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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Presentation given by a representative of ECDPM (European Centre for Development Policy Management) at the RELEX Horizontal Questions meeting of 28 March 2025

Delegations will find in the annex a presentation given by an external stakeholder (ECDPM representative) at a meeting of the WP RELEX-HQ on 28 March 2025. The views expressed in the presentation are solely those of the third party concerned. This document cannot be regarded as stating an official position of the Council and it does not reflect the views of the Council or of its members.

ANNEX

ecdpm

How to engage the European private sector in Global Gateway

Ways forward

Draft Brief

March 2025

Executive Summary

The new European Commission focuses on investment and competitiveness, security concerns and strategic autonomy, combining European Union (EU) interests in a new foreign economic policy with sustainable development ambitions, working toward mutually beneficial partnerships. Achieving these objectives, embodied in the "scale-up" phase of Global Gateway (GG), requires effectively and systematically engaging the European private sector in GG.

Yet, the current set of instruments at the EU level is not sufficient to engage the European private sector. Whilst the next EU budget should aim at offering more creative and sophisticated ways to engage the European private sector, the EU and its member states cannot wait until 2028 to start engaging their private sector in GG. The remaining part of this one-pager presents a demand-driven mechanism, the GG Project Preparation Facility (PPF), which aims to provide direct financial and non-financial support to the European private sector, alongside GG strategic projects (projects supported by COM as well as EU member states and their private sector).

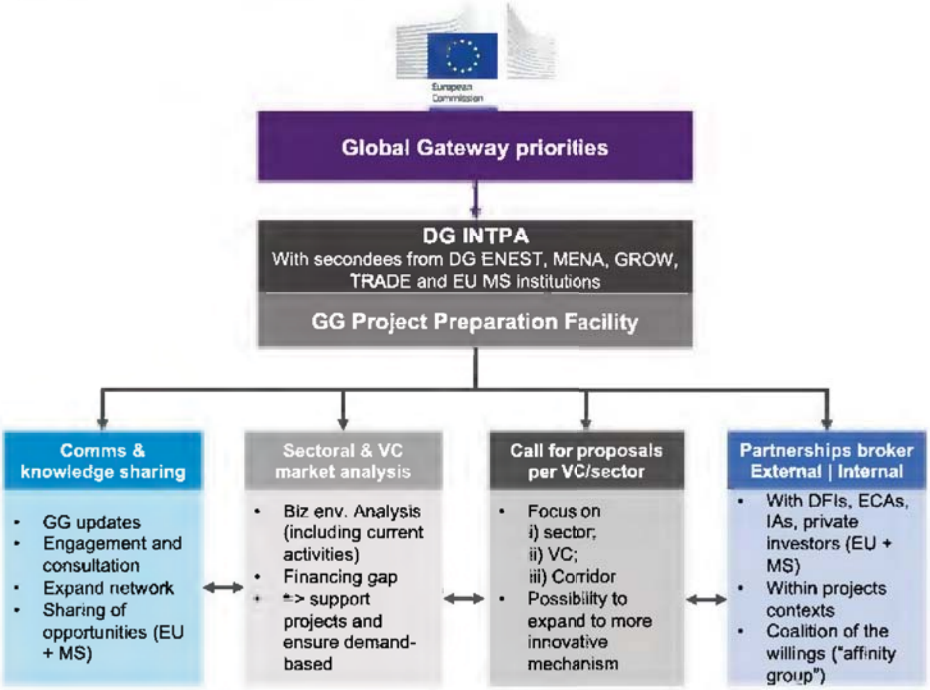
This GG PPF, through a call for proposals specific to a given GG strategic project, would focus on identifying and helping prepare projects associated with specific GG strategic projects - and in doing so, bring the 360 degrees approach to practice - thus bringing a concentration of investments that can lead to greater impacts at the local level by fostering industrialisation and economic transformation processes, whilst offering additional potential for European private investments. In doing so, it provides an additional (yet complementary to / coordinated with Team Nationals, the development finance institutions (DFIs) - export credit agencies (ECAs) enhanced coordination, the Business Advisory Group (BAG) Facility etc.) tool in the EU toolbox.

The GG PPF would provide the following four services:

1. **Comms & knowledge sharing** to foster transparency, information access and updates on GG (including on GG related tenders), as well as providing a focal point able to respond to the European private sector requests in an agile manner;
2. **Market analysis & political economy analysis** on specific sectors, value chains and/or corridors that can help shape and inform the call for proposals;
3. **Mechanism to receive European private sector proposals** that will be fed by i) the Team National channel, putting forward relevant proposals for the scale up of GG; ii) a rolling call for proposal at the European level for strategic projects, open throughout the year for ad-hoc support on strategic projects; and iii) a call for proposals on a selected GG strategic project. The mechanism would provide financial (grant for project preparation) and non-financial (tackling systemic issues, such as the business environment), thus providing comprehensive support to the European private sector; and

4. **Partnership brokerage**, to facilitate internal partnerships ("coalition of the willings") ex-ante the call for proposal; and external partnerships – i.e. redirecting private sector requests towards other EU MS institutions (ECAs, DFIs, implementing agencies and trade promotion agencies)

Figure 1: Illustration of the mechanism



To foster a swift implementation, the GG PPF would be hosted under INTPA (potentially under E3 if relevant and of interest), which has a clear mandate to work on the scale up of Global Gateway and with the European private sector, and who is also managing other relevant facilities. To run, it would require additional capacities, which could take the form of secondees from DG TRADE, DG GROW, and other member states' actors from the European financial architecture for development (e.g. European DFIs, ECAs, TPAs, IAs and the private sector) and potential Team Nationals representatives in E3.

The European Commission and its member states should consider funding the mechanism and especially the call for proposal through their ODA and preferably non-ODA budgets, and the member states should deploy secondees, which would beef up INPTA (E3 or other) capacities providing more bandwidth as well as provide support/network/expertise on key issues. As Draghi puts it: *"Time is not on our side" [...] So when you ask me what is better, what is best to do now? I say I have no idea. But do something!"*.

