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Unlocking Global Gateway towards the Green Transition

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In December 2021, the president of the European Commission Ursula Von der Leyen unveiled Global Gateway. With an investment package of 300 billion euros, compromising both public and private funds, the Global Gateway seeks to accelerate the green and digital infrastructure development. By adopting this multifaceted approach, Global Gateway strives to transcend traditional dependency dynamics and encourage equal partnerships. At the core of the Global Gateway's initiatives lies a strong commitment to the UN Sustainable Development Goals and the Paris Agreement. Recognizing the pressing need for sustainable development, the strategy aims to integrate these global frameworks into every facet of its initiatives. However, there are concerns about the effectiveness of the project and the partnerships it aims to establish. Therefore, it remains to be seen whether the Global Gateway and its proposed collaborations will be fit for purpose as the project is facing lingering issues that may counter its objectives.

INTRODUCTION

The Global Gateway's main objective is to *"boost smart, clean and secure links in digital, energy and transport and strengthen health, education and research systems across the world (…) by taking into account the partner's needs and the EU's own interests*[1]*"*. To realize this, the EU adopted a collaborative approach known as "Team Europe", because of the pooling of investments from the entire European Union, including not only resources from the Commission but also from member states- and main financial institutions such as the European Investment Bank and the European Bank for Reconstruction and Development. The Global Gateway operates in five areas: digital, climate and energy, transport, health and education. By adopting this multifaceted approach, the Global Gateway strives to transcend traditional dependency dynamics and encourage equal partnerships. Off the record, the Global Gateway serves as a geopolitical countermeasure to the Chinese Belt and Road Initiative that was already introduced in 2013. This more geopolitical approach fits perfectly in the ambition of the European Commission of becoming a "geopolitical Commission[2]". Acknowledging the potential waning of the EU's global influence compared to rising powers such as China, the Global Gateway seeks to reverse this trend and reaffirm the EU's position on the global stage[3].

While the Global Gateway aspires to have a global reach, the African continent is at the geographic core focus, with the Africa-Europe Investment Package[4] as its maiden initiative. Announced in 2022, this package focuses on supporting Africa's green transition. The initiative foresees an investment package of 150 billion euros devoted to the green transition on the continent by investing in projects such as the cooperation on the production of green hydrogen or critical raw materials.

With an investment package of 300 billion euros the Global Gateway may become a game changer in accelerating the green transition as the project wishes to narrow the green investment gap and enable international cooperation in key issues regarding this transition. Yet, can the Global Gateway live up to its ambitions?

THE FUNDAMENTALS OF AN EQUAL PARTNERSHIP

The basis of an equal partnership lies in the absence of one partner dominating the other, and both partners actively participating in the decision-making process to share both burdens and rewards[5]. Global Gateway is designed to create such partnerships by placing local demands of its future partners at the forefront. Global Gateway attempts to establish such equal partnerships, however the initiative risk to only partly succeed as the initiative upholds high democratic values and standards that it seeks to promote in partner countries. Although these values and standards hold universal significance, the EU might avoid to unilaterally impose them as a condition for receiving its investments. This could potentially be considered coercive and thereby negatively perceived[6]. Moreover, a strict interpretation of these standards could lead to the formation of a too narrow bloc with only a few like-minded partners.

To address these challenges, the EU should engage more actively with prospective partner countries, seeking common ground on mutual values and standards by giving partner countries more agency in the decision-making, instead of unilaterally imposing them on the partner country. This approach would ultimately benefit Europe's strategic position, as countries may otherwise opt for international partner and donor countries that pose less stringent normative demands. Nevertheless, actively engaging with partner countries to reconcile mutual interests and values does not imply a departure from the EU's values concerning project governance like labour standards. The difference lies in the fact that the former set of standards is related to a country's "identity", while the latter is related to the actual practices and working conditions within large infrastructure projects.

To promote a more inclusive approach regarding Global Gateway, incorporating civil society and other social partners like labour unions or representatives from local communities in project planning and decision-making could be an additional solution. Currently, Global Gateway Business Advisory group is calling for members from both public and private sectors coming from only the EU to enhance investment effectiveness under the program[7]. However, in some prospective partner countries such as Mozambique or Angola, the local population is not sufficiently represented by public institutions. By adopting a multi-stakeholder approach in the advisory group's implementation, it could encourage a dialogue between these different interest groups and promote feedback from interested parties, including those not represented by the government, thereby facilitating a more participatory approach into the decision-making. There exist already some best practices related to incorporating civil society organizations in international partnerships with the EU related to gender equality. The EU can draw on this experience for future Global Gateway projects[8].

CREATING A GREEN TRANSITION FOR ALL

Achieving equality within partnerships depends not only on the level of participation but also on the goals and implementation of the partnership. Striking a delicate balance between safeguarding one's own interests and fulfilling the needs of the partner presents a challenging task, which the EU currently confronts.

An example illustrating this challenge is the exploration of a potential partnership between the EU and the Democratic Republic of Congo (DRC) in 2022 under the Global Gateway initiative, specifically concerning critical raw materials. These materials are vital for a rapid green energy transition, as they are essential resources for manufacturing technologies such as electric vehicles and wind turbines. The DRC holds 70 % of global cobalt production and possesses significant reserves in other minerals such as copper and (natural) graphite[9]. However, the mining of these minerals in the region is contributing to human rights abuses or environmental pollution[10].

