ecdpm

DISCUSSION PAPER No. 399

How can the EU leverage MDBs to advance its geoeconomic interests?

By Karim Karaki and San Bilal

December 2025

Global Gateway aims to align the European Union's development cooperation with its geostrategic, economic, and industrial priorities. While EU instruments for mobilising private investment have expanded, the EU has insufficiently leveraged the potential and resources of multilateral and regional development banks (MDBs/RDBs). In a context of geopolitical competition and constrained EU budgets, more deliberate engagement with these institutions is strategically necessary. MDBs and RDBs offer capabilities that advance Global Gateway objectives: sustained country presence, strong policy dialogue and technical assistance that strengthens regulatory environments where European firms perform well. These banks' financial firepower, established pipelines, and ability to crowd in private capital complement EFAD limitations, while MDB procurement provides predictable commercial opportunities for EU companies. However, current EU–MDB cooperation is fragmented and often transactional. A more coherent and strategically anchored approach should focus on five priorities:

1. Identifying where MDBs and RDBs can add value and complement the European financial architecture for development; 2. Enhance coordination mechanisms by creating sectoral and regional platforms to align pipelines, policy reforms, technical assistance, and guarantee; 3. Strengthen EU and member-state influence as MDB shareholders through unified positions on Global Gateway priorities; 4. Deploy tailored EU financial instruments - including blending, guarantees, grants as well as trust funds, and risk-sharing platforms - to leverage MDB balance sheets and mobilise private capital; 5. Adopt a strategic procurement approach that preserves MDB cooperation while safeguarding EU industrial interests and ensuring access to MDB-financed tenders.

The EU needs a more structured partnership with MDBs and RDBs to deliver Global Gateway 2.0 at scale and reinforce its global competitiveness.

Table of Contents

List of boxes

Acknowledgments

The authors are grateful to all those who shared views, insights and feedback relating to how to best coordinate technical assistance and investments for an effective Ukraine's reconstruction and EU accession.

In particular, the authors would like to thank financial institutions for their development and policy-makers who kindly made themselves available to provide inputs and valuable feedback, contributing to the quality and usefulness of the report.

The authors would like to thank Joyce Olders and Isabell Wutz for their work on layout and communication. The analysis and views expressed in this paper are those of the authors and do not represent those of ECDPM. Any errors or omissions remain the responsibility of the authors. For comments and feedback, please contact Karim Karaki and San Bilal.

Acronyms

AfDB	African Development Bank
AIIB	Asian Investment Infrastructure Bank
EBRD	European Bank for Reconstruction and Development
EDFIs	European development finance institutions
EFAD	European financial architecture for development
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
ESG	Environmental, social and governance
EU	European Union
FFD4	Fourth conference on financing for development
FiCS	Finance in Common Summit
IDB	Inter-American Development Bank
IFC	International Finance Corporation
JEFIC	Joint European Financiers for International Cooperation
LAC	Latin America and the Caribbean
MFF	Multiannual financial framework
MDBs	Multilateral development banks
PDBs	Public development banks
RDBs	Regional development banks
SMEs	Small and medium-sized enterprises
TA	Technical assistance

Executive Summary

Global Gateway 2.0 seeks to align the European Union's development cooperation with its geostrategic, economic, and industrial objectives. While the EU has strengthened its external action instruments for mobilising private investment - the EFSD+ guarantees, the Global Gateway Investment Hub or its push for strategic procurement - the strategic role and potential of multilateral development banks (MDBs) and regional development banks (RDBs) remain overlooked. Given increasing geopolitical competition and tightening EU budgetary constraints, a more purposeful engagement with these institutions is essential.

MDBs and RDBs offer structural advantages that directly support Global Gateway implementation. Their longstanding country presence, policy reform capabilities, and technical assistance instruments help create predictable, transparent, and rules-based investment climates in which European firms excel. Their financial capacity, strong pipelines, and ability to crowd in private investors complement the limitations of bilateral development finance institutions. Moreover, MDB procurement represents a sizable and stable market, offering concrete commercial opportunities for European companies in strategic sectors.