I. Introduction & objective

The Global Gateway (GG), launched in December 2021, represents the EU's strategic initiative to advance connectivity and infrastructure development across key sectors such as digital, energy, transport, health, education, and research. Positioned as a geostrategic response to global competitors like China's Belt and Road Initiative (BRI), GG is central to the EU's foreign economic policy, aiming to enhance the Union's geopolitical influence, economic competitiveness, and strategic autonomy and to enhance partner countries economic transformation and industrialisation (and the creation of more and better jobs).

With an ambitious target to mobilize up to €300 billion in public and private investments by 2027, GG relies on a Team Europe approach, integrating efforts from EU institutions, member states, financial bodies, and crucially, the private sector. Despite its emphasis on catalysing private sector involvement, European businesses remain underrepresented in GG projects. Yet, strengthening this involvement is essential to unlocking the initiative's full potential, leveraging European expertise, innovation, and capital to achieve GG's development cooperation, economic and geostrategic objectives, following a 360 approach.

Under the new European Commission (COM), the ambition is to move GG from start-up to scale-up, with a strong emphasis on involving the European private sector. GG, which includes over 260 flagship projects, aims to stimulate mutually beneficial investments, for European operators and financiers, and for the sustainable development of partner countries.

This briefing note aims to provide a concrete option for the better integration of European businesses into Global Gateway, building on the European external tools, including European development cooperation and trade promotion. It is based on an extensive literature review and consultations with European public and private sector actors, to ensure that any options and recommendations are evidence-based and are not only desirable but also feasible.

II. Stylised facts on European PSE in GG and their implications for a mechanism

This section provides a current state of play of the European private sector involvement in GG and a high-level overview of the key issues it encounters in this process. It is a non-exhaustive list that highlights some of the challenges that a mechanism aiming to better engage the European private sector in GG should address, and is based on an extensive literature review and consultations with both public and especially private sector actors.

The European private sector is not aware of GG strategy, and when it is, faces issues accessing the information it needs to assess potential engagement opportunities.

- Who to reach? DG INTPA (or DG TRADE or DG GROW), EUDs, other?
- What is the state of play GG projects? actors, volume, timeline etc.

The easiest entry point for the European private sector to engage in GG (flagship) projects is through public procurement.

- The European private sector comes at a late stage, when there are limited opportunities to shape potential opportunities.
- The European private sector is not necessarily competitive vs. (Chinese) firms in public procurement processes - with some giving up on such opportunities.
- Tenders are not branded as Global Gateway (limiting their visibility to the European private sector), and they focus on the larger types of projects - favouring large companies over SMEs, which account for over 99% of European market structure.

There is no clear process and limited means for the private sector to influence the choices on GG projects (including the flagships), and not a systemic business case for engaging in already identified GG flagship projects.

- The European private sector is not involved in the identification of GG (flagship) projects. As a result, while there may be a strong political rationale to engage in a given project, the business case behind it may not be strong enough to be attractive to the European private sector.
- While the European private sector has engaged with COM through the GG Business Advisory Group (amongst other means), there is a degree of frustration related to the gap between high-level policy dialogues and actual actions and support. If left not addressed, this may discourage some private sector actors to keep engaging.

There are no funding mechanisms available to finance directly the European private sector and support its engagement in GG.

- Despite confusion on the role and modus operandi of the EFSD+, and the EUR 300 billion figure often communicated by COM when speaking about GG, the European private sector has no access to direct funding mechanisms (because European instruments are development cooperation instruments complying with the untied aid principle).
- Yet, funding mechanisms do exist at the European member states' level, with in particular trade promotion agencies (TPAs), business associations, and export credit agencies (ECAs) providing financial and non-financial support to domestic firms (ECAs tend to focus on larger tickets and hence medium and large enterprises, contrary to TPAs which also support SMEs). These actors and the support they provide is not necessarily connected to GG and more broadly development cooperation.
- Development actors such as Development Finance Institutions (DFIs) and implementing agencies (IAs) only rarely if at all provide direct funding to European businesses (e.g. under Europe-Africa business partnerships) - but this is not (and should not be) their core mandate.

Financing is one part of the puzzle, and the European private sector also needs a more comprehensive type of support including actions on the business environment and policy dialogue.

- Barriers preventing the European private sector (including SMEs) to invest in partner countries can relate to e.g. regulatory issues, lack of skilled labour etc. Addressing these issues can facilitate European private sector investments.
- In addition, the scarcity of sustainable and high-quality project transaction opportunities in developing countries hampers the flow of investments into these regions. Investors seek stable, well-structured, and up to standards projects, but the absence of such opportunities creates uncertainty and risk. This leads to a reluctance in capital inflows, further limiting economic growth and hindering the development of critical infrastructure and industries.
- Despite the current siloes between European development themselves, and between them and commercial actors, better linking European actors' work following the 360 degrees approach, or an integrated package could unlock opportunities for the European private sector.

The European private sector is not homogenous and requires differentiated support to engage in GG.

- When looking at the European private sector structure, one should distinguish SMEs (which consist of over 99% of European companies), from large companies and investors (separating institutional from impact investors who have different risk profiles and investment thresholds). Each type of actor faces different challenges and opportunities, and hence different needs - and most EU MS are primarily (though not only) concerned with providing opportunities especially to their SMEs to engage in GG.

- The needs of the European private sector are not only dictated by its nature, but also its geographical and sectoral (and value chain segment) scope of operations.
- Last, whilst the focus is on the European private sector, competition within but especially between national private sectors should not be ignored but properly dealt with, by providing safe space for engagement for European approaches.

A better coordination of EU public support to the European private sector through a whole of government approach, should be approached at both the European and National levels - through Team Europe and Team National.

- Whilst the Team Nationals should play a key role in facilitating private sector engagement in GG, there is also a recognition that these won't be enough. Instead, Team Europe will still play a role, building on Team National's type of efforts (as EU member states often know best their own private sector).
- There are certainly instances where the national private sector of a given country is interested and has the added-value to help implement GG Flagship projects led by another country, in which case a European dimension would add value. The European Commission could set incentives in this regard via a Call for Proposal.

