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Guaranteeing the Global Gateway: National Development Finance Institutions and the Transformation of EU Development Finance

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ABSTRACT
The recent European Global Gateway Initiative pledged more than 300 billion euros in public and private investment in infrastructure to satisfy international demand while maximizing the economic interests of member countries. However, European development cooperation policy is traditionally far removed from the hard sectors, with an emphasis on promoting democracy and social well-being. How has the European development cooperation architecture evolved to support infrastructure investment in the Global South? We trace the way in which the European Commission has reformed the European development architecture to place national Development Finance Institutions (DFIs) center stage in the financing of the Global Gateway (GG). The Commission opened European guarantees to competition shifting access away from the European Investment Bank (EIB) and allowing DFIs to benefit more extensively from these guarantees. Using an original database, we show that DFIs are at the core of the GG initiative and that the projects funded support European economic interests.

KEYWORDS
European Union; development finance; foreign aid; infrastructures; geoeconomics; Global Gateway; development cooperation

1. Introduction

The European Union is, among all OECD Development Assistance Committee (DAC) donors, the most important provider of foreign aid. With around 95 billion euros of development assistance allocated in 2023, the aid efforts of European member states and their institutions far exceed the contributions of the United States or the World Bank's International Development Association (OECD 2023).[1] Historically, European aid has been associated with a normative, good governance-oriented agenda that emphasizes democracy promotion and support for social sectors. However, this long-standing focus has also produced criticism: the EU is seen as not sufficiently addressing the increasing demand for infrastructure finance in the Global South (Rizzi and Varvelli 2023).

Against this backdrop, in 2021, the European Commission (EC) launched the European Global Gateway Initiative (GG), the most extensive development investment program ever announced in the EU. Pledging to mobilize over 300 billion euros by 2027, the GG aims to

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directly confront the infrastructure gap, accelerate progress towards the Sustainable Development Goals (SDGs), and strengthen global production chains in the wake of the COVID-19 pandemic. The GG's emphasis on climate action, sustainable transport, and digitalization also reflects a shift from social to productive sectors, which have traditionally been peripheral in EU development assistance.

At the same time, the GG has been framed as part of a global competition over development finance. Over the past two decades, China has emerged as a major lender in developing countries. Unlike traditional OECD development finance, Chinese financing has historically been associated with fewer policy reform conditions (Zeitz 2024). However, Chinese financing often entails procurement, debt-management, or political requirements of its own (Bräutigam 2009). European leaders interpret China's expansion as a development challenge. Commission President Ursula von der Leyen presents the GG as both a 'trusted' alternative to Chinese official finance and a tool to mitigate the political costs that Chinese lending may impose on recipient states (EC 2021). Moreover, she sees Chinese expansion as a geo-economic threat, describing the GG as serving 'European strategic interests' and emphasizing the need to mobilize private capital at scale and establish business partnerships that help Europe extend its sphere of influence (Heldt 2023). In this sense, the GG aligns with a broader geopoliticization of EU external policies and the European Union's effort to deploy development finance as an instrument of economic security (Haroche 2023; Heldt and Meunier 2026; Matthijs and Meunier 2023; McNamara 2024; Meunier and Nicolaidis 2019; Rosén and Meunier 2023).

This triple focus – infrastructure provision, the pursuit of European interests and the participation of the private sector – represents a marked departure from the longstanding 'soft' sector orientation of the EU's development cooperation. Infrastructure and economic services have historically constituted only a modest share of EU development spending: in 2022, they represented just USD 5.9 billion, or 17.9% of aid from EU institutions (OECD 2023). This raises an important puzzle: How has an aid architecture that has historically been oriented toward democracy promotion and social sectors – and was institutionally set up to realize these objectives – been reconfigured to support 'hard'[2] large-scale infrastructure investment while simultaneously advancing European economic interests?

We argue that the GG should not be viewed as a sudden rupture in EU development cooperation but rather as the culmination of a decade-long transformation in the EU's development finance architecture. Because of its historical soft sector focus, the European Commission lacked financing instruments that were capable of delivering large-scale, commercially oriented projects at scale while maintaining direct strategic control over investment priorities. National DFIs promised to solve this constraint by combining development mandates, commercial expertise, and close ties to domestic industries. National DFIs are government-owned financial institutions that deploy public capital with the explicit objective of mobilizing private investment for developing country economies. They are particularly attractive in environments where market imperfections and high political or commercial risks constrain access to finance (Griffith-Jones and Ocampo 2018). Unlike traditional aid agencies, which primarily rely on grants to support development objectives, DFIs operate through financial instruments. They mainly provide long-term loans and equity investments, often complemented by technical assistance that is designed to strengthen firms, financial intermediaries, and local markets. They typically specialize in infrastructure finance and have strong links to the private sector.

Recognizing this institutional alignment, the European Commission undertook successive reforms that mainstreamed blended finance, expanded guarantees, and opened development cooperation to competition among financial institutions. These reforms appear to have created conditions under which national DFIs are increasingly important instruments for implementing Europe's strategic and geo-economic agenda. This includes the GG, where DFIs are expected to deliver almost half of the announced GG investments —€145 billion. Yet despite their growing centrality, national DFIs remain surprisingly underexplored in research on EU development finance.

Our paper examines national DFIs in European development cooperation through an empirical analysis of the GG. Importantly, the GG is not synonymous with EU development cooperation. Article 208 TFEU continues to identify poverty reduction as the primary objective of EU development policy. Nevertheless, the GG has become the flagship initiative through which the EU's investment-oriented development finance architecture is deployed.

To understand the GG empirically, however, we believe it is essential to situate it within the transformed architecture of EU development finance. The GG's reliance on national DFIs, its dependence on guarantees rather than grants, and its strategic targeting of European commercial interests are not features of the initiative alone. They result from a continuous structural reconfiguration of EU development cooperation over the past decade. By tracing these institutional changes, we provide a historical and analytical lens through which the GG needs to be understood. Without such a perspective, the GG's sectoral composition, the centrality of DFIs, and the pattern of beneficiaries would appear puzzling or ad hoc, whereas our subsequent empirical analysis suggests that they may in fact be structural and reflect a new institutional logic of European development finance. Because GG implementation is ongoing and publicly available data remain incomplete, our analysis below should be understood as preliminary and exploratory rather than definitive.

