



# **Global Europe: bridging investment and sustainable development**

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# Introduction

This report reflects statements and questions made during an afternoon high-level roundtable hosted by Friends of Europe in Brussels on 30 March 2023. The debate marked the official launch of Friends of Europe's new [Global Europe](#) programme.

As the European Union rolls out its Global Gateway and related investment plans, it is important to consider how the EU's target regions, recipients and partners perceive and engage with the strategy, as well as other global development and investment frameworks.

Between 2021 and 2027, the EU aims to mobilise up to €300bn of investment in digitalisation, climate and energy, transport, health, education and research, €150bn of which will be allocated in Africa alone.

In addition to low- and middle-income countries' decades-long challenges in advocating for investment in infrastructure, many other obstacles exist. Planning infrastructure for a low-emission and resilient future requires a rethink at all levels of government to avoid exacerbating negative effects.

Successful investment and cooperation would not only lead to effectively addressing global challenges, such as climate change, but also to meaningful progress towards the 17 United Nations Sustainable Development Goals (SDGs). However, in recent years, countries have increasingly questioned the excessive self-promotion of the EU as a role model of values.

With representatives and experts from Europe, Latin America and the Caribbean, Africa and Asia, the roundtable heard opinions about what works and what does not within the EU Global Gateway strategy and the global development and investment framework.

The discussion developed from the following questions:

- Does EU development policy focus on sustainable, inclusive economic growth that is oriented towards the realities of regions and individual countries?
- Or does it focus on fulfilling well-intended, even if misguided, goals that benefit the EU's image but fail to keep the interests of respective regions and countries in mind?

## Recommendations

- Consider using the UN SDGs as the starting point for the EU when negotiating partner agreements.
- Take the September 2023 SDG Summit as an opportunity to recommit to the 2030 Agenda and announce new initiatives, including through advanced EU engagement.
- Refocus the Global Gateway away from EU perceptions of what is good and onto shared priorities.
- Use the Global Gateway to showcase a model of partnership between the EU and partner countries and regions that promotes soft skills, such as education, health and gender-equality.
- Seek opportunities to demonstrate that EU infrastructure investments promote social, health and education needs.
- Develop support and guidance for private sector engagement in sustainable investment, including through de-risking and guarantee mechanisms.
- Help potential Global Gateway partners understand, identify and present eligible projects.
- Recall the need to use international fora and meetings such as the annual UN Framework Convention on Climate Change (UNFCCC) to find common voices on investment and sustainable development.
- Seek out projects that already exist on the ground, particularly between neighbouring countries, to make the most of limited budgets.
- Orient partnership agreements towards the priorities, concerns and conditions of partner regions.
- Use ‘social clauses’ as a key metric when commissioning large infrastructure projects. The EU in particular but also development banks should use these to ensure a community dividend in terms of housing, schooling and health.
- Procurement approaches could be a game changer in terms of wider community and social benefits.

## Event summary

### Fixing an image problem

Despite its longstanding reputation as a world leader in tackling problems, from humanitarian crises to climate change, the EU today faces an unprecedented image problem in talks with global partners. Some challenges for negotiations with Europe took root long ago, with memories of colonialism, as well as existing and perceived double standards when it comes to trade and environmental standards.

*“ We really need to repair Europe’s relationship with the South. I have not seen it in such a state of damage in the last 30 years.”*

**Pascal Lamy**, President of the Paris Peace Forum, former European trade commissioner and Trustee of Friends of Europe

More recently, however, scars have been caused by “covid apartheid” and “green imperialism”, as **Pascal Lamy**, President of the Paris Peace Forum, former European trade commissioner and Trustee of Friends of Europe, described them. “I will be frank,” he warned. “We really need to repair Europe’s relationship with the South. I have not seen it in such a state of damage in the last 30 years.”

Participants agreed that the EU’s handling of the coronavirus pandemic had seriously damaged Europe’s reputation with developing countries, with vaccines being unfairly hoarded by wealthy European countries while poorer regions suffered. Participants warned that “developing countries will not forget this vaccine nationalism.”