To address these issues, the EU should consider shifting away from a solely extractivist approach in its collaboration with the DRC and instead focus on guiding the country towards creating added value and move up along the value chain. According to a report by BNEF, the DRC has favourable conditions to start manufacturing battery materials instead of solely supplying the minerals. Leveraging its cobalt resources and the abundant hydroelectric power, the DRC has the potential to produce lithium-ion battery cathode precursor materials in the future. This could not only boost revenue for the African country but also offer cost-effective and environmentally-friendly alternatives to precursor production in China or Poland[11]. Investments through the Global Gateway initiative that support cathode precursor production in the DRC would therefore not only benefit the African country but it would also reduce emissions, improve Europe's strategic position and still ensure a sustainable supply of essential battery materials to the EU to achieve its climate goals.[12]

A similar scenario emerges in Namibia, where the EU and Namibia established a strategic partnership under the Global Gateway initiative focused on raw materials and renewable hydrogen.[13] The latter is expected to play a crucial role in reducing carbon emissions from Europe's heavy industries, as outlined in the European Green Deal[14]. While renewable hydrogen production theoretically presents opportunities for Namibia's future development, practical concerns arise regarding the unequal distribution of prosperity stemming from large-scale hydrogen production. Currently, only 56.3 % of the local population has access to electricity[15], and Namibia imports approximately 80 % of its energy demand[16].

To overcome these issues, cooperation between the EU and Namibia could be extended to the production of green ammonia or even green fertilizer. This shift would create added value for Namibia, by moving up along the value chain, as well as providing a solution to the transportation challenges regarding transporting green hydrogen to Europe. Moreover, the increase in local fertilizer production would also benefit the Namibian and more broadly African agriculture industry by making it less vulnerable to fluctuating market prices. Those prices have surged due to the soaring natural gas prices, and are now consequently posing threats towards African food security[17].

However, given infrastructural challenges, the limited access to basic services and lagging human capital in both the DRC and Namibia, achieving a shift from an extractive approach towards local value creation presents difficulties. Nonetheless, Global Gateway's involvement in different key areas, including education, research and infrastructure, provides the initiative the opportunity to address the green investments in both countries in a comprehensive manner. It is crucial for the Global Gateway to recognize the interconnectedness of these key areas by integrating investments in both energy, climate, education and skills rather than funding individual projects either on energy or education. This would not only enhance the effectiveness of the Global Gateway's investments, but it would also advance the green transition in the DRC and Namibia.

These two cases highlight the opportunity for the EU to depart from the current extractivist approach in both partnerships towards an holistic approach and local value addition. By facilitating investment in different key areas and by doing so helping these countries to move more upstream along the renewable energy value chain, the EU can actively support the green development in these countries while staying true to its climate ambitions.

NO ROOM FOR INCONSISTENCIES

While Global Gateway initiatives derive from the goal of achieving climate neutrality, it is crucial to consider the broader context in which they operate. The EU, faced with the consequences of the Russian war in Ukraine and the energy crisis that followed, has not only intensified its commitment to decarbonization but has also resorted to emergency measures, such as increased imports of liquefied natural gas (LNG), to address immediate energy needs. For instance, in 2022 the German Prime Minister Olaf Scholz visited Senegal to start a dialogue on future LNG exports to Germany, as the country is rich in natural gas[18]. However, Senegal currently does not export LNG and the construction of LNG export facilities risks locking the country into long-term LNG exports and potential stranded assets (if future natural gas demand is lower than expected). Also France, Italy and Poland have actively been seeking new gas supplies with countries such as Qatar, Angola or Mozambique[19].

These initiatives may not only risk to contradict the EU's climate commitments laid out in the European Green Deal but they may also pose a risk of carbon lock-in for African nations, as according to the IEA, global LNG demand is expected to peak by 2025 and then decrease[20]. Investing in extensive natural gas exporting infrastructure, such as pipelines or LNG facilities, carries substantial capital costs and the potential for stranded assets in the long run. Avoiding such instances of policy inconsistency is crucial, not just for reducing emissions, but also for maintaining the credibility of the Global Gateway initiative.

Inconsistencies may arise as well concerning the funding mechanisms employed by the Global Gateway initiative. While aiming to combine various public and private funding sources to guide partner countries in their green transition, the initiative faces criticism for potentially being a rebranding of existing development funds. This raises concerns about the initiative's limitations, particularly due to its reliance on private investments[21]. Consequently, there is a risk of insufficient investments being available to facilitate a successful green transition in Africa.

Finally, in the years to come, there is a possibility of emerging inconsistencies within the Global Gateway initiative itself. The EU's short term geo-economic interests, considered a driving force behind the initiative, may clash with the inherently long-term objectives of development policy encompassed within the Global Gateway.[22] A notable example is the significance of access to critical minerals, which not only holds importance for the green energy transition and a potential development avenue for resource rich countries, but is also a crucial issue for the EU's geo-economic security, particularly in light of China's dominance in the refining and processing of these rare materials.[23] In scenarios where a trade-off between long-term development objectives and short-term European geo-economic security interests arises, the latter may take priority.

Another illustration of this dynamic is the ongoing war in Ukraine and its potential consequences for Africa. While there has not been any reallocation of funding from Africa to Ukraine thus far, concerns are growing regarding a potential decrease in cooperation between the EU and Africa in favour of Ukraine[24]. If the conflict persists for an extended period, budget reallocations may eventually occur, and there could be a shift in priorities aligning the EU's security interests with its geopolitical concerns, potentially at the expense of development assistance.

CONCLUSION

Although there are lingering challenges that need to be tackled, the Global Gateway initiative holds potential as a catalyst for directing investments towards the crucial and urgent green transition. The success of the initiative, particularly under the guidance DG INTPA, hinges upon establishing equitable partnerships and ensuring the consideration of all stakeholders' interests. With concerted efforts to address the existing issues, Global Gateway has the ability to truly be a transformative force, fostering a greener and more just future.

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