However, current EU engagement with MDBs is fragmented, primarily transactional, and insufficiently aligned with Global Gateway priorities. To address this gap, the EU should adopt a more coherent and strategically anchored framework for cooperation. This requires:

1. Identifying where MDBs and RDBs can add value and complement the European financial architecture for development.
Identify functions where EFAD actors face structural limitations—such as large-scale infrastructure, upstream policy work, or capital-markets development—and map the MDBs best positioned to fill them.

2. Enhancing the coordination of MDBs and RDBs with EFAD actors
Create sectoral and regional platforms allowing the EFAD institutions to build more systemic and strategic synergies with MDBs/RDBs on interventions ranging from pipeline development, policy reforms, and align technical assistance and guarantee deployment.

3. Strengthening EU and member-state influence as MDB shareholders.
Develop EU-wide positions on Global Gateway-relevant issues (e.g., connectivity corridors, digital infrastructure, green industrial value chains) to steer MDB strategies and resource allocations more consistently.

4. Deploying tailored financial instruments to leverage MDB balance sheets.
Expand the strategic use of EU blending, guarantees and grants as well as thematic trust funds, hybrid facilities, and risk-sharing platforms that unlock greater MDB co-financing and private-capital mobilisation to achieve Global Gateway objectives, in a way that complements EFAD's efforts.

5. Establishing a balanced strategic procurement approach.
Develop a flexible, evidence-based procurement strategy that enables effective collaboration with MDBs while safeguarding core European industrial interests and ensuring firm access to MDB-financed tenders.

A more deliberate, structured partnership with MDBs and RDBs will significantly enhance the EU's ability to implement Global Gateway 2.0 at scale, strengthen its global competitiveness, and deliver mutually beneficial outcomes with partner countries.

I. Introduction

The European Union (EU) puts an increasing emphasis on mobilising investment at scale, with President Ursula Von der Leyen characterising her European Commission as an investment Commission. Outside the EU, the emphasis is on mutually beneficial partnerships, combining development objectives and the EU's geostrategic and competitiveness interests, notably under a scaled-up Global Gateway (European Commission, 2025a). The EU's Global Gateway 1.0 was primarily conceived as a strategic development finance tool to stimulate investment in partner countries, with a focus on mobilising European resources and institutions (Bilal, 2025a). Global Gateway 2.0 builds on this foundation but responds to a more complex geopolitical context. It emphasises the EU's own interests in geostrategic partnerships, combining development and trade finance for mutually beneficial outcomes with its partner countries, driven by resilience, strategic autonomy, diversification and security in an increasingly competitive international environment. The European Commission's proposal for the Global Europe instrument under the next 2028-2034 multiannual financial framework (MFF) reflects such evolution (Jones, 2025).

To achieve these objectives, the EU has made the engagement of the European private sector a priority and has put in place building blocks to achieve this objective, including policy dialogue and reforms targeting the business environment and investment climate in partner countries, matchmaking instruments, and calls for proposals (also mentioned in the proposal for a Global Europe instrument regulation) (Bilal, 2025b).

The EU is also developing additional building blocks to engage the European private sector:

- The Global Gateway Investment Hub, which is intended to serve as a key framework for engaging the European private sector in INTPA regions in a more efficient and effective manner, will likely focus on facilitating the EU private sector's origination of sustainable investment projects in developing countries (European Commission, 2025b). This comes in addition to DG ENEST's own initiatives, such as the call for expression of interest, and DG MENA's upcoming approaches.
- The strengthened coordination between trade finance and development finance, notably in the context of the ECAs-DFIs Enhanced Coordination (an effort supported by ECDPM) (Bilal et al. 2025); and last but not least,
- Strategic public procurement, which explores how the public procurement could best benefit from and to the European private sector, specifically in sensitive sectors, which can contribute to European open strategic autonomy and competitiveness in line with EU standards and values (e.g.