The question of vaccines aside, there is a need to rebuild trust in Europe as a global investment partner. On investment rules and intellectual property rights, for instance, there is a feeling that the EU measures and addresses illicit financial flows through a lens of “Europe first”.

The EU was also accused of double standards in its expectations of environmental policy from developing countries, for instance, in continuing to rely on coal and palm oil while asking others to adopt cleaner practices. The EU’s Green Deal, policies on renewable energy and the Carbon Border Adjustment Tax were singled out for criticism as creating tension in global trade and investment negotiations. Participants also said they were shocked by messages sent by EU decisions on deforestation, pesticides, sustainability and corporate due diligence, among others.

**Andri Hadi**, Indonesian Ambassador to the Kingdom of Belgium, the Grand Duchy of Luxembourg and the EU, warned EU negotiators: “On the one hand, you are trying hard to find good [...] agreements between the EU and others... But on the other hand, you are creating regulations that we strongly believe are barriers to trade...”

This is not a good approach.” **Pedro Miguel da Costa e Silva**, Brazilian Ambassador to the EU, agreed: “You need to listen [to others], but also pay attention to what you are saying.”

## A new way of talking

An image problem and growing global antagonism are also fuelled by a problem with the very language used in global investment and sustainable development negotiations.

*“ It’s important to find that shared language of trust [and coherence].*

**Ifeoma Charles-Monwuba**, Country Director and Representative of UNOPS Ghana

“When you sit where I sit, working across five countries, [...] you begin to hear the divergence in voices and ideas,” said **Ifeoma Charles-Monwuba**, Country Director and Representative of UNOPS Ghana. “It’s important to find that shared language of trust [and coherence].”

The term ‘Global South’, in particular, is over-simplistic and a barrier to constructive engagement. Speakers warned that use of the term might be suited to Chinese interests but was not helpful or appropriate for European negotiators.

The very word ‘Europe’ was felt at times to be unhelpful in negotiations. In a global market, there is no such thing as the European private sector or a European investor. Following Brexit, with many investors still based in London, the term ‘EU’ may be even less accurate in negotiations.

*“ The Global Gateway [...] is an attempt to approach the question of financing infrastructure as an entry door in a different manner, in a partnership, not top-down*

**Elena Flores**, a Deputy Director-General for Investment and International at the European Commission Directorate-General for Economic and Financial Affairs (DG ECFIN)

‘Team Europe’ was a particularly divisive expression. Some speakers felt that mentioning Team Europe harks back to an imperialistic, top-down approach and creates an artificial sense of the world with “Europe on one side and the rest of the world on the other.” At the same time, some participants said Team Europe should be seen as a way of promoting a shared spirit across countries – a spirit that has nothing to do with confrontation.

Too much focus on the language around quick returns and targets can also risk alienating partners at the earliest stage of negotiations. Rather than “beating people over the head [with targets],” a more fruitful approach would be to look for opportunities with partners, suggested **Charles Cormier**, Infrastructure Regional Director for Europe and Central Asia at the World Bank.

The Global Gateway potentially sends a powerful message from the EU about a new way to promote positive development cooperation. This should be used as a way to develop sustainable, clean energy projects with partner countries, covering every aspect of the supply chain, from mining to manufacture and recycling.

*“To be truly demand-driven, however, Europe must engage with partners, listening to their needs and demands”*

**Elena Flores**

“The Global Gateway [...] is an attempt to approach the question of financing infrastructure as an entry door in a different manner, in a partnership, not top-down,” said Elena Flores, a Deputy Director-General for Investment and International at the European Commission Directorate-General for Economic and Financial Affairs (DG ECFIN). “The entry door to this may be hard infrastructure, but it is a much broader approach.” In this regard, “necessary infrastructure” is intended to support education and health projects, as well as classic green objectives.

Europe was asked to use the Gateway to showcase its preferred partnership model, as a way of fostering sustainability and resilience on top of profitability. To be truly demand-driven, however, Europe must engage with partners, listening to their needs and demands.

## Save our SDGs

Europe can also work to rebuild trust with the international community through support for the UN SDGs. **Camilla Brückner**, Director of the UN/UNDP Office in Brussels, said the goals were “currently seriously at risk.”

