF, available at: [imf.org](https://www.imf.org).

open up more opportunities for complementary and reinforcing dynamics on sustainable infrastructure investments in developing countries in view of getting the world closer to achieving the SDGs.

## Perspectives

Global Gateway has the potential to turn the EU into a geopolitical and geoeconomic actor. Yet it took more than five years for the Global Gateway to go beyond the germination phase; it is now imperative that it quickly reaches a turbo speed mode in terms of implementation and delivery. The European private sectors expect it to be a real tool to support their capacity to expand to new markets on a level playing field with foreign actors, whereas developing countries expect a meaningful engagement from peer-to-peer, with concrete and quick results to sustain their economic development over time in a win-win investment format.

Hence, some ingredients will be indispensable for the Global Gateway to succeed going forward: speed of delivery, quality of engagement with partner countries, and

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For the Global Gateway to succeed: speed of delivery, quality of engagement with partner countries, and sustained commitment over time

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sustained commitment over time, with true benefits for the partner countries, creating a track record of positive and successful projects and ultimately leading to an improvement of practices across the board. Whereas Team Europe needs to listen closely to partners' needs, concerns and vision, partner countries will also need to make evolve their practices towards integrating more transparency, accountability, improving the business environment and their regulatory framework, and having a clear view of their development priorities and opportunities. Decisively, EU institutions will need to be much more proactive and adaptive to a world that less and less resembles Europe, where some European private sector companies are still active

and where quality, speed and a strategic approach to projects are needed.

### Three action points to focus on going forward are:

1. Making the Global Gateway a permanent feature of EU's external policy by assigning it under the responsibility of a High EU Representative for the Green Deal and Sustainable Development in the World, relying on the transversal cooperation between DG INTPA, DG CLIMA, DG ENER, DG ENV, DG GROW, DG NEAR and the EEAS. Unless a sustained commitment via a clear structure over a long period of time is provided, it will be hard to raise the profile of the EU and to make a difference in bridging the global connectivity and SDG gap.
2. Consolidating the framework and functioning of the Global Gateway:
  - a. A one-stop-shop is needed where European private players and civil society can: propose ideas and projects, get information about EU's commitments, support tools and priorities in specific regions and

- countries, and perform match-making activities between EU players and third countries' actors or between the private sector and existing de-risking schemes or export credit agencies.
- b. The funding framework needs to be simplified and accessible from the start. The EU needs to learn from its past mistakes (i.e., it has put in place a panoply of funding instruments for the energy transition within the EU, which is complex and hard to access for companies, compared to the simplicity of the Inflation Reduction Act). Speed of delivery is essential for the success of the Global Gateway. Hence, lean mechanisms must be found to incentivize project realization. At the same time, to increase the certainty of the funding allocated to Global Gateway, the EU could link it to a resource stream such as the Carbon Border Adjustment Mechanism or the EU Emissions Trading System (ETS).
  - c. Beyond the annual Global Gateway Forum, regional summits could further strengthen the EU's visibility in different regions of the world, improve the understanding of mutual interests and priorities and promote transparency in bilateral relations. Clear and measurable objectives should be set and tracked via these meetings, to enhance the visibility of the private sector over the priorities and opportunities available.
3. Other EU external forms of engagement on the energy transition (Just Energy Transition Partnerships) and the development of clean value chains (Net Zero strategic partnerships, Critical Raw Materials partnerships) should also be coordinated via the Global Gateway. Most of the developing countries need a comprehensive investment strategy able to promote both their industrialization and their access to clean energy for all. Hence, the EU proposal must be as holistic as possible.

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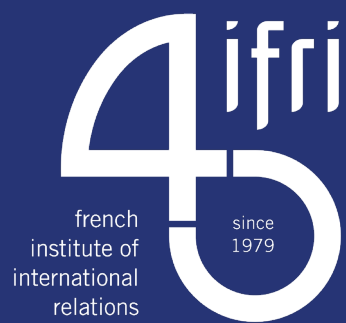
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