POLICY BRIEF

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1 Executive Summary

The European Union aims to close the global infrastructure investment gap through its Global Gateway programme. The programme not only seeks to invest in sustainable global infrastructure development but also aims to promote fair partnerships with other nations while strengthening the Union's geopolitical significance in sustainable infrastructure deployment. This policy brief examines the potential for the Global Gateway programme to mobilize investments while highlighting the uncertainty surrounding the attainment of 'fairness'. The policy brief outlines three recommendations to achieve fairness through the Global Gateway: (i) including partner countries in the decision-making bodies of the Global Gateway; (ii) moving the focus beyond the deployment of physical infrastructure; and (iii) promoting fair commodity trade by nuturing local industries.

2 The Global Gateway Programme – background

Eight years after the Paris Climate Agreement came into effect, the world is still far from reaching its CO_2 reduction targets (Climate Action Tracker, 2022; United Nations, 2015). Despite pledges to reduce greenhouse gas emissions (GHG) to a level that would allow the world to remain below a temperature increase of 1.5°C or well below 2.0°C by the end of the century, emissions continue to rise, depleting the remaining carbon budget (Friedlingstein et al., 2022).

At present, the effects of the climate crisis, including more frequent and extreme droughts and floods, are felt across the globe. However, these extreme weather events inflict greater harm on poorer regions due to their limited resources and adaptation capabilities for handling such events (African Development Bank et al., 2004). Likewise, the regions most severely impacted by the climate crisis have made the smallest contributions to global warming. For example, Africa and South America are each account for around 3% of historic global GHG emissions, yet they belong to regions most vulnerable to the the effects of the climate crisis (Friedlingstein et al., 2022).

This gives rise to environmental injustice, whereby the regions that have contributed the least to climate change bear the greatest burdens.

The European Union (EU), historically one of the major emitters of GHG emissions, accounting for approximately 20% of global territorial CO_2 emissions between 1851 and 2021 (Friedlingstein et al., 2022), aims to achieve carbon neutrality by 2050 through the European Green Deal (EGD). The EGD represents a key ambition of EU President von der Leyen's leadership, with its objectives encompassing (i) attaining EU carbon neutrality by 2050; (ii) promoting economic growth within the EU without an increase in resource consumption; and (iii) ensuring a just transition (EC, 2019).

One central component of the EGD is the Global Gateway programme. This programme seeks to facilitate investments, both related to climate and non-climate matters in partner countries.

3 The Objectives

The objectives of the Global Gateway programme include (EC, 2021b):
- Promoting the values and interests of the EU on a global scale;
- Enhancing international cooperation and multilateralism; and
- Fostering a stronger partnership between the EU and partner countries.

This programme serves as a response to the Chinese Belt and Road Initiative and seeks alignment with the United States of America's Build Back Better Plan (EC, 2021a). In addition to the pledged 'development' assistance, the Global Gateway can also be seen as a key instrument in furthering the EU's geopolitical infrastructure ambitions. Therefore, there is a risk that the programme may be employed to conceal the EU's geopolitical objectives under the guise of investments in sustainable development in non-EU countries.

Through the Global Gateway programme, the European Commission (EC) aims to bridge the global infrastructure investment shortfall between actual investments and the investments necessary to support the achievement of the Sustainable Development Goals (SDGs), particularly in areas such as health, energy, and transport infrastructure within partner countries. According to the EC, this programme will provide fair and advantageous financing options for project initiators while striving to forge links between the EU and partner countries.

Currently, the investment focus primarily centres on physical infrastructure, such as roads, ports, data networks, and energy infrastructure. This emphasis contributes to the tangible 'development' of partner countries towards achieving the SDGs.

4 EFSD+: Investment in physical infrastructure development

The investment priorities of the Global Gateway include (EC, 2021a)
- Digital technologies and infrastructure;
- Low-carbon energy infrastructure, hydrogen production, and infrastructure for raw material value chains;
- Transport networks for all modes of transport;
- Medicine production; and
- Digital education and student mobility.

The financing is carried out through a combination of EU funds, private sector contributions, and development finance. In total, the Global Gateway programme manages EUR 298 billion[1] under its umbrella, comprising the following parts:
- EUR 135 billion of private sector investments, backed by an EU guarantee of EUR 40 billion from the European Fund for Sustainable Development + (EFSD+);
- EUR 18 billion of grants from EU external assistance programmes; and
- EUR 145 billion in investments that have already been planned by European financial and development banks and institutions.

In total, 94% of the planned Global Gateway investments will be provided by the private sector. However, it is worth noting that the remaining portion of the Global Gateway's investments does not constitute new or additional funding, as the EFSD+ guarantee and the external assistance programmes were already accounted for within the multiannual financial framework for 2021 to 2027. They are designated as components of the Global Gateway.