Based on policy document analysis, semi-structured interviews with senior DFI and GG officials, and an original dataset of 250 projects, we show that institutional reforms appear to have contributed to elevating national DFIs to a central position in EU development cooperation, who have come to play a pivotal role in delivering the GG. We consider these observations as early indications rather than conclusive evidence, as institutional practices and financing patterns continue to evolve. Our paper proceeds in three steps. First, we review the major reforms to the EU's development finance architecture and show that mixed public–private infrastructure financing has been gradually institutionalized, laying the groundwork for the GG. Second, we show how, more recently, the European Commission has aimed to steer development cooperation toward the promotion of European economic interests by tailoring the issuance of guarantees for DFI portfolios and strengthening its control over the allocation of guarantees.

Finally, using our originally collected project-level dataset, we assess the GG's development logic and show how national DFIs are able to secure a substantially larger share of financing than European multilateral banks. Inside the GG, national DFIs contribute to financing development projects abroad at unprecedented levels. Our analysis reveals that, among the GG projects for which data are available, European firms appear to benefit disproportionately, especially large French and German ones. This suggests that the initiative systematically aligns development finance with European commercial interests. At the same time we also find that, in projects that include national DFIs, private investment mobilization remains limited despite EFSD+ guarantees, echoing earlier evidence that such instruments tend to leverage public rather than private capital (Mertens and Thiemann 2019). Thus, private capital mobilization may remain elusive despite calls by the international community to increase it.

Our findings demonstrate how a reconfigured EU development finance architecture operates on the ground. We show that nearly one-third of the approved GG projects predate the formal launch of the Global Gateway. This suggests that the initiative builds upon existing investment pipelines rather than representing a fundamentally new development strategy. But the GG is not merely a rebranding exercise. It is a vehicle through which the European Commission strategically deploys guarantees to steer DFI investment toward priority sectors and to advance Europe's geo-economic objectives. In doing so, our paper contributes to several recent debates on EU development cooperation and finance. First, we shed new light on the European Commission's expanded influence over European development policy, reinforcing scholarship on its geo-economic turn and the increasing use of development finance – including the GG – as an instrument of strategic competition (Heldt and Meunier 2026; Rosén and Meunier 2023). Second, we document the deepening of a policy-driven, investment-oriented logic in lieu of traditional grant-based aid – an evolution that is embodied in the GG and that aligns with studies of guaranteed loans within the EU (Mertens and Thiemann 2019; Mertens, Thiemann, and Volberding 2021) and in its Neighborhood Policy toward Ukraine (Thiemann, Mocanu, and Piroska 2025). We also show that the reforms that led to the creation of the GG may have lasting effects insofar as they structurally reorient EU development cooperation toward more infrastructure support. We provide empirical evidence on an underexplored but increasingly prominent actor – national DFIs – and contribute to an emerging literature on the role of these pivotal institutions in international development (Bau et al. 2025).

Finally, we note that the EU is not unique in moving toward strategic development finance. Similar trends can be observed in the United States and other European donor countries (Bau 2026; Bau and Dietrich 2025; Bau et al 2026; Park, Bau, and Dietrich 2026). What distinguishes the EU case is the role played by supranational institutions and the use of guarantees to elevate national DFIs.

2. From a soft-sector focus in aid to infrastructure finance: the EU's shift toward guarantee-based development

To fully understand the GG, we first trace the structural evolution of the EU's development finance architecture. This matters because EU development cooperation has not always been set up to support the kind of investment-driven, guarantee-centered financing that shapes the GG today.

Historically, the primary focus of the European Union's development assistance has been the promotion of democracy and social welfare in the developing world. Advances in European integration in the 1990s contributed to an emerging social and democratic focus in Europe's development cooperation. The core objectives of European aid were codified in the Maastricht Treaty signed on 1992. They included the economic and social development of partner countries alongside political liberalization through the promotion of democracy, rule of law, respect for human rights, and fundamental freedoms (Delputte and Söderbaum 2012). Reflecting this emphasis, European institutions have allocated more than 75% of their bilateral aid to soft sectors from 1997 to 2020.[3]

Despite this long-standing emphasis on the development of soft sectors, the European Commission gradually began increasing support for infrastructure financing in the early 2000s. This shift was undertaken mostly through smaller and experimental blended finance initiatives that combined grants with private or institutional capital (Mah 2023), followed by the creation of regional investment facilities, including the EU–Africa Infrastructure Trust Fund (AITF), the Neighborhood Investment Facility (NIF), the Western Balkans Investment Framework (WBIF), and others that covered Latin America and Central Asia. These facilities pooled grant resources from European donors and development finance institutions to create institutional support for infrastructure investments across the Global South (Lundsgaarde 2017, 8).

From 2011 onwards, together with the European Union's Member States, the European Commission changed budgetary rules in development cooperation to promote more engagement with the private sector in infrastructure financing (Mah 2023). While blended finance had previously been treated as and implemented through ad hoc, stand-alone facilities, the reforms allowed blended finance activities to be funded directly through EU development assistance budget lines, including the European Development Fund and the Development Cooperation Instrument. At the same time, the European Commission mainstreamed private-sector development across its development cooperation strategy, framing it as essential to achieving inclusive and sustainable growth in partner countries (EC 2014, 9).

This shift facilitated a rise in infrastructure-oriented projects across sectors including energy production, energy efficiency, renewable energy, and rural electrification (EC 2014, 10–11). Core measures included the provision of risk capital through public donors, the mobilization of private finance, and the use of private-sector expertise from within the EU. Despite these innovations, the underlying financial model remained largely grant-based, and therefore ill-suited to large-scale infrastructure projects. To address this limitation, and to move beyond the rhetoric around private-sector development toward the application of concrete policy instruments (Carbone 2026), the Juncker Commission launched the EU External Investment Plan (EIP) in 2016, and whose implementation started the year after. The EIP aimed to leverage the balance sheets of European financial institutions to invest in infrastructure development in Africa and the EU Neighborhood while mobilizing private investment (Gavas and Timmis 2019; Mah 2023). To operationalize this shift, the Commission consolidated its blended finance structures into a new fund, the European Fund for Sustainable Development (EFSD), which placed guarantees at the center of EU development finance. The EFSD offered €1.5 billion in guarantees to encourage European multilateral and bilateral DFIs to leverage around €44 billion in investments in the Global South (Lundsgaarde 2017).