Article 11 of the Ukraine Facility, Article 8 of the Reform and Growth Facility for the Western Balkans, Article 7 of the Reform and Growth Facility for Moldova and Article 20 of the Global Europe Instrument proposal) (European Commission, 2024a, European Commission, 2024b, European Commission, 2025d, European Commission, 2025c).

Yet, even in the pursuit of its geoeconomic and private sector interests, the EU will benefit from pursuing a strong, sustainable development agenda, including through market development and an enabling environment in developing countries. This includes conducive hard and soft infrastructures, a sound regulatory framework, local skill development, and an active local private sector, as well as capacitated local institutions. In the context of the Global Gateway, this notably refers to the 360-degree approach (Bilal and Teevan, 2024). Such comprehensive engagement with and support for the local institutional and actors' ecosystem is often a key driver for the successful engagement of the European private sector (companies and financiers) in developing countries. In cooperating with financial institutions for development, including MDBs, the EU facilitates reforms that diminish investment costs and risks across the board, thereby indirectly supporting European firms - known to perform best in transparent, rule-based environments - without resorting to tied aid.

To achieve the Global Gateway's 360-degree approach, the EU has so far largely focused on leveraging the European financial architecture for development (EFAD) actors (Bilal and Karaki, 2024). These include European multilateral development banks (MDBs) - the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), bilateral European development finance institutions (EDFIs) and bilateral public development banks (PDBs) regrouped under the Joint European Financiers for International Cooperation (JEFIC), and the technical and development partners (notably from the Practitioner's Network for European Development Cooperation). The European Commission and European member states are expected to play a key role, as highlighted in the European Commission's proposal for the next Global Europe Instrument.

Yet, despite their European constituencies, too little attention is paid to the role of non-European development financiers and actors, and in particular MDBs and regional development banks (RDBs), as well as UN agencies. They play a critical role in promoting market development, enabling the environment in partner countries and regions, and providing space for multilateral discussions and shared goals (e.g. climate, Ukraine, etc.). The EU and its member states should therefore also focus on how best lto everage MDBs' firepower and capacities to help pursue the EU's geostrategic interests and development objectives. This is a missed opportunity in a context where:

1. EU resources are limited - although nominally increasing in the proposed Global Europe instrument budget - especially in view of the widening objectives to be achieved, including those related to competitiveness and strategic autonomy. Likewise, the EU does not need to finance every intervention in full, and could partner more strategically with non-EU actors' resources and capacities to attract additional public and private resources that would maximise the leverage of EU funds.
2. The pipeline of bankable projects needs to grow: MDBs and RDBs, with their strong presence on the ground and privileged connections with governments and the private sector in partner countries and their capacity to attract public and private investments, can contribute to upstream pipeline development and shape local ecosystems to facilitate sustainable investment, thus nicely complementing the EFAD's assets. In doing so, MDBs and RDBs can help strengthen the EU geostrategic influence while ensuring partner country ownership.
3. MDBs and RDBs also engage the European private sector - not only indirectly by fostering infrastructure development, promoting a better business environment, etc., which reduces risks and transaction costs for (European) businesses, but also directly by supporting their investment in countries of operations, as well as through business development operations, public procurement and private capital mobilisation instruments and trade-related finance/trade facilitation mechanisms.
4. At the global level, including in the recently agreed-upon Sevilla Compromiso that concluded the fourth conference on financing for development (FFD4) or the Finance in Common Summit (FiCS), the EU committed to supporting public development banks to work better together, in a way that exploits complementarities and builds synergies for more impactful investments at scale (United Nations, 2025; FiCS, 2025; Olivie et al. 2025).
5. The MDBs landscape is also a ground for political influence, especially in a context where the United States' administration could push its own agenda and interests more forcefully, especially in MDBs where it is a major shareholder, and where Global South-led banks like the Asian Investment Infrastructure Bank (AIIB) and the New Development Bank are gaining increasing political traction (Qian et al. 2023; Kaya et al. 2021). It will be key for the EU to ensure its interests are well reflected in the future priorities of some key MDBs.