*“We’re not achieving the Sustainable Development Goals... If we want to make things work, we need to change the way we work”*

**San Bilal**, Senior Executive and Acting Associate Director for Sustainable Africa Economies and Climate Action at the European Centre for Development Policy Management

Work to meet the SDGs would help put human rights at the centre of the Global Gateway and show that the Gateway is not just “an EU project about European interests,” she said.

“We have to find way of building trust back,” Brückner explained. “The UN believes Sustainable Development Goals are a way of doing this.”

## *“ We need to build a new narrative around how to build links with partners*

**Laure Blanchard-Brunac**, Director of Policy & Partnerships at the Association of European Development Finance Institutions (EDFI)

**San Bilal**, Senior Executive and Acting Associate Director for Sustainable Africa Economies and Climate Action at the European Centre for Development Policy Management, agreed: “We’re not achieving the Sustainable Development Goals... If we want to make things work, we need to change the way we work.”

SDGs can help countries find common ground and build on each other’s experience. This kind of shared objective shows that all countries and people are in the same boat and hoping for the same things.

Value under limited budgets can in many cases be found by seeking out projects that already exist on the ground, particularly between neighbouring countries, such as building bridges, canals and roads. Many potential Global Gateway partner countries, however, also need support in even identifying and presenting eligible projects.

“We need to build a new narrative around how to build links with partners,” said **Laure Blanchard-Brunac**, Director of Policy & Partnerships at the Association of European Development Finance Institutions (EDFI).

## *“ Without local authorities, we won’t succeed at all*

**Josep Canals-Molina**, Secretary-General of MedCities

With this in mind, investment in common ground through the Global Gateway and the SDGs should include soft skills, for example, in education and culture, as well as hard infrastructure. This new narrative should particularly help women and young people flourish.

Speakers called for all regions and investors to be part of the new approach to sustainability. This means international banks, local mayors, EU institutions and regional NGOs.

“Without local authorities, we won’t succeed at all,” warned **Josep Canals-Molina**, Secretary-General of MedCities. “[We have to] put money on people to increase capacity on local authorities. Many mayors are not paid. They don’t have enough human [or economic] resources to achieve their responsibilities.”



## A business environment for business and the environment

An inclusive, cross-sectoral approach to investment and sustainable development means bridging gaps between the public and private sectors. Particularly from a shareholder perspective, the investment gap cannot be bridged by the public sector alone. The private sector often does not feel safe coming into the public sustainable development space simply because it does not understand the laws and rules of engagement.

### *“Creating an enabling environment for the private sector would bring additional resources to the table*

Creating an enabling environment for the private sector would bring additional resources to the table. The private sector could also shift focus away from the short-term political cycle of three to five years by showing there is a reason to invest in sustainability further down the line.

The private sector, however, faces a very difficult environment in low- and middle-income countries, where the banking and energy systems are collapsing and investors are fleeing risky areas. In addition, ‘green investment’ is too often seen as too risky for private sector backers and their reputations.

To encourage private sector engagement, including insurance, an “enabling environment should include de-risking mechanisms, such as EU guarantees. At the same time, policymakers should work with countries to build enabling environments and reduce the need for such guarantees.

It will be important to develop positive incentives, rather than a purely sanctions-based policy, to encourage private investment. There could also be a need to create local capital markets to reduce investment needs, building in local currencies.

“We need to find a language understood by the private sector,” said **Jean Van Wetter**, Managing Director of the Belgian Development Agency (Enabel). The lack of private sector attendees at the Friends of Europe event showed the need for a changed approach and more realism, he contended.

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**Isabelle Durant**, Trustee of Friends of Europe and former deputy secretary-general of the United Nations Conference on Trade and Development, reminded the audience that “the private sector is SMEs as well as multinationals”, showing the need for a flexible, inclusive approach to dialogue.

The roundtable highlighted the need to balance many different, immediate needs and create an enabling environment if Europe is to repair its image, improve mutually beneficial partnerships and help bridge investment and sustainable development – all while remaining sensitive to the difficulty in such tasks, given the global context and the many challenges faced by the international community. “This is all difficult in a poly crisis,” concluded **Pilar Garrido**, Director for Development Co-operations at the OECD.



## **Friends of Europe**

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