This expanded focus on guarantees marked the moment when blended finance moved from a peripheral financing instrument to a core delivery mechanism of EU development cooperation. This institutional reconfiguration not only expanded the European Investment Bank's (EIB) lending to developing countries. It also drew in national DFIs that had previously been only weakly integrated into EU development policy. Their portfolios had grown substantially since the 2008 Global Financial Crisis (see Figure 1),

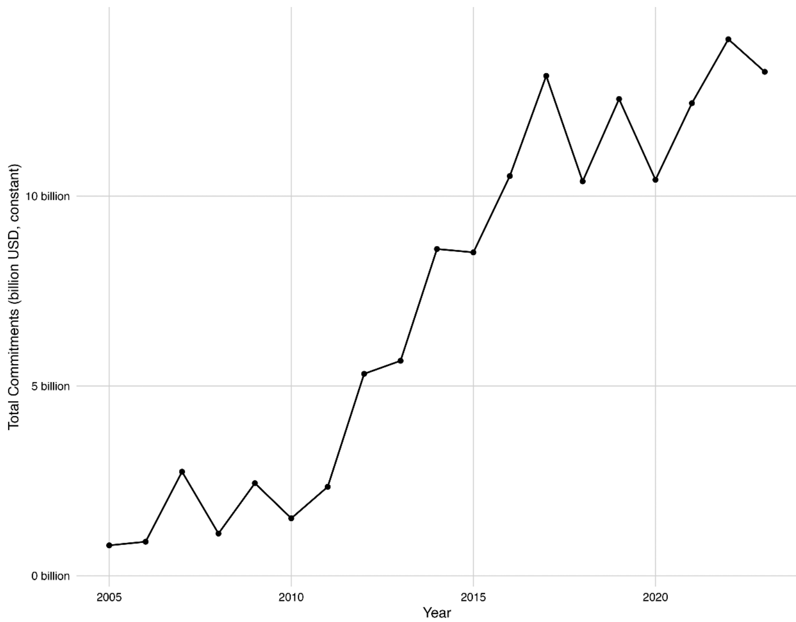

Figure 1. DFI investment commitments by Year. Note: The figure shows total investment committed by bilateral DFIs from 2005 to 2023. The data tracks 6,774 investments extended by 12 DFIs from 12 OECD Development Assistance Committee donors Source: Bau et al. (2026).

and by the 2015 Addis Ababa Conference on Financing for Development, national DFIs were being promoted as among the most effective instruments for mobilizing private investment (OECD 2016).

Most EU member states have their own national DFIs, including the AFD and Proparco (France), KfW Group and DEG (Germany), FMO (Netherlands), or CDP-SIMEST (Italy), among others (see Table A2 for a full list). DFIs primarily provide long-term loans and equity investments, often complemented by technical assistance to help develop local markets. Because private investors often avoid infrastructure projects due to high risks and delayed returns, DFIs are expected to play a catalytic role by de-risking investments and crowding in private capital in developing countries (Gabor 2021). Between 2018 and 2020, about 45% of DFI commitments went to infrastructure, and another 45% supported the banking sector through on-lending to micro, small, and medium-sized enterprises (MSMEs) in hard-to-finance sectors (OECD 2024).

Although the Juncker Commission promoted national DFIs through the EFSD, this particular institutional set up fell short of expectations. According to the European Commission, EFSD guarantee issuance brought €17.5 billion in overall investment to finance the provision of sustainable energy production, communication and digital infrastructure, and urban construction (EC 2020, 11). Yet, the lion's share of guarantees were not obtained by national DFIs but by the EIB, which, as a result, expanded its financing activities in developing countries, especially in Sub-Saharan Africa (Bougrea 2024). An interview with a senior adviser at the European Commission suggests that while the Juncker Plan formally extended guarantee eligibility to national DFIs, it did not envision them assuming a larger role than the EIB; such a shift would have necessitated a purpose-

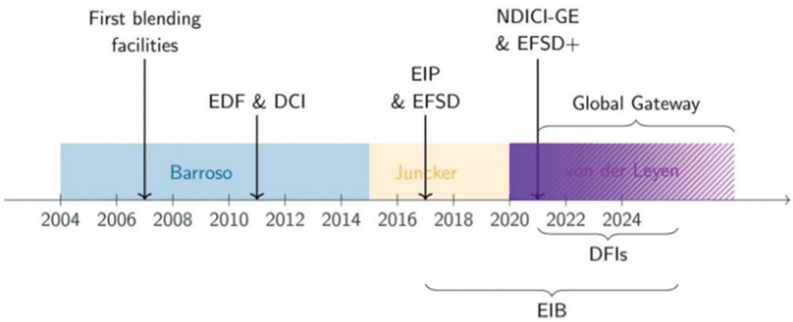

Figure 2. Timeline of the main reforms to the EU development finance architecture. Note: The horizontal chart depicts EU development finance policy milestones from 2004 to 2024. Shaded areas correspond to the Barroso, Juncker, and von der Leyen Commissions. Vertical markers show key reforms: first blending facilities (2007), European Development Fund (EDF)/Development Cooperation Instrument (DCI) (2011), European External Investment Plan (EIP)/European Fund for Sustainable Development (EFSD) (2017), and Neighbourhood, Development, and International Cooperation Instrument (NDICI)–Global Europe with European Fund for Sustainable Development Plus (EFSD+) (2021). The timeline also indicates the launch of the GG and the evolving prominence of the EIB and European DFIs.

built EFSD architecture explicitly designed to direct guarantees toward national DFIs, which we did not observe. The imbalance created under the EFSD – where the EIB secured the majority of guarantees while national DFIs remained marginal – set the stage for a more decisive shift under the next Commission.

Importantly, the institutional reforms summarized in Figure 2 gradually built an architecture increasingly capable of financing large-scale, commercially oriented infrastructure projects through the expanded use of guarantees and a greater reliance on bilateral DFIs. These reforms mainstreamed blended finance, expanded risk-sharing instruments, and opened guarantees to competition among financial institutions. Crucially, they did not merely precede the GG. They appear to have laid institutional foundations that explain why the GG was created in its current form. Rather than representing a sudden rupture, the GG may activate these reforms: it deploys the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe) architecture set up under the von der Leyen Commission and scales up the EFSD+ far beyond the EFSD under the Juncker Presidency. These institutional tendencies create opportunities for national DFIs as financing vehicles.

3. Activating the architecture: how the European Commission used DFIs to build the Global Gateway

When Ursula von der Leyen took office in 2019, efforts to further elevate national DFIs gained renewed momentum. The European Commission explicitly reframed EU development cooperation around advancing European economic interests, a strategic reorientation that ultimately culminated in the launch of the GG.[4] To achieve this goal, the new Commission increased its steering power over development funds (Section 3.1) in order to position itself to direct the operations of commercially-oriented national DFIs (Section 3.2).