This policy brief highlights the main reasons why, in the context of Global Gateway 2.0 and EU geostrategic interests, the EU should more strategically leverage MDBs as a complementary tool to the EFAD. It outlines practical steps for the EU to maximise the potential of these partnerships.

II. Contributing to the Global Gateway 360-degree approach

MDBs and RDBs can play an important role in complementing the scale and diversity of support that is needed to deliver on the Global Gateway's ambitions. This includes:

1. Improving the business environment through regulatory reform and policy dialogue.

By working with MDBs, the EU supports reforms that lower costs and risks for all investors, indirectly benefiting European firms (which operate best in transparent and rule-based markets) without tying aid (Qian et al. 2023). Most MDBs have extensive networks and a solid history in working with policy makers to help improve the regulatory environment and investment climate, which is sometimes *a sine qua non* condition for unlocking investments and helping develop markets whilst crowding in international and domestic private sector investments. By supporting policy dialogue (and combining it with technical assistance and financing), MDBs can help the EU foster mutually beneficial investments that contribute to building and helping develop domestic capital markets.

Box 1: Illustrative examples of how MDBs work on policy dialogue support the EU's interests

The EBRD plays a leading role in the Nexus of Water, Food and Energy platform in Egypt - an EU flagship project (Egypt, 2025, European Commission, 2025e). The EBRD's capacity to work with and support the Egyptian authorities has been critical in designing projects that can unlock investments in climate change mitigation and adaptation projects. The initiative contributes to Egypt's nationally determined contributions objectives, and is key to framing a Team Europe approach to the energy sector in Egypt, whilst supporting the scale-up of Global Gateway and the mobilisation of European private investors and industrial actors.

The Inter-American Development Bank (IDB), through its work on policy reforms and regulations in Latin America and the Caribbean (LAC), plays a key role in supporting the convergence of regulations and standards with those of the EU - whether they relate to regional and bilateral trade agreements (bilateral free trade agreements and the upcoming MERCOSUR), trade related measures (Regulation on Deforestation-free Products, Carbon Border Adjustment Mechanism etc.) or investments (critical raw minerals partnerships and memorandum of understanding etc.). In turn, this plays a key role in facilitating trade relations and investments between the European and LAC private sectors.

The World Bank's engagement in policy and regulatory reforms in Ukraine remains critical to the country's recovery and reconstruction efforts, as well as its accession to the EU. For example, through its USD 750 million SURGE (Supporting Reconstruction through Smart Fiscal Governance) Program, the Bank has established a framework that coordinates reforms and investments in public administration, fiscal governance, anti-corruption, digital transition, and green transition to enhance resilience, ensure efficient public funds use, and promote sustainable growth, in line with EU standards and principles of good governance and transparency.

In some specific contexts (especially when the focus is on facilitating, for instance, critical raw minerals or green hydrogen exports to the EU market), working through MDBs can also help serve European interests. In doing so, the EU and the Global Gateway's approach would not risk being perceived as a neo-colonial approach or political interference, but instead as part of a truly mutually beneficial (and global development) endeavour that builds on partner countries' ownership. Beyond sectors, MDBs can help the EU be active in challenging geographies such as fragile and conflict-affected countries. For instance, World Bank trust funds, as well as other MDBs, have enabled the European Commission to engage in and thus maintain a foothold in contexts with otherwise very limited EU presence for geopolitical/safety reasons.