The table below highlights the key implications of these stylised facts for a mechanism aiming to better support the European Private sector engagement in GG, underlining key considerations to be taken into account for an effective and impactful mechanism.

	Considerations	Implications
At the political level		
1	The mechanism will be **aligned with GG evolving political priorities** in terms of i.a. geography, sectors, value, chains etc. as set by the EU and its member states	The mechanism should avoid being too general and instead focus on key priorities and be able to change focus reflecting GG evolving priorities.
At the operational level		
2	The mechanism will **go beyond public procurement** (and policy dialogue) to allow for a more proactive engagement of the European private sector	The mechanism should not put the private sector in front of the "fait accompli" but instead provide space to receive, respond and when relevant support European private sector proposals in a way that helps identify or help design GG projects
3	The mechanism will not only **engage**	The mechanism should help build an attractive

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	large European firms but also SMEs, as part of a 360 type of approach or integrated package that can add value to the EU offer	European offer by combining large infrastructure projects, with a set of smaller soft infrastructure projects, which can provide opportunities for European SMEs to engage, when relevant in collaboration with the local private sector
4	The mechanism will provide a more comprehensive type of support, leveraging the European Financial Architecture for Development, **combining financial and non-financial support** provided by IAs, DFIs, ECAs and TPAs	The mechanism should help address both financial and non-financial barriers (regulations, business environment, project preparation etc.) and in doing so will connect the European private sector with existing European instruments whenever relevant
5	The mechanism will help **build partnership between European businesses** (and incentives partnership with the local private sector) where relevant, and on strategic GG priorities	In some cases (specific geographical and/or sectoral contexts), fostering partnerships between European businesses can help develop stronger and more strategic involvement/projects. The mechanism should facilitate partnerships in specific issues where there is an added value in combining the strength of national European private sector
6	The mechanism will help ensure a **better match between GG political priorities and a market-driven approach** compounded in a strong business case type of approach	The mechanism, by being open to the European private sector at the political (in e.g. identifying GG projects) and operational level (putting forward concrete proposals), should bring a market reality check.
7	The mechanism will **not substitute national approaches** but rather build on current endeavours and help connect actors	The mechanism will build on Team Nationals and complete them by linking European private sector actors which may need to seek support beyond the domestic level to actively engage and add value to GG related endeavours

III. GG Project Preparation Facility

1. Key principles and rationale

The design of the mechanism aiming to better engage the European private sector in GG, temporarily named the GG Project Preparation Facility (GG PPF), follows a set of principles that aim to ensure that the mechanism is not only technically sound and aligned with policy priorities, but also feasible.

Principles		
1	**Gradual approach**	The mechanism will favour pragmatic and gradual approaches, taking into account the current Multi-annual Financial Framework constraints. The mechanism should be further developed in the long-term (also in view of the next MFF) where opportunities and constraints will differ (e.g. greater non-ODA budget).
2	**Build on existing approaches**	The mechanism will build on existing experiences and recent "innovations" instead of creating new instruments/approaches from the scratch, whilst integrating lessons learnt to help streamline the mechanism. It will direct business to the suitable funding or financing possibility at EU-MS level where relevant.
3	**Be coherent with other key policy processes**	The mechanism should be understood in a context of other policy processes, which have a direct impact on the European private sector engagement in GG such as the enhanced coordination between DFIs and ECAs or the development of Team National.
4	**Capacity constraint / limitations**	The mechanism should take into account the current limitations whether financial or in terms of human resources of COM, to ensure its feasibility (which could be partially compensated by EU MS).
5	**Be (private sector) demand-led**	The mechanism should respond to the interest and ways of working of the private sector including SMEs.

The GG 360 degrees approach

Large infrastructure projects do not provide sufficient opportunities for the European private sector and especially SMEs (who at best can be brought in following a consortium type of approach with a European lead firm) to engage in GG.

But GG goes beyond large infrastructure projects, by promoting a 360 degrees approach. For example, building a road between markets will not be enough for international and local private sector operators to leverage this opportunity to transport goods and exploit

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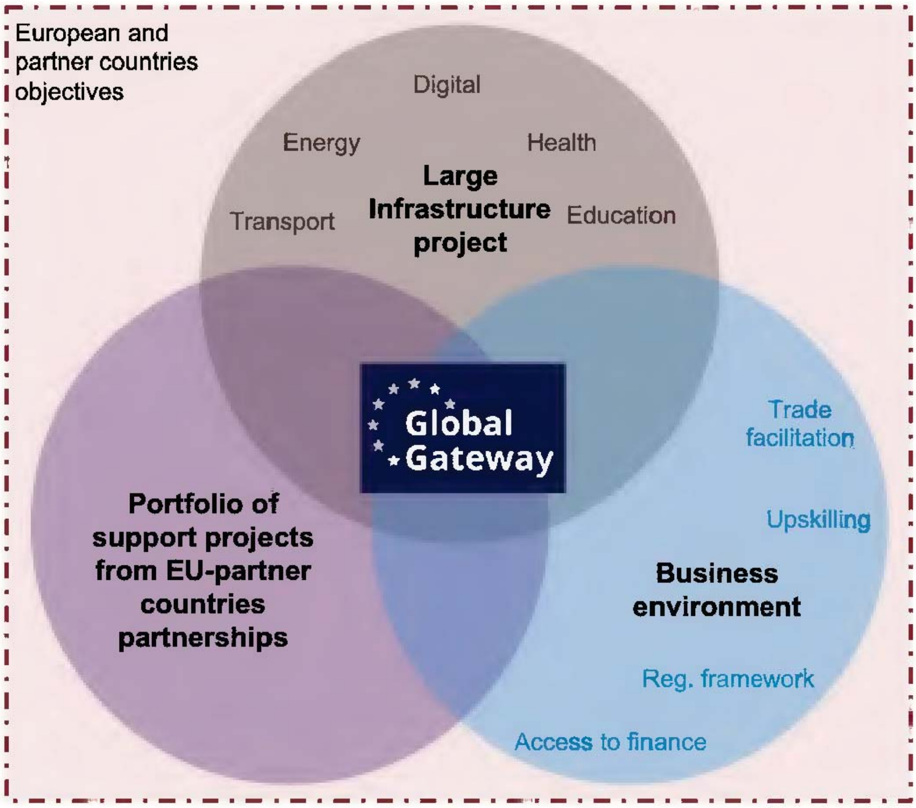
new market opportunities - and in doing so, working at greater scale and creating more value and gaining in productivity.