3.1. The increasing steering role of the Commission over development funds

A key component of this new strategic direction was the European Commission's consolidation of political and financial steering power in development cooperation. For example, the Commission established a Group for External Coordination (EXCO) which ensured more frequent and structured interactions among EU institutions and member states (Haroche 2023). The EXCO, convened by the European Commission, has been described as a 'new working method' for the Commission. Co-chaired by the Commission President's diplomatic adviser and the deputy heads of the Vice-Presidents' offices, the EXCO secretariat brings together representatives of all Commissioners' offices on a weekly basis to discuss external action priorities (ECA 2024, 32). Members of the EXCO examine positions to be adopted in the field of external cooperation but also discuss issues that require political guidance or follow-up. While high-level, cross-portfolio coordination was present before, the new Commission has strengthened it, to a level unprecedented in the European Commission's management of development cooperation (Interview 5).

While EXCO helps the Commission coordinate European external development priorities, these are supported through the NDICI-Global Europe. The NDICI-Global Europe platform is how the European Commission allocates financial support to European financial institutions. Established in 2021, NDICI-Global Europe formalizes a "policy first" approach through which the European Commission takes on a steering role. This involves setting out multi-annual indicative programs and thematic/geographic priorities, as well as calling for proposals and funding lines to deliver on those priorities (Prontera and Quitzow 2024, 13). Notably, the NDICI-Global Europe operationalized the architecture through which the GG would later be deployed.

Within this framework, the EFSD+ guarantee program is the EU's main instrument for mobilizing public and private investment in partner countries. The scheme has expanded dramatically – from €1.5 billion under the original EFSD to €40 billion – drawing on both the EU budget and the European Development Fund (EDF). The centrality of the EFSD+ to the EU's development model stems directly from the integration of EDF resources into the guarantee mechanism. EDF resources, formerly dedicated to financing activities in soft sectors, including health, sanitation, education, and democracy promotion, can now be used for infrastructure investments upon release into the EFSD+. This shift carries important implications: since EDF contributions are classified as Official Development Assistance (ODA), a reallocation effectively channels ODA resources into infrastructure-focused guarantee operations (ECDPM 2019, 2). This underscores how central the EFSD+ has become to the EU's changing development model – and in particular the financing of the GG. This increasing focus on guarantees, in turn, raises the question of who controls these resources and how investment priorities are set.

The European Commission sits at the heart of governance of the EFSD+ financing instrument, though the extent of its realized steering capacity remains an evolving empirical question. As a senior official at the European Commission explained in an author interview: "If we compare EFSD+ with EFSD, there is far more steering by the Commission. We have shifted from a very ad hoc approach to a far more directed one." (Interview 4). The European Commission oversees the EFSD+'s strategic orientation and daily management. It is responsible for adopting delegated acts that can amend the EFSD

+'s priority areas and governance structures, as laid out in the NDICI Regulation. It is also advised by a Strategic Board composed of representatives of the European Commission and the EEAS, the 27 EU member states, the EIB, and the European Parliament as an observer (ECDPM 2019). While the strategic board advises the European Commission on strategic, geographical, and thematic priorities of the investments, it holds no decision-making power. In the end, it is the European Commission who drafts the strategic orientation of proposals, defines project-selection criteria for financial institutions, and negotiates final terms, including subsidies and risk provisioning (Interviews 1 and 8; Thiemann, Mocanu, and Piroska 2025).

3.2. National DFIs as preferred instruments of the European Commission?

To finance GG operations that are guaranteed by the EFSD+, the Commission relies on the commercial appeal of national DFIs. The profit dimension makes DFIs less poverty-sensitive than multilateral development banks (Neumayer 2003). At the same time, DFIs are domestic agencies that governments can (re-)direct to promote national or European interests, due to their connections with donor economies. The European Commission headed by von der Leyen further strengthened the logic initiated by Juncker: it sought to harness DFIs' financial capacity while simultaneously encouraging DFIs to draw on their close ties to domestic industries to advance European economic interests abroad. National DFIs are well connected in their domestic private sectors, and, while they are mandated by their donor government to pursue development-oriented policies, they help domestic firms secure investment deals (Carcelli 2023; Park, Bau, and Dietrich 2026). According to a senior European Commission official, this renders DFIs uniquely attractive partners for a Europe that is seeking to simultaneously expand its geo-economic presence and to mobilize European firms in strategic value chains (interview 4).

Donors use their DFIs to promote the internationalization of their domestic companies (OECD 2024). DFIs can mobilize private investors domiciled in donor countries by organizing forums to present investment opportunities. For example, Finland's DFI Finnfund organizes events with Finnvera, the domestic export credit agency, to present different investment opportunities to the Finnish private sector. As part of the GG, national DFIs encourage investment conferences in partnership with business networks. France's leading private international business network, MEDEF International, has organized several forums in partnership with the European Commission's Directorate General for International Partnerships (DG-INTPA) and representatives of the French DFIs AFD and Proparco. These conferences were chaired by senior representatives of multinational companies in the country, such as Bolloré Transport & Logistics or the French electric utility company Electricité de France.

To make DFIs a more central part of the European development finance architecture, the European Commission intensified competition in the allocation of guarantees. The EFSD+ fund introduced a €13 billion open-architecture guarantee scheme. This scheme allows national DFIs to apply directly for EU-backed risk coverage. This marked a significant departure from the EFSD, which had allocated only €1.5 billion in guarantees to be shared among all European financial institutions. Further, the lion's share of EFSD resources were devoted to blending operations other than large-scale infrastructure projects. Under the EFSD+, guarantees are awarded through competitive calls for which

European financial institutions submit Proposed Investment Programs (PIPs). The European Commission reviews these submissions, which include details on the investment plan. It decides whether to grant a guarantee and, if so, determines the share of financing that will be covered. The application criteria are outlined in so-called Investment Window Papers, including dimensions set out in the multi-annual programming of the NDICI-Global Europe such as the thematic/geographic priorities (EC 2022; EC 2023b). These papers also cover sectoral priorities as defined by the European Commission and stipulate that applicants define the investment's potential in leveraging private investment.