2. Providing capacity building and technical assistance, contributing to pipeline development in strategic sectors

Financial institutions, including MDBs and RDBs, often combine investments with technical assistance (TA), which generally aims to foster impact by supporting clients to improve standards, particularly environmental, social and governance (ESG) performances; develop a pipeline of projects; and mitigate risks by building promoters' capacities. Technical assistance activities generally take the shape of grants (or repayable grants depending on their objectives), which are often provided by donors, and are scarce (given their non-revolving nature). They are often used to reinforce the additionality of the investments, focusing on the more challenging geographical, sectoral, and thematic areas.

Technical assistance activities can help achieve some of the European strategic objectives, including: i) alignment with EU standards and principles; ii) engaging in strategic yet difficult and high (whether perceived or actual) risks sectors, like critical raw minerals (Gavas et al. 2022). The EU, through the European Fund for Sustainable Development Plus (EFSD+) blending and guarantee mechanisms, is a key provider of such technical assistance funds (European Commission, 2025f). In this context, working with MDBs and RDBs could help the EU maximise the use of its own funds by tapping into MDBs' resources (their capital itself or their trust funds funded by other donors) to achieve similar results with fewer EU inputs.

Box 2: Illustrative examples of how MDBs work on technical assistance support the EU's interests

The EBRD has played a pivotal role in the Western Balkans Investment Framework (WBIF), delivering significant results through the strategic support of the European Union (WBIF, 2025). By leveraging EU grants alongside loans and national co-financing, the EBRD has mobilised substantial investment in priority sectors, including transport, energy, and digital connectivity, thereby facilitating the EU enlargement process, enhancing regional integration and alignment with EU standards (and connectivity agenda). Its innovative financial instruments have facilitated (European) private sector participation, while advancing the green agenda through renewable energy, energy efficiency, and decarbonisation initiatives.

Likewise, the EU contributes to several World Bank multi-donor trust funds, which provide TA grants to projects, and is hence able to maximise its resources and impact in the policy area targeted by the trust fund by leveraging other donors' grant contributions (World Bank, 2025a). These include countries such as the United States, Australia, Canada, the United Kingdom, Japan and Kuwait, as well as philanthropies such as the Gates Foundation. By helping shape some of these trust funds, the EU is thereby able to both shape and influence MDBs' activities and tap into the resources of other donors, thus not financing 100% of the TA element associated with an investment.

In addition, whilst some sectors may be particularly challenging to finance for European financiers even when supported by technical assistance from donors (whether this relates to limited expertise and/or local presence on the ground, or perceived and actual risks), MDBs and RDBs could prove to be a useful alternative (that could also work with their European counterparts to build their capacities and track record).

3. Contributing to European open strategic autonomy by supporting private sector development

MDBs and RDBs invest in local small and medium-sized enterprise (SME) development and local capital markets, building ecosystems that indirectly support and provide market opportunities for foreign investors. In other words, stronger local partners reduce costs, improve project delivery, and increase the likelihood of sustainable business ventures. In addition, supporting the local private sector can also impact the European Union's open strategic autonomy, in that it can help the EU secure the goods and services it needs to ensure its dual transition and strategic interests in an efficient, effective and resilient manner. For instance, by supporting the cocoa value chains in West Africa, and providing support to smallholder farmers to increase their productivity and standards (regarding deforestation, for instance), the EU facilitates more reliable, sustainable and price-competitive access to cocoa, which in turn benefits European chocolate producers and consumers.

While the EU and its member states are able to steer investments in such strategic sectors by working with European financiers (including through their role as shareholders and the EFSD+), they could also do so with MDBs and RDBs and contribute to shaping the focus of their activities in key geographies and sectors, in a way that serves European geostrategic interests. In turn, the volume of sustainable investments would increase in line with the ambition of scaling up the Global Gateway.