The EFSD+ is an integral component of the EU's external investment mechanisms, encompassing grants, technical assistance for project promoters, and financial instruments. At the core of the EFSD+ are regional investment platforms established for the geographical areas specified in Regulation 2021/947, including:
- The EU's immediate neighbourhood;
- Sub-Saharan Africa;
- Asia and the Pacific; and
- The Americas and the Caribbean

1 All EUR amounts in this document refer to their 2021 values, unless otherwise indicated.

Regulation 2021/947 is also referred to as the Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe (EC, 2021b). The investments mobilised through the EFSD+ are expected to align with the NDICI's objectives of reducing inequalities, fostering sustainable growth, and mitigating climate change. In other words, these investments aim to have a positive impact and contribute to the achievements of the SDGs. Special attention is given to the least developed countries and those burdened, with high levels of debt, with the intention of leveraging foreign investments to improve their economic circumstances. This function is now overseen within the framework of the Global Gateway programme.

In terms of governance, the EFSD+ will be managed by the EC, and a so-called strategic board will provide advice to the EC regarding the implementation of the EFSD+ mandate. This board is composed of EC representatives, representatives from EU member states, the European Investment Bank (EIB), and other relevant parties, such as the European Parliament. Contributors and partner countries may have or may be granted observer status. As such, the governance and administration of the EFSD+ are therefore entrusted to the EC and EU member states, with oversight from the European Parliament and partner countries.

Prior to making financing decisions, potential projects will undergo assessments for their impact on human rights and environmental standards, as well as evaluations of their economic and financial feasibility. These projects must also avoid distorting domestic markets in partner countries and refrain from engaging in unfair competition with local stakeholders.

5 Impact: Case Africa

Projects funded in Africa in 2023 include the construction of a hydrogen power plant in Morocco, hydroelectric power plants in Nigeria, and the upgrading of port infrastructure in the Republic of Congo (EC, 2023). This demonstrates that the EC does indeed prioritise the construction of physical infrastructure in countries, particularly in Africa. While there is ample information available on the deployment of this kind of infrastructure, there is limited information regarding the extent to which local capacities or policy processes are enhanced in conjunction with physical infrastructure development.

For example, the 'Green Energy Initiative', which is part of the Global Gateway investment package, places a significant emphasis on the development of physical energy infrastructure in Africa, particularly in the production of green hydrogen and the integration of energy markets across the African continent (EC, 2022). In the case of energy market development and integration, the EC does mention its support in creating a regulatory framework, but there is a lack of information regarding specific actions taken or outcomes achieved. Moreover, no information has been provided concerning the Global Gateway's contribution to reducing inequalities or advancing the achievement of the SDGs.

According to the EC's communication, the Global Gateway builds on the principle of 'Equal partnerships', aiming to ensure that '[…] projects will be designed, developed, and implemented in close cooperation and consultation with partner countries' (EC, 2021a, p. 3). However, as Karjalainen (2023)ports, and mobility are a rising theme in geopolitical competition, and the European Union (EU argues, the Global Gateway programme grants partner countries very limited control over the processes associated with the programme. Consequently, the EU's agenda, particularly its values, norms, and standards, are imposed on partner countries. This dynamic creates tension and could potentially hinder the long-term success of the programme.

This also suggests that the Global Gateway initiative may fall short of achieving many of its objectives. While progress is being made in financing projects, potentially contributing to climate change mitigation, the programme appears to fall short lag behind in other areas crucial to the SDGs. In the worst-case, scenario, this could lead to partner countries becoming dependent on the EU and reinforcing neo-colonial tendencies. Furthermore, if capacity building and reducing inequalities are not given greater priority than they currently are, the Global Gateway could risk transforming partner countries into mere production hubs. From these hubs, commodities would be exported to the Union without contributing to local capacity development and the reduction of inequalities, as promoted by the SDGs.

6 Recommendations

The Global Gateway promotes sustainable infrastructure development across the globe. Through this programme, the EU aims to support global energy transitions, advance the SDGs, and contribute to the reduction of global inequalities. However, the current structure and processes of the Global Gateway must be improved in following ways:

> **Include partner countries in the decision-making bodies of the Global Gateway**. Currently, the decision-making bodies of the Global Gateway consist of the EC and EU member states. This inherently leads to biases and governance challenges, given that the Gateway's programmes are executed in partner countries whose voices are not represented in the pertinent decision-making bodies. To ensure that their voices are heard, partner countries should have a say in the decision-making processes of the Global Gateway.

- **Expand beyond physical infrastructure deployment**. The Global Gateway places a predominant emphasis on the deployment of physical infrastructure. However, despite the EC's communications, the development of local capacities and skills required for the management and upkeep of these infrastructures is not prioritised to the extent necessary for sustainable infrastructure deployment. To ensure the long-term viability of Global Gateway projects, the EC should intensify its efforts in building local project capacities, enabling local societal and governance actors to oversee Global Gateway and sustainable infrastructure projects.

- **Promote fair commodities trade by fostering the growth of local industries.** Many Gateway projects related to commodities give priority to resource extraction, such as critical minerals, or resource, production, such as green hydrogen manufacturing. The processing of these resources, which necessitates industrial infrastructure and generates higher revenues, is still slated to occur within the EU. Processed materials are then traded on the global market. This practice diverts profitable business away from partner countries, particularly those in the global South, potentially exacerbating inequalities. To facilitate fair commodities trade, the EC should ensure that the promotion of resource extraction is accompanied by the development of local industries capable of processing these resources.

7 Bibliography

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