While the enlarged guarantee window formally created space for all European financial institutions to compete, the European Commission structured the EFSD+ in ways that tend to favor national DFIs. The key selection criteria – alignment with EU strategic priorities, the ability to mobilize private capital, and the capacity to assume risk – map directly onto the operating models of national DFIs. In contrast, multilateral development banks often face institutional constraints that limit their ability to tailor instruments to these requirements or to quickly pivot toward the European Commission's priority sectors. The EFSD+, in particular, rewards institutions that are able to generate aligned project pipelines at speed. This is something national DFIs are better equipped to do given their established private sector networks (Interview 1). According to a senior German development finance official, national DFIs, unlike multilateral banks, can select private suppliers without agreements with the recipient country. Compared to multilaterals, they can also devise shorter procurement procedures (Interview 3). Finally, most of our interviews with officials reveal that the European Commission asked member states to encourage their DFIs to deliver on European geo-economic priorities (Interviews 1, 2, 3, 4, and 7) and backed this request with institutional facilitation, notably by opening communication channels between DG INTPA and national DFIs to ease access to EU guarantees (Interview 7). By combining political pressure on member states with institutional facilitation, the European Commission appears to have generated tangible advantages for national DFIs during the first EFSD+ call for guarantees. By July 2022, 20 bilateral and multilateral European financial institutions had submitted 71 PIPs, requesting a total of €21.9 billion in guarantees. This far exceeded the initial €5.95 billion guarantee capacity for the first round[5] (EC 2023a, 17). Following the evaluation of proposals against the Investment Window Papers' criteria, the Operational Board approved 40 DFI-led PIPs for countries beyond the Neighborhood and six for the Neighborhood, totaling €6.05 billion in guarantees (EC 2023b, 191). Although the breakdown of EFSD+ guarantees across institutions is not publicly available, the predominance of Global Gateway projects guaranteed under the EFSD+ and financed by national DFIs[6]—rather than international financial institutions — supports the contention that the European Commission now favors channeling guarantees through national DFIs.

4. Assessing the architecture: empirical evidence from Global Gateway projects

This section assesses how a transformed EU development finance system operates in practice through the GG. As we have traced in sections 2 and 3, the NDICI–Global Europe and the EFSD+ guarantee system appear to have altered the incentives and capacities of the implementing institutions. By expanding access to guarantees and aligning their allocation with strategic sectoral priorities, the European Commission created a financing architecture that systematically favors large-scale, commercially viable infrastructure projects and favors institutions that are capable of financing such investments. National DFIs, which combine development mandates with commercial expertise and close ties to domestic private sectors, are particularly well positioned within this framework. Therefore, the empirical analysis focuses on three dimensions that are directly shaped by the architecture: the sectoral and financial scale of investments, the relative role of national DFIs and other financial institutions, and the extent to which Global Gateway investments mobilize private capital and benefit European firms.

We compiled a list of GG activities listed by the European Commission on its website through October 2025. Recorded activities include investment initiatives as well as individual projects. The initiatives cover thematic or geographic investments of varying size and for which project-level information is not (yet) available.[7] We identified a total of 250 initiatives from the launch of the GG in 2021 until October 2025. Among the 250 initiatives, we identified 99 officially approved projects.

When project-level information was available, we coded each investment against a number of variables: these include beneficiary countries and regions, the year an initiative was announced or a project signed, commitments to finance the activity, co-financing arrangements between public donors and private investors, and the identity of the main project supplier. We collected this information from a wide range of publicly available sources, including official donor and recipient government websites, national news outlets, supplier and investor webpages, reports from the European Commission and regional multilateral development banks, as well as business intelligence platforms such as PitchBook. We assigned two research assistants to independently code the collected data against our variables, reconciling any coding discrepancies in another coding round. Because project-level information remains unevenly disclosed and supplier data are available for only a subset of these projects, all patterns reported below should be interpreted as indicative rather than comprehensive.

4.1. Sector and size of Global Gateway investments

The Global Gateway (GG) is an ambitious initiative, with a stated objective of mobilizing €300 billion by 2027. Across the 250 activities tracked in our 2021–2025 GG dataset, we identify €69.1 billion in announced investments, of which €30.2 billion are covered by 99 approved project activities. In this subsection, we examine these 99 approved projects. In particular, we look at the extent to which projects are consistent with the institutional changes we traced in sections 2 and 3. These changes included reforms that were expected to assist a shift from grant-based, social sector funding to large-scale infrastructure investment. We would thus expect to see GG investments to be large in size and primarily in hard sectors.

On the basis of the 99 approved projects, we see that nearly all approved investments fall within energy generation and distribution, transport, telecommunications infrastructure, and construction (Figure 3). Energy distribution alone accounts for roughly one-quarter of total committed volume ($N = 99$). Renewable energy production constitutes the third largest sector, despite being the domain in which the Commission has articulated its

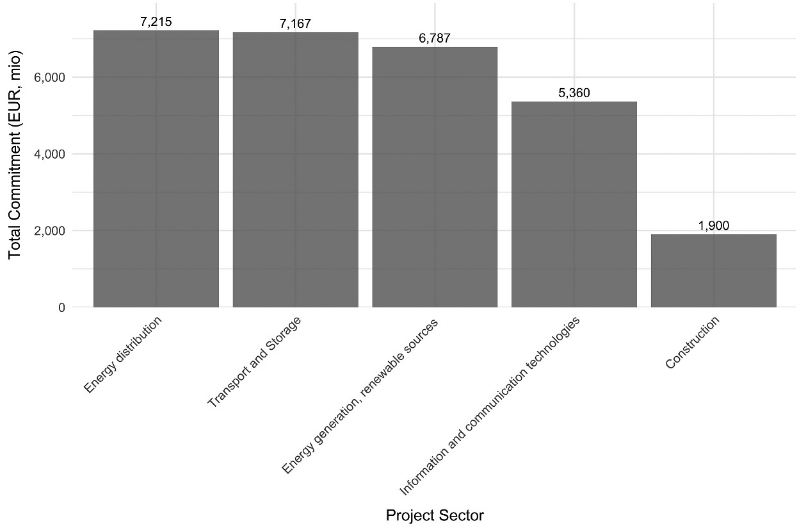

Figure 3. Sectoral distribution of GG activities - top 5 sectors ($N = 99$). Note: Bars show total GG commitment by project sector, for approved projects by October 2025 ($N = 99$). Our coding for the sectors is based on the purpose codes categories of the OECD Creditor Reporting System. Source: Authors' own dataset.

most ambitious pledge – nearly €33 billion. Activities classified under information and communication technologies primarily involve the deployment of terrestrial or submarine fiber-optic cables.

We also see that the projects are generally large in size. The average GG project size is around €312 million and the median project is €121 million (see Figure A1). The largest GG investment, the Rogun Hydropower Project, a major new source of clean electricity that is being built on Tajikistan's Vakhsh River, approaches €2.4 billion. These magnitudes are not incidental. They reflect the NDICI–Global Europe architecture that places large-scale infrastructure investment at its center. Equity- and loan-based infrastructure projects are larger than grant-based social projects because infrastructure investments typically involve capital-intensive assets, including power plants, transmission lines, roads, or digital networks, that require substantial up-front financing. These projects generate revenue streams or cost savings that allow repayment, making them suitable for equity and loan financing at scale. In addition, infrastructure projects usually require several financiers (Lu, Springer, and Steffen 2024), resulting in projects of larger size. The GG portfolio illustrates how the European Commission has begun to reshape the European development finance architecture, mobilizing substantial resources for sectors that had previously played only a marginal role in EU development cooperation.