4. Expanding markets by boosting infrastructure and connectivity development

The Global Gateway's main objective is to foster sustainable and reliable connectivity in the fields of energy, transport, digital, and social infrastructure. This requires the mobilisation of substantial financial resources. By working with MDBs, the EU can i) tap into their critical financial leverage and convening capacity to catalyse private sector investment while facilitating the alignment of national, regional, and international policy priorities; ii) ensure that infrastructure projects, including in strategic countries and corridors such as the Lobito Corridor or the Trans Caspian Transport Corridor, are consistent with EU values and standards. Importantly, the focus of the European Commission on larger and more geostrategic projects also means, in some cases, a large investment ticket size. MDBs are often best positioned to finance large-scale projects, given their large balance sheets, which is less the case for bilateral financial institutions for development, which look at a smaller investment ticket size. The EIB, as well as several European PDBs, often co-finance projects with other MBDs and RDBs.

In turn, supporting infrastructure projects effectively and efficiently can help create market opportunities for the European private sector in a way that serves both the interests of partner countries as well as European strategic interests. In other words, better infrastructure lowers trade costs, increases demand for EU technologies, and facilitates investment across whole regions, not just individual countries.

Box 3: Illustrative examples of EU financial institutions and MDBs' collaboration to support the EU connectivity agenda

The scale of investments required for infrastructure projects (and to address the infrastructure financing gap) is such that they offer collaboration opportunities between European financial institutions and MDBs. In full alignment with the EU-LAC Global Gateway Investment Agenda launched in July 2023, in 2025 alone, IDB Invest mobilised EUR 974 million with European private sector partners mainly from Spain, the Netherlands, Germany, and France. In turn, these infrastructure projects facilitate trade relations between European investors, who are the first providers of foreign direct investments in LAC, and the LAC private sector. In addition, by working with IDB, the EU is able to leverage:

1. Its capital, which is partly composed of non-EU countries such as the United States, thus maximising the use of EU funds whilst leveraging

other countries' capital to finance projects in direct link with EU geostrategic interests; and

2. Its network and presence in partner countries can be leveraged to strengthen the EU's partnership with LAC countries, including in key sectors such as clean energy, digital and critical raw minerals.

Through its flagship Mission 300 initiative, the World Bank Group is mobilising a wide range of European financial institutions to provide access to clean energy to 300 million people in Sub-Saharan Africa by 2030. Strategic Team Europe investments, coupled with the World Bank Group's capacity to deliver reforms that can crowd in maximum private capital, can help build vibrant local economies and unlock job opportunities for the dynamic young populations on the continent. These investments can be further leveraged to reinforce Europe's position as a key partner in Africa's clean energy transition while creating tangible market opportunities in grid infrastructure and off-grid technologies, areas where European firms have strong expertise and competitive offerings.

Furthermore, MDBs' operational presence in partner countries, combined with in-depth knowledge of local institutional and socioeconomic contexts, enhances the effectiveness and relevance of infrastructure interventions, ensuring that projects are demand-driven and foster mutually beneficial partnerships. MDBs and RDBs can also help the EU to tap into the local (public and private) financial institutions via their extensive network of local financiers.

III. MDBs' capacities in supporting the EU economic interests

Beyond their contribution to the Global Gateway 360 degrees approach and its ambition to support mutually beneficial partnerships, **MDBs and RDBs engage in activities that directly support the European private investors and industrial actors, as demonstrated in the example below**.

1. Opening business opportunities for the European private sector through public procurement

MDBs and RDBs constitute one of the largest and most predictable rules-based public procurement markets worldwide, providing European businesses with transparent and non-discriminatory access to significant market opportunities. Each year, MDBs channel substantial resources through open and competitive tenders: the World Bank alone manages more than 1,500 active projects, generating around 38,000 procurement transactions worth approximately USD 17 billion annually (World Bank, 2025b). These procurement opportunities span strategic sectors where European companies hold strong competitive advantages, including sustainable infrastructure, renewable energy systems, transport, digitalisation, water, and health. In this context, MDBs and RDBs' public procurement can not only strengthen European commercial presence abroad but also reinforce the EU's broader strategic objectives, including those related to competitiveness. In turn, this can help generate a positive spillover effect that results in the creation of more jobs in and outside Europe, and support European companies' capacities to invest in innovative technologies and processes, contributing to higher sectoral productivity (a key issue highlighted in the Draghi report (Draghi, 2024)). By working with MDBs and RDBs, the EU could contribute to shaping public procurement processes, provided that this is done in a manner that respects and aligns with the interests of other stakeholders (particularly the shareholders).