These may need additional direct support linked to an investment project (feasibility study to assess potential investments), and indirect support (trade facilitation, upskilling, etc.). In turn, it is by combining a large infrastructure project with a portfolio of smaller projects (which we call "support projects"), that the EU can promote an integrated package that addresses several development and economic objectives all at once, both from a European and partner country's perspective.

Figure 1: Illustration of the GG 360 degrees approach.



Supporting a 360 degrees approach helps create win-win partnerships that support local private sector development in a way that can contribute to industrialisation and economic transformation; whilst at the same time facilitating European SMEs engagement in support projects (as the market grows and becomes more mature, and that the business environment is more conducive to investments), together with the local private sector (European SMEs often partner with the local sector when engaging in partner countries as a means to mitigate risks, and tap into local economic and political

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networks). In short, the 360 degrees approach is essential to realise mutually beneficial partnerships and serves as an anchor for the mechanism suggested: The GG Project Preparation Facility (PPF).

The need for an EU anchored mechanism

To help translate the 360 degrees approach into practice requires not only the development of Team Nationals, but to link the Team Nationals to a Team Europe mechanism. The merit of such an approach lies in the following:

- Team Nationals capacities and strength will vary highly depending on the EU Member States' ecosystem. While the bigger ones may benefit from i) a solid architecture with the presence of strong DFIs, PDBs, IAs, TPAs, ECAs and other relevant players; ii) wide range of development cooperation but more especially commercial instrument supporting the internationalisation of their domestic private sector and iii) strong human and financial capacities, this is not the case of smaller EU Member States. If Global Gateway is to leverage the strength and added value of the European private sector in the short- to mid-term, an EU mechanism/approach is required.
- GG offered the opportunity for Member States to propose GG flagship projects, which are sometimes identified based on the added-value of their domestic private sector. Yet, in line with the 360 degrees approach, the private sector from other countries may be interested in contributing to GG strategic projects from other member states. A European mechanism could facilitate such a connection and allow the GG to tap into the full European private sector expertise and resources.
- From a bottom-up perspective, where the domestic private sector may see limitations in national institutions, a European mechanism could incentivise it to play a role in GG. It is also fair to assume that the private sector, unaware of GG, may not consider approaching Team Nationals with the type of projects that could be most relevant at the European level.

In short, having a mechanism anchored at the European level is complementary to the development of Team Nationals, and would help strengthen the EU offer and ensure a strong buy-in and interest from EU Member States (see more information below). At the same time, discarding a European mechanism would run the risk of leaving a few EU Member States' private sector behind, strengthening disparities between them, and reducing the added-value of a GG offer.

Last but not least, the proposed mechanism complements Team Nationals in that it focuses specifically on bringing together a set of coherent projects accompanying a specific GG strategic project – it is targeted and aligned with EU GG objectives and strategic projects. In doing so, it seeks a better articulation and synergies between the Team Europe and Team nationals levels.

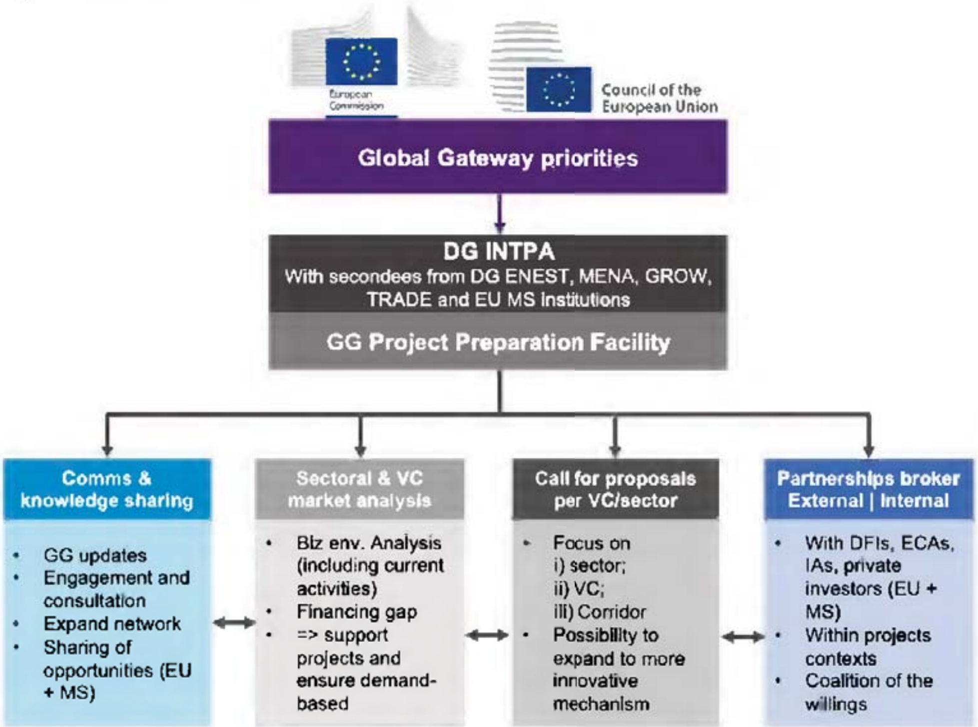
2. The GG Project Preparation Facility

The GG PPF would focus on identifying and helping prepare projects associated with specific GG strategic projects/corridors - and in doing so, bring the 360 degrees approach to practice - thus bringing a concentration of investments that can lead to greater impacts at the local level by fostering industrialisation and economic transformation processes, whilst offering additional potential for European private investments. Focusing on project preparation and not finance per se echoes the key concern of European private sector actors, and helps respond to a gap at the European level for this specific type of support.