Notably, our dataset shows that a significant number of the projects, 32 out of 99 projects, had been initiated before 2021. This means that the GG initiative builds upon existing investment pipelines rather than representing a fundamentally new development strategy. The Ruzizi III hydropower project illustrates this. In 2011, the European Investment Bank committed to a project initially estimated at €378 million to rehabilitate a hydropower plant on the Ruzizi River in Rwanda that was later joined by the African Development Bank in 2015. Under the Global Gateway, Ruzizi III was later presented in 2021 as an approved €700 million project. While the project expanded in scale and attracted additional financiers, including Germany, France, and the World Bank, it did not originate under the GG. This finding is consistent with early observations that characterized the Global Gateway as a rebranding of pre-existing infrastructure projects (Mardell 2023) and provides further suggestive evidence that it highlights continuity rather than change in the European external policy strategy (Heldt and Meunier 2026). It also underscores the need for caution: a clean distinction between structural change and continuity will require complete project pipelines and longer observation periods.

4.2. National DFIs assume central role in financing

In sections 2 and 3, we showed how the European Commission's turn toward guarantee-based development finance elevated national DFIs. If the EFSD+ is now central to NDICI–Global Europe and the Commission has structured it in ways that allow national DFIs to benefit disproportionately, then we would expect these institutions to play a major role in financing the GG. Our project-level data supports this contention: DFIs participate in the financing of 78 out of 99 projects. Importantly, these bilateral actors appear to be more active than European multilateral financial institutions. In comparison, the European Investment Bank participates in the funding of 43 projects, and the EBRD is active in only 10 projects. Our observation is in line with Howarth, Kavvadia, and Sadeh (2026) who argue that the EIB has lost prominence with the GG. This pattern further lends support to the insights developed in sections 2 and 3: the EU development architecture opens the door for national DFIs to become central actors in financing development cooperation.

It is possible that, while the European Commission has shaped an architecture that favors national DFIs, this may reflect strategic priorities of particular EU members. Schneider and Tobin (2013) argue that France and Germany can form a powerful coalition to support their development cooperation interests. Consistent with this argument, we find that the DFIs of these two countries disproportionally finance the Global Gateway compared to those of other EU member states. The French Development Agency–Proparco and Germany's KfW-DEG have funded 47 and 17 projects, respectively (see Table A1 in the Appendix). In 2023 alone, the AFD Group and the German KfW Group committed €13 billion and €9 billion of investments respectively under the GG (AFD 2024; KfW 2024).

Other EU member states are underrepresented in terms of the number of GG projects that they finance. Yet, these states remain active contributors at scale. Several countries support only a handful of projects – Spain finances three, Sweden two, and Norway[8] and the Netherlands one project each but their financial commitments are substantial. The Netherlands, for example, plans to leverage nearly €369 million in EFSD+ guarantees to mobilize more than €1.54 billion in Global Gateway–related investments through its DFI, FMO (FMO 2022). Spain has also announced ambitious contributions: at the Global Gateway Forum on 26 October 2023, Prime Minister Pedro Sánchez committed €9.4 billion as part of the €45 billion investment package mobilized by Europe for Latin America and the Caribbean (La Moncloa 2023).

Nordic DFIs have also begun to engage with EFSD+ guarantee mechanisms. In January 2024, Swedfund provided a $5 million loan to Apollo Agriculture in Kenya, half of which—$2.5 million – is backed by an EU EFSD+ guarantee under the Global Gateway initiative (Swedfund 2024a, 2024b). In Denmark, IFU has secured €71.7 million in EFSD+ support to guarantee its Sustainable Development Fund in early 2025, with the aim of leveraging nearly €4 billion in investment over four years (Impact Fund Denmark 2024).

Finally, we explore the extent to which GG projects involve European firms. Our data collection efforts reveal that the information disclosure across GG activities was uneven. In particular, we found that information on private co-financing and subcontracting was less consistently disclosed across projects. We believe that this is typical for blended finance initiatives which rely on multiple implementing financing institutions and more frequently disclose information for publicly financed components than privately financed ones. Our approach allowed us to compile comprehensive supplier information for 54 approved activities. This subsample mirrors the broader set of 99 projects, showing similar patterns in terms of project size, distribution across sectors, and financiers. Because supplier disclosure is incomplete, however, observed contracting patterns may reflect early trends rather than a definitive distribution of beneficiaries.

An examination of the beneficiary suppliers involved in GG projects documents a strong concentration of contracting opportunities among firms based in EU member states, particularly Germany, France, Spain, Italy, and the Netherlands (see Figure 4b). German firms appear prominently – KGAL, Siemens-Rieder, GTAI, Gopa Intec, GAUFF, QG Konstruktion, MCA Deutschland, and BMW – reflecting Germany's long-standing institutional capacity and export orientation in large-scale infrastructure and engineering services. French companies constitute another major block of contractors: EDF, Orange, Ingerop, Razel-Bec, Alstom/GE Hydro, Saft, Camrail-Bolloré, and Eiffage, among others. Spain and Italy also feature through major multinational engineering firms (e.g. Elecnor,

(a) (b)

Figure 4. Public/Private finance and supplier domiciliation under the Global Gateway initiative. Note: Panel (a) shows the shares of public and private capital in total financing mobilized per year. Panel (b) shows, by country, the number of projects for which at least one identified contractor is domiciled in that country. The figures are derived from the authors' own dataset and cover 99 projects with financing data in panel (a) and 54 projects with supplier information in panel (b), subsets of the 250 Global Gateway activities announced by the European Commission. Source: Authors' own dataset.

Cobra, Webuild, TERNA), underscoring the strong infrastructure and construction specialization of Southern European suppliers.

Although the supplier landscape is dominated by European firms, some projects involve non-European contractors, including companies headquartered in Canada (NuRAN Wireless), Australia (SMEC), Kenya (Safaricom), the United States (HUSK Power Systems), and Türkiye (Albayrak Group). These cases, however, remain exceptions and typically involve niche technical roles or partnerships with EU-based firms. The presence of mixed consortia, combining European and non-European suppliers, further indicates that many GG projects foster European firm integration in transnational engineering and telecommunications supply chains.