The growing emphasis on "strategic procurement" within Global Gateway and in recent instruments - including the Western Balkans, Moldova and Ukraine Facilities, as well as Article 20 of the proposed Global Europe Instrument - reflects a legitimate ambition to reinforce the EU's geostrategic positioning and ensure that public procurement supports European economic interests.

However, a narrowly framed and rigid application of EU preference or local-content requirements risks generating operational constraints that could undermine these broader objectives. First, strict preference rules may hinder cooperation with MDBs, whose procurement frameworks must remain open and non-preferential due to their diversified shareholding and global mandates. This issue raised concerns in the context of the Ukraine Facility, and it will be important to build on these challenges and lessons for the Global Europe Instrument regulation. This is of prime importance, especially in the context of Ukraine where limiting collaboration opportunities with MDBs would result in: i) missing potential investment and/or co-financing opportunities; ii) shifting a disproportionate financing and risk burden onto European development finance institutions, which could have greater exposure to riskier markets; and iii) pushing EIB Global to finance a higher share of investments in the context of higher investment ticket size operations mostly relevant to MDBs, affecting its balance-sheet exposure and potentially constraining its capacity to deliver the scale of investments required for Global Gateway implementation.

Second, an overly restrictive interpretation of EU content could inadvertently penalise European companies whose value chains legitimately rely on global sourcing, including for inputs predominantly manufactured outside the EU (e.g. in East Asia). This would reduce their eligibility for EU-funded tenders, limiting their ability to compete in strategic markets, diminishing economies of scale, and ultimately weakening their competitiveness both within and beyond the Union. In turn, this would also result in limiting the EU engagement in critical sectors where European firms lack competitive positioning or sufficient capacity, potentially undermining both development effectiveness and geostrategic objectives.

Furthermore, a compliance-heavy approach may overlook more effective, flexible instruments that can strengthen the participation of EU firms without compromising procurement integrity. These include enhanced business development support to make EU firms aware of and prepared for upcoming opportunities; tailored prequalification mechanisms that help capable European firms meet technical and operational thresholds; and weighted evaluation criteria that reward high-quality, sustainable, and innovative European solutions without imposing rigid preference requirements. For instance, in its recent reforms, the World Bank introduced an obligation to have rated criteria - emphasising quality, sustainability, and innovation - with a minimum 50% quality weighting. A balanced, targeted, and operationally coherent approach is therefore essential to ensure that strategic procurement reinforces - rather than unintentionally weakens - EU strategic interests under Global Gateway and the future Global Europe Instrument.

Box 4: Illustrative example: IDB 'Bid for the Americas' programme

MDBs are increasingly developing structured initiatives to expand market opportunities for European firms, and these efforts can serve as important complements to Global Gateway's objective of strengthening the international presence of EU businesses. A notable example is the Inter-American Development Bank (IDB) Group's "BID for the Americas" programme, which proactively supports companies from European IDB member countries in identifying opportunities in trade, investment, co-financing and public procurement linked to IDB-financed operations. Between 2024 and 2025, the programme organised 12 roadshow events across the EU, reaching more than 400 public and private stakeholders and providing direct access to project pipelines and procurement procedures in LAC. These efforts are generating tangible results: European investors have committed over USD 50 million to IDB Lab–supported funds, while co-financing transactions with European partners through IDB Invest increased by 45% between 2023 and 2024, signalling a deepening strategic partnership. Moreover, the IDB Group offers approximately USD 4.1 billion in annual procurement opportunities in LAC that are fully accessible to