The GG PPF would directly respond to the political guidance, priorities and objectives of GG - thus ensuring that its implementation serves EU development, economic and geopolitical objectives (See Figure below). In this context, a strategic governance mechanism involving both COM and member states would be most relevant to provide clear political guidance and advice, and help select the strategic GG projects the GG PFF should focus on.

Importantly, and before getting into the GG PPF, the European private sector should have the possibility to shape and influence GG strategic priorities and strategic projects to make sure that these are not only policy, but also market driven (this could be tackled partially through the Business Advisory Group managed by COM , provided that the latter is more strategically used). In this regard, particular attention should be paid to leveraging areas where there is a strong EU comparative technological advantage, which would strengthen the EU unique value added to partner countries.

Figure 2: Overview of the GG PPF



Aware of the capacities constraints of COM, we suggest implementing a common model across COM: whilst DG INTPA (Box 1) - as lead DG on GG - would provide strategic guidance and oversee the implementation of the proposed mechanism - the GG PFF - the latter would be implemented by external experts that would respond to requests coming from DG INTPA.

Box 1: Governance of the GG PPF

GG and the engagement of the European private sector relate to the work of several DGs:

- DG INTPA, which through Sikela's mission letter, is seen as the lead DG on the scale up of GG;
- DG ENEST and MENA, which also play an important role in implementing GG, and where the country focus offers additional opportunities for the European private sector to engage (due to more mature markets)
- DG TRADE, which through several elements such as the Clean Trade and Investment Partnerships, and the implementation of investment and trade agreements (as well as their role in initiating discussions on an EU export credit facility) could play a key role in GG
- DG GROW, which has the mandate and competence to support the European private sector, including its SMEs

To support the implementation of the GG PPF in the short-term, we suggest hosting it under DG INTPA E3 (also to build synergies with the BAG, and leverage the BAG and EABF facilities). That said, in the longer-term, and under the next MFF, further discussions should take place to find a set-up that allows for a cross DGs effort, with the involvement of secondees from ECAs, DFIs and the private sector, whilst remaining light, agile and flexible.

Yet, to strengthen the link between DG INTPA E3 and the European private sector, we suggest involving/including secondees from DG TRADE, DG GROW, and other actors from the European financial architecture for development (e.g. European DFIs, ECAs, TPAs, IAs and the private sector) and potential Team Nationals representatives in E3. Having a cross DGs management team supported by the expertise from actors exposed to the European private sector would be most effective in ensuring a whole-of-EU type of approach, and an effective and smoother implementation of the GG PPF. Importantly, this operational unit should be the same as the one supporting an enhanced coordination between ECAs and DFIs activities.

Whilst overseen by COM, the GG PPF would be coordinated with other relevant COM facilities such as the Business Advisory Group facility and the Europe-Africa Business Forum facility. We suggest externalising it, to avoid stretching the human resources capacities of COM. The externalisation process could follow two models.

First, the GG PPF could be externalised through a call for tender. COM would issue an open call for tender, and select - together with EU member states' representatives the most qualified/relevant entity (e.g. private sector consultancy and/or trade promotion agency and/or business association etc). The advantages of such an approach is that: i) it can be implemented relatively fast and provide a concrete solution in the context of the current MFF; ii) it is seen as a neutral actor that would not favour one member state over another; and iii) it would limit coordination/transaction costs before and during its implementation. Yet, i) it may be less attractive for EU member states to contribute to the mechanism if they are not, in some ways, part of the governance of the mechanism, ii) there could be questions as to how sustainable this approach will be in case of consultancy turnover; and iii) there is a risk that external actors may not be able to connect as efficiently to other relevant processes (programming included). In practice, and in order to move fast with the creation of the GG PPF, we suggest adding an addendum contract to an existing facility - for instance the BAG facility, currently under DG INTPA E3 - which experts could take on, in collaboration with additional experts and secondees from relevant DGs and EU member states institutions (alternatively, another more ad-hoc approach is also presented in the conclusion).

Alternatively, the GG PPF could be externalised through a Team Europe Initiative structure. This would strengthen the buy-in of EU Member States, and incentivise them to provide funds, whilst tapping into the expertise and network of well-connected actors such as Trade Promotion and Implementing Agencies. Yet, there may be a fear that the EU Member States providing funds and/or being represented through one of their agencies will be favoured, translating into funds serving some more than others. In addition, experience shows that TEIs structures are at risk to translate into burdensome coordination and slow implementation, while there is a sense of urgency to do more and better when it comes to the European private sector engagement in GG.

3. Service offering

The GG PPF would cover mainly four functions:

1. Communication and knowledge sharing

This function will aim to address the issue of transparency/visibility highlighted by the European private sector actors. In practice, the GG PPF will:

1. Provide regular updates (and an overview of upcoming activities) on the state of play of GG, in terms of its projects, actors involved, volume, contact points etc.;
2. Serve as a focal point for the European private sector for engagement and consultation purpose, allowing the private sector to e.g. direct its requests to the right counterpart and/or access the right type of information;
3. Expand COM 's network and reach, going beyond usual suspects and building a strong database allowing a more strategic engagement of the European private sector based on its added value and expertise. Externalising the GG PPF to relevant actors such as TPAs could be strategic as a means to tap in their extensive networks of businesses and ensure a proper reach, including to SMEs.
4. Communicate GG related tenders, whether coming from COM or its implementing partners - as the European private sector cannot to date distinguish what is GG from what is not. This type of engagement, though not new, will be useful particularly for the larger European businesses (though more efforts could be put in boosting and providing the necessary incentives for consortium that involves European SMEs in public procurement)

The example of the USAID Sustainable Finance Investment Network (SFIN) provides some good practices in this regard. In addition, the GG Business opportunities webpage should be revised in a way that responds to the needs of the European private sector actors, which thus far have been critical towards the platform as it is. We understand that an ongoing process exists, but additional resources and expertise could help accelerate the process, and make it fit for purpose as it can be.