Private sector participation in international development is widely promoted as a means to mobilize additional resources for large-scale investment. Successive reforms of the European development finance architecture have progressively institutionalized public–private infrastructure financing, and the Global Gateway was presented as the culmination of these efforts to anchor private-sector involvement. To assess the extent of this participation, we collected detailed information on the co-financing arrangements for each approved project, including the amounts committed by each financier. Our analysis shows that, contrary to initial expectations, GG investments remain predominantly publicly financed (Figure 4a). Private capital mobilized through the initiative accounts for only about 13.5% of total committed financing. This pattern aligns with existing research showing that European guarantee instruments tend to be more effective at leveraging additional public rather than private investment, as observed in the case of the Juncker Plan for EU internal investment (Mertens and Thiemann 2019). Taken together, these findings suggest that although de-risking mechanisms like guarantees have become central to European development finance, private investors continue to rely on substantial public finance to enter high-risk infrastructure markets.

Overall, the data suggest that GG financing predominantly benefits established European industrial and engineering champions, consistent with the initiative's dual objective of strengthening partner-country infrastructure while reinforcing the global competitiveness and market presence of EU firms. At the same time, we observe limited inclusion of local or regional contractors outside Europe. Interestingly, our findings highlight limited mobilization of private finance, providing an empirical assessment that nuances general claims about the centrality of private finance in development (Gabor 2021). These interpretations remain provisional, however. They should be interpreted as early signals rather than stable features. Subsequent project disclosures or additional EFSD+ guarantee rounds may reveal different financing and procurement patterns.

By empirically exploring a financial architecture that was shaped by more than a decade of institutional reforms, we highlight a turning point towards support for infrastructure sectors. Our study indicates that the GG may have effects on European development cooperation that extend well beyond this single initiative. The new NDICI–Global Europe structure, which prioritizes allocating guarantees to national DFIs over disbursing grant-based aid for social sectors, is clearly aligned with the economic interests of EU member states.

Recent proposals for the post-2027 external financing framework confirm this trajectory: the NDICI–Global Europe architecture is expected not to be reversed but strengthened, notably through an expanded use of guarantees (Jones et al. 2025). Discussions also point to reforms aimed at reinforcing coordination across Directorate-Generals in ways that would facilitate engagement with national DFIs (Jones et al. 2025, 21).

5. Conclusion

While the Global Gateway is often portrayed as a break in the history of European development cooperation, our paper demonstrates that it is best understood as a latest step on a longer institutional trajectory. Over more than a decade, the European Commission has played a key role in shaping a longer-term shift from grant-based support for social sectors toward investment-oriented finance architecture structured around blended finance and guarantees. To anchor institutionalized guarantees as a core instrument the European Commission has progressively supported reforms that included the creation of regional blending facilities, the 2016 External Investment Plan, and, most recently, the creation of the EFSD+ under NDICI–Global Europe. These instruments enabled large-scale infrastructure financing and increased the role of national development finance institutions (DFIs) in EU development cooperation.

Using an original dataset of GG projects, we assess how this transformed development finance architecture operates in practice. We show that GG investments are large, overwhelmingly focused on delivering infrastructure, and financed disproportionately by national DFIs rather than European multilateral institutions. These findings underscore how reforms over more than a decade have created opportunities for national DFIs to obtain more guarantees – an indicator that the financing power has shifted toward national DFIs in European development finance. We also show how the GG supports European commercial interests (Bernardo and Mah 2026). Across investments, European firms are on the receiving end of contracts, with a large concentration of firms based in France and Germany and some contracting with firms headquartered in Spain, Italy, and the Netherlands. Finally, despite strong expectations that guarantees would mobilize private capital, our analysis of projects finds limited private investor participation. Together, the preliminary evidence is consistent with the view that the GG may function as a strategic instrument that channels a new institutional logic of European development finance. However, given the limited availability of complete financing and procurement information, these conclusions should be viewed as preliminary and subject to revision as GG implementation progresses.

Our analysis contributes to debates on the EU's evolving role in development cooperation. By documenting how the Commission uses guarantees to steer DFI investments in strategic sectors, we show one concrete mechanism through which the EU advances its geo-economic agenda (Rosén and Meunier 2023). More broadly, this supports existing research that the EU acts as a geostrategic actor in the area of development finance (Anyiam-Osigwe, Dietrich, and Zeitz 2026a; Anyiam-Osigwe, Dietrich, and Zeitz 2026b; Heldt 2023; Howarth, Kavvadia, and Sadeh 2026; Skidmore 2025; Soler i Lecha 2025). The role of the Commission in particular has been more central over time as argued by others as well (Heidebrecht and Kim 2026). We also contribute to the understanding of the financialization of EU development policy by tracing how an investment-oriented approach has become embedded in the NDICI-Global Europe framework. Our focus on EU engagement in the Global South adds to existing research that explores development finance to European Neighborhood Countries (Thiemann, Mocanu, and Piroska 2025).

Finally, we provide empirical evidence on national DFIs as actors who remain understudied but whose role in EU development finance has expanded markedly over the last decade. We complement existing research that focuses on factors that shape DFI investment decision-making (Bau 2026; Bau et al. 2026) by offering an explanation for their growing importance in the European Union. As additional data become public, future research will be better positioned to test, refine, or challenge the preliminary patterns we identify here.

Our paper opens several avenues for further research. Although national DFIs apply for financial guarantees individually, this process may be preceded by preexisting coordination among EU members. Our analysis focuses primarily on the European Commission's role in granting guarantees, but future work could examine more closely how European governments informally coordinate and decide to apply together for guarantees for specific, jointly financed, infrastructure projects. More broadly, our research highlights the emergence of a novel European development architecture that substantially reshapes the Union's development cooperation policy. As of the writing of this paper, the NDICI–Global Europe architecture is widely expected not to be reversed but strengthened, with an even greater reliance on guarantees beyond 2027. As this model continues to expand, understanding how DFIs respond to European Commission steering and how guarantees affect institutional priorities becomes increasingly important. Moreover, future research should examine how recipient-country engagement changes under an infrastructure-focused, guarantee-driven approach to development cooperation. Finally, our data indicate that a substantial proportion of projects have a climate dimension, suggesting that European development cooperation is now a major provider of climate finance. Future work could focus on the allocation of European development finance, particularly the emphasis placed on adaptation or mitigation (e.g. Dellmuth and Gustafsson 2021).