2. Sectoral and value chain market analysis

Once the GG priorities defined, and before a call for proposal is issued by the GG PPF (see more information below), a high-level market analysis - whether focusing on sectors, value chains and/or corridors taking a national and/or regional angle - should be carried out in consultation with the private sector to better understand the political economy landscape as well as market needs, but also non-financial support that could help facilitate European private sector engagement. In turn, this would help build a 360 type of approach promoted by COM by better coordinating the work of e.g. implementing agencies on the business environment, policy reforms etc. and the investments of the private sector.

This pillar does not start from scratch: in fact other COM facilities have developed several studies on specific value chains and sectors, which can be used as a basis for such targeted analysis, and help accelerate their implementation - as processes should be as streamlined and efficient as possible.

3. Call for proposal

Reflecting the GG 360 degrees approach, the call for proposals will aim to support European companies (large and SMEs), including their partnerships with entities based in INTPA regions around an innovative, economically viable project that contributes to the SDGs, whilst facilitating European investments in strategic areas contributing to its competitiveness and autonomy. The call for proposals should be one additional tool in the EU toolbox to identify and help prepare projects that will become attractive enough to access finance in a second stage.

Box 1: The EU toolbox to identify projects

Identifying projects does not happen only (and not necessarily first) at the European level. The Team Nationals are expected to play a key role in identifying relevant/strategic projects that could be supported at the European level, in the context of the scale-up of GG.

The call for proposals put forward aims to complement such an approach by focusing not on GG in general but on specific GG strategic projects. This allows a concentration of projects, which together, can support more forcefully not only European economic interests, but national industrialisation and economic transformation endeavours, thus building a mutually beneficial partnership.

The call for proposals also offers an opportunity for smaller Team nationals with less capacities (and which have less or no instruments as such to support their domestic private sector internationalisation) to still be active in areas where their domestic private sector have a clear added-value.

The call for proposals can be implemented in one stage (proposals from the private sector), or in two stages (concept note specifying the key idea, followed - if approved/selected - by a proposal from the private sector actor that could be fed by the GG PPF feedback). The latter approach would hence contribute to co-creation and strong collaboration among stakeholders throughout the call for proposals process.

We suggest a call for proposals that is focused on a GG strategic initiative and provide support to specific sectors and/or value chains (in given countries), and/or corridor. In fact, supporting a set of projects that are geographically/value chain concentrated could help build synergies and a stronger engagement of the European private sector in the long-term, with a true potential to contribute to sustainable development. In other words, there should be some degree of coherence and synergies between the projects selected.

Based on the experience and lessons learned from the call for proposals targeting Ukraine (managed by DG NEAR - now DG ENEST) and critical raw materials (CRM) (managed by DG GROW), starting with a call for proposal as a means to more concretely support the European private sector engagement in GG has several advantages:

1. COM already has experience it can build on, and can rapidly put this approach in place, building on similar processes than those implemented for previously implemented call for proposals;
2. Calls for Proposals allow the European private sector together with a local partner to put forward concrete investment proposals, giving more space for the private sector to engage. The proposals (and the needs and risks expressed in them) can be better assessed based on the ex-ante market analysis;
3. Calls for proposals are flexible, and can hence better respond to changes of priorities and/or crisis. It is also relatively smooth to keep improving them as experience is being built. In this regard, it may be sensible to develop a pilot that could support 10-15 projects and improve processes and scale in a gradual manner.
4. Calls for Proposals are particularly relevant for not only large businesses (in fact these would still play a key role in public procurement, and benefit from their usual access to ECAs type of support), but also for European SMEs, helping build an integrated package. For instance, whilst a GG strategic project could focus on infrastructure development in e.g. the Lobito corridor, the call for proposals could complement this approach by supporting a smaller set of projects that could accompany larger projects and ensuring that value chains along the corridors benefit from the infrastructure development to reach new markets.

The call for proposals could provide different types of support:

1. **Financial support**, through the provision of grants (for i.a. market studies, feasibility study, business plan, environmental and social impact assessment, experimental costs (personnel costs: researchers, technicians and other supporting staff for the time involved in relation to the activity)), to a consortium also involving at least one European and one local private sector player. This approach could add value to the EU offer in that it would show concrete benefits for partner countries, whilst very often, this would be the preferred way for European SMEs to invest in partner countries (as long as they are the major shareholder). The grant element should:

a. Remain in general below EUR 300,000 (to follow the thresholds set by the de minimis rule and would help prepare projects by financing e.g. feasibility study, facilitating technology transfer etc. For green related investments, the General Block Exemption Regulation (GBER) could be applied, allowing to exceed the EUR 300,000 thresholds.
b. For specific cases, the amount of the grant could go beyond EUR 300,000 in case the grant recipient with the support of the GG PPF can prove that its investment will not distort the EU Single Market. For those cases, we suggest setting up a ceiling of EUR 1.5 million when i) there is an alliance between two European companies (on condition that one of the 2 partners accounts for at least 25% of the project); and/or ii) there is a collaboration between a large firm and at least two SMEs; and/or iii) the project is deemed of strategic interest.
c. Cover between 33% and 75% of the project depending on the sector and the extent to which it is strategic and will be reimbursed in cases where projects are successful. This will help mobilise private sector investments in an efficient manner.

2. **Non-financial support**, which would aim to facilitate the investments by tackling issues relating to e.g. the business environment, systemic issues in the sector or value chains (like skills) etc. This support would be identified in part through the BAG, the market analysis conducted, but also by asking the private sector responding to the call for proposal to specify the type of measures that would best help them to invest (business environment, regulatory framework, upskilling etc.). The information on needed TA required by the respondents to the call for proposals will inform both i) EU programming through the MIPS; and ii) Member States bilateral programmes; and how their support, which is traditionally implemented by implementing agencies, could further be leveraged and/or adapted to address private sector needs. In some cases, implementing agencies do already have the corresponding programs running on the ground, where the requirements of the support needed by businesses could be integrated. (tried and tested approach – in case of the developpp programme). This would help materialise in turn a fully-fledged 360 degrees approach.
3. Those proposals that are not suited for the call for proposals would be **redirected** towards other existing European instruments, with the prior agreement of the private sector, highlighting the type of financial and non-financial support that could be obtained - leaving the likes of European member states' TPAs, ECAs and to a lesser extent IAs engaging with the European private sector.