Notes

1. For the same year, the United States' bilateral Official Development Assistance (ODA) totaled USD 66 billion and the IDA committed about USD 30 billion (IDA 2023).
2. We use 'hard' and 'soft' sectors as shorthand for infrastructure-intensive and social-sector investments respectively, rather than in the sense of soft and hard power.
3. Data is from the OECD Creditor Reporting System. The measure is a share of commitments to hard sectors out of total Official Development Assistance (grants and concessional loans). The measure for hard sectors captures ODA to (1) water supply and sanitation, (2) transport and storage, (3) communications, (4) energy, (5) agriculture, forestry & fishing, and (6) industry, mining & construction (Zeitz 2021). For EU Members, the data are restricted to bilateral allocable ODA only, following Bau et al. (2025). For EU Institutions, the data are based on reported outflows by the multilateral organizations.
4. See Table A2 in the Appendix for an overview of the institutional actors in the European Financial Architecture for Development.
5. The EFSD+ Guarantee capacity was €5.95 billion for this call, but this did not prevent DFIs from submitting multiple PIPs that well exceeded the European Commission's initial capacity.
6. See Table A1 in the Appendix Section.

7. GG activities qualify as individual projects when we are able to identify that the project has been approved by the funders. This ensures that the activity is not a promise or agreement between the Commission and a beneficiary country, but will be funded in accordance with an established agreement.
8. Interestingly, while Norway is not an EU member, its DFI Norfund finances some of the Global Gateway projects.

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Data availability statement

The data that support the findings of this study are available from the corresponding author, Nicolas Bau, upon reasonable request.

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Appendix A1. Distribution of financing across Global Gateway projects

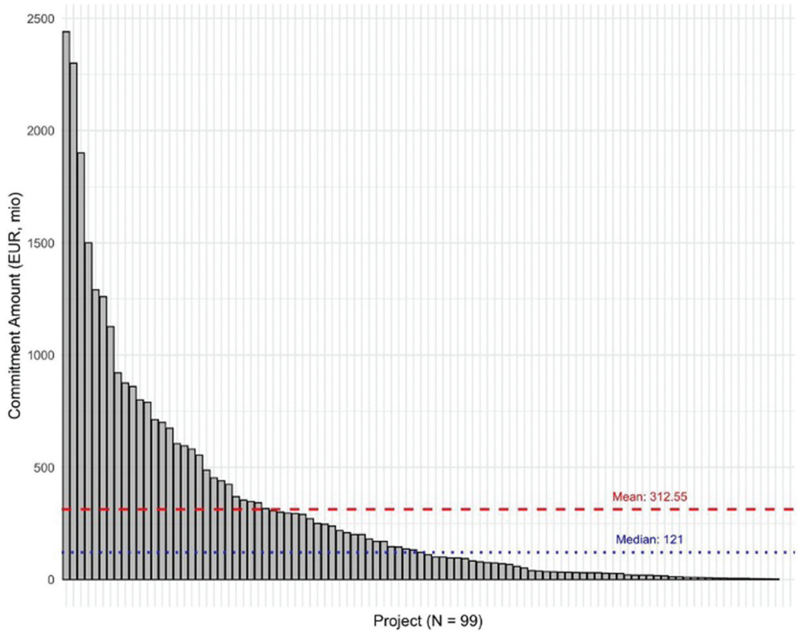

Figure A1. Distribution of financing across Global Gateway projects. Note: The figure plots the size of financing commitments for individual Global Gateway projects, ranked from largest to smallest. The vertical axis shows the commitment amount in millions of euros; the horizontal axis gives the project's rank, so the leftmost point is the largest project and the rightmost the smallest. The sample covers 99 projects approved between 2021 and 2025, a subset of the 250 initiatives announced by the European Commission for which commitment amounts could be identified. Source. Authors' own dataset.

Appendix A2. List of interviewees

(1) Interview 1: Think tank Senior Researcher, 04/16/2025 (virtual)
(2) Interview 2: DEG Senior Official, 04/17/2025 (virtual)
(3) Interview 3: KfW Senior Official, 04/22/2025 (virtual)
(4) Interview 4: European Commission Senior Advisor, 05/08/2025 (virtual)
(5) Interview 5: AFD Senior Researcher, 05/06/2025 (virtual)
(6) Interview 6: AFD Senior Researcher, 05/07/2025 (in person)
(7) Interview 7: EDFI Senior Manager, 05/09/2025 (virtual)
(8) Interview 8: Proparco Senior Manager, 05/15/2025 (virtual)

Appendix A3. Co-financing arrangements

Table A1. Frequency of European Official Co-financers in Global Gateway projects.

Development Finance Institution	Mentions
European Commission (EC)	56
AFD-Proparco (France)	47
European Investment Bank (EIB)	43
KfW-DEG (Germany)	17
European Bank for Reconstruction and Development (EBRD)	10
AECID (Spain)	3
Swedfund (Sweden)	2
FMO (The Netherlands)	1
Norfund (Norway, non-EU)	1

Table A2. Actors in the European development finance architecture and their roles.

Institutional Actor	Role in the European Development Finance Architecture
European Commission (DG-INTPA)	Defines strategic priorities for EU external investment; manages the *NDICI–Global Europe* instrument and oversees the *EFSD+ guarantee*; coordinates Member States and EU financial institutions under the *Team Europe* approach.
European Bank for Reconstruction and Development (EBRD)	Provides private sector investments. Acts as an implementing partner under EFSD+.
European Investment Bank (EIB)	Provides public sector loans, private sector investments, grants and technical assistance. Acts as an implementing partner under EFSD+.
Member State Development Finance Institutions (DFIs)	Act as implementing partners of the EFSD+; channel national and EU resources toward private sector investment. European Union's DFIs are: OeEB (Austria), BIO (Belgium), Impact Fund Denmark (Denmark), Finnfund (Finland), AFD-Proparco (France), KfW-DEG (Germany), Cassa Depositi e Prestiti (CDP) (Italy), FMO (The Netherlands), Norfund (Norway), SOFID (Portugal), Cofides (Spain), Swedfund (Sweden).
European Development Cooperation Agencies (DCAs)	Public institutions tasked with implementing international development policies for their respective EU Member States. These agencies manage bilateral development cooperation, technical assistance, and capacity-building projects in partner countries. Key examples include: Austrian Development Agency (Austria), Enabel (Belgium), Danida (Denmark), Expertise France (France), GIZ (Germany), Sida (Sweden), etc.

Note: The European Financial Architecture for Development (EFAD) integrates the EU institutions, Member State DFIs, and DCAs into a coordinated framework for external investment. Sources are from ECDPM and HellenicAid (2025).