Box 2: Possibilities in case of DACable ODA (untied aid).

If we use DACable ODA - because of the constraints under the current MFF - the principle of untied aid should be respected. In this case, we suggest keeping the call for proposals open to all businesses, whilst designing evaluation criteria that focus on i) high ESG standards - in doing so, only relevant and more impactful private sector actors will be eligible; ii) respect of international guidelines for instance the OECD MNE guidelines, where relevant, and other sustainability related regulations; and iii) local content share to favour a more tangible partnership with partner countries. In doing so, European actors would be well placed in seizing potential opportunities.

If we use non-DACable tied aid, there is no restriction for the European private sector to receive direct support - which would fit better their interests and needs. This would make the call for proposal perhaps more straightforward and attractive, resulting in more and better proposals.

4. Partnership broker

A partnership broker plays a crucial role in facilitating and managing effective, equitable collaborations across diverse stakeholders, including public institutions, private entities, and civil society. They enhance partnership efficiency by fostering trust, streamlining decision-making, and mitigating risks, while ensuring strategic alignment with policy objectives. By building collaborative capacities, managing conflicts, and maximizing synergies, partnership brokers help deliver innovative, scalable, and sustainable outcomes. Here there would be two components to the partnership brokerage role:

1. Internal partnership: This function is based on good practices observed - such as the Finnish SDGs boosters or the recent setup of "coalitions of the willings" seen for the GG flagship project in Costa Rica for e-buses. In practice, once political priorities have been identified and that the scope of future call for proposals have been better defined, the GG PPF should help facilitate partnerships between European private sector actors, across countries. To do that, they could create affinity groups dedicated to a key sector and/or value chains in given corridors (or countries), where interested European private sector actors could network and build alliances so as to put forward more ambitious/relevant proposals that could be supported downstream, by the call for proposals. For instance, digital Estonian companies could cooperate with French large Engineering, procurement, and construction to build smart and sustainable infrastructure, use digital twins etc.
2. External partnership: Given the wealth of instruments presently available at EU member state level, the GG PPF could also redirect European private sector actors towards more relevant instruments, whenever relevant. In doing so, it shows that GG PPF is not only passive, but is perceived as actively supporting the European private sector by making the right connections. This external partnership dimension would also strengthen the complementarity between the Team Europe and Team National approach, and support a more coordinated and coherent European Financial Architecture for Development. EU delegations should also be considered in this exercise, as they may be able to help facilitate this coordination endeavour linking partner countries' private sector to the headquarters' level.

Other elements

Whilst some may consider the GG PPF functions - including the call for proposal - not sufficiently ambitious, it may be in fact very strategic as it does not require too much time and resources to get implemented and can build on existing good practices at EU and member states' level. In that sense, a call for proposals can also be used as a pilot, that can be improved and scaled up depending on the challenges and success encountered. For instance, a EUR 5-10 million call for proposal could focus on engaging European SMEs to develop 20-30 projects around GG strategic projects. If the focus on SMEs, or the investment thresholds are not relevant and/or too challenging, then the next call for proposal could be adapted to focus on different segments and/or support.

In addition, the GG PPF, through this incremental approach, will help build credibility and trust towards the European private sector, and expand the reach of the Commission beyond large firms. In doing so, it would respond to the key concerns that are pushed by several EU member states, i.e. the need to involve European SMEs.

Over time and with experience, more sophisticated mechanisms targeting different actors could be implemented. An example of such an approach could be the facilitation of public-private-partnerships type of instruments (for larger type of GG projects), or structured funds (to mobilise European private investors - whether impact or institutional ones). Importantly, the upcoming Multi-annual Financial Framework could provide more flexibility for the GG PPF to implement the aforementioned approaches, but also others.

4. Funding

The funding required should cover the operationalisation of the facility through external actors contracted through a call for tender or a TEI structure, as well as at least one call for proposal. The funding for running the GG PPF could come from:

- COM at headquarter level (from DG INTPA - in the form of DACable ODA; or from DG GROW which could take the form of tied aid)
- European Member States, which could provide DACable and/or non-DACable ODA, as well as in-kind support in the form of staff from relevant institutions (particularly TPAs and ECAs) that would be seconded to operationalise the mechanism.

The funding for the call for proposal could come from the actors mentioned above, and/or from the MIPs (for instance where the call for proposal would focus on the Lobito corridor, the MIPs of Angola, Zambia and/or DRC could fund the call for proposal).

V. Conclusion and Ways forward

As Draghi puts it: "*Time is not on our side*" *[...] So when you ask me what is better, what is best to do now? I say I have no idea. But do something!*". This statement could equally apply to the engagement of the European private sector in Global Gateway: Little has happened until now, whilst other global powers' private sector actors have successfully entered and/or strengthened their presence in emerging markets and developing economies. Whilst the next EU budget should aim at offering more creative and sophisticated ways to engage the European private sector, it is fair to say that the EU and its member states cannot wait until 2028 (if the negotiations are closed by that time, which given the geopolitical fragmentation, should not be seen as a given) to start engaging their private sector in GG.

The proposed mechanism responds to this issue, by putting forward a concrete way to engage the European private sector in GG, which can be further developed and amplified over time, particularly in the context of the next MFF. Importantly and before delving into the next steps, the proposed mechanism is only one instrument amongst others, and further efforts should be put in inter alia, adapting public procurement processes to ensure high ESG standards, whilst stimulating proposals from consortia; and engaging ECAs in GG, through a guarantee mechanisms that would allow them to support the European private sector in different geography and with financial products that are attractive; and fostering their coordination with DFIs, as part of an integrated package.

The GG PPF is ambitious and could help pave the way towards more systemic and ambitious solutions in the next MFF, which will offer more room to do things differently. Yet, we also recognise that implementing the GG PPF as it may take too much time - between the public procurement process, its operationalisation and implementation. Therefore, we have put below two possibilities to move forward with the GG PPF in the short term:

I. Working with an addendum to an existing contract

1. **Get the formal buy-in and green light from DG INTPA**. We suggest having the mechanism hosted by DG INTPA E3' BAG facility, to foster a fast and effective implementation of the mechanism - Months 0-2.
2. **Raise funds (and capacities) for the mechanism, targeting COM and the EU Member States**.
    a. Building on the note's suggestions, DG INTPA should explore which funds (ODA and/or non-ODA) could be tapped to implement the mechanism,

whether at the EU and/or EU Member States level. EU Member states should consider deploying secondees to E3, which could be used as independent experts and resources to implement the additional workload required to implement the GG PPF services. They should also consider providing funding to pilot the first calls for proposals. Months 1-4.

   b. In addition, the EU and its Member States should identify up to three GG strategic Projects they would like to support through the call for proposals. We suggest the first one to focus on the Lobito corridor, given its prominence in COM stated priorities and the interests it generates amongst European private sector actors. The EU and its member states should provide funding - between EUR 5 million and EUR 10 million per call, to ensure a mass concentration of projects. In parallel, COM should map the existing analysis carried out by its facilities including e.g. the Trade and Private Sector Development facility; and relate it to the prioritised GG strategic projects. Months 3-5.

3. **Design the contract addendum to externalise the GG PPF under the BAG facility**. This requires designing terms of reference, specifying the type of services, and additional resources needed to carry out the GG PPF properly. Months 4-6.
4. **In parallel, DG INTPA with the support of secondees should facilitate the creation coalition of the willings or the affinity groups**, to facilitate partnerships between the European private sector, specifying that the objective will be to fund some of the proposals that will be put forward by potential partnerships. Months 6-10
5. **E3 with the support of secondees should implement the pilot call for proposals** and i) awards grants to the most strategic projects alongside the GG strategic projects; ii) provide itself (through geographical or thematic budgets) or through the EUDs and the Multi-Annual Indicative Programmes (MIPs) non-financial support targeting the business environment, policy reforms, skills shortage and others, which will facilitate European investments. For instance the Angola MIP includes in its annual action plan a TEI Diversification of Economy and Public Financial Management Angola, and another on PROSPERA - Technical Education and Vocational Training Support Programme for Angola, which focus could be adapted to reflect some of the key concerns from European private investors (which could align as well with local private sector interests). Month 10-until adoption of the next MFF in 2028.
6. **Beyond the call for proposals, the EU and its member states should consider boosting the transparency and communication of GG** through Team Nationals, and through the EU and its GG Business opportunities, which can largely improve and help guide the European private sector engagement efficiently. This would build on ongoing efforts and the level of efforts could be adapted: from a better webpage to having a single point of contact that could interact with the European

private sector, and provide relevant information and contacts, and provide early feedback on potential proposals. Months 6-until adoption of the next MFF in 2028.

7. **Draw lessons learnt from the GG PPF, and prepare the way for i) non-ODA mechanisms that could be added and/or work in synergy with the GG PPF in the next MFF; and ii) further coordination between EU Member states European private sector engagement instruments**. Month 18 to next MFF in 2028.

II. Working with ad-hoc type of TEI approach

1. Get the formal buy-in and green light from DG INTPA. We suggest having the mechanism hosted by DG INTPA E3, to foster a fast and effective implementation of the mechanism.
2. Get the buy-in from EU Member-States on the GG PPF, and its operationalisation in the short-term. EU Member states should discuss together the GG PPF, its operationalisation including who and how much resources they would be willing to provide. Based on this, a coalition of the willing EU MS should materialise and move forward with supporting the GG PPF. In the short-term, they should consider deploying secondees to E3, which could be used as independent experts and resources to implement the additional workload required to implement the GG PPF services. They should also consider providing funding to pilot the first calls for proposals (see below).
3. The EU and its Member States should identify up to three GG strategic projects they would like to support through the call for proposals. We suggest the first one to focus on the Lobito corridor, given its prominence in COM stated priorities and the interests it generates amongst European private sector actors. The EU and its member states should provide funding - between EUR 5 million and EUR 10 million per call, to ensure a mass concentration of projects.
4. COM should map the existing analysis carried out by its facilities including e.g. the Trade and Private Sector Development facility; and relate it to the prioritised GG strategic projects. COM, through these facilities, or its own budget, could fund additional studies that could help prepare the call for proposals.
5. In parallel, E3 with the support of secondees should facilitate the creation coalition of the willings or the affinity groups, to facilitate partnerships between the European private sector, specifying that the objective will be to fund some of the proposals that will be put forward by potential partnerships.
6. E3 with the support of secondees should implement the pilot call for proposals and i) awards grants to the most strategic projects alongside the GG strategic projects; ii) provide itself (through geographical or thematic budgets) or through the EUDs and the Multi-Annual Indicative Programmes (MIPs) non-financial support targeting the business environment, policy reforms, skills shortage and others,

which will facilitate European investments. For instance the Angola MIP includes in its annual action plan a TEI Diversification of Economy and Public Financial Management Angola, and another on PROSPERA - Technical Education and Vocational Training Support Programme for Angola, which focus could be adapted to reflect some of the key concerns from European private investors (which could align as well with local private sector interests).

7. Beyond the call for proposals, the EU and its member states should consider boosting the transparency and communication of GG through Team Nationals, and through the EU and its GG Business opportunities, which can largely improve and help guide the European private sector engagement efficiently. This would build on ongoing efforts and the level of efforts could be adapted: from a better webpage to having a single point of contact that could interact with the European private sector, and provide relevant information and contacts, and provide early feedback on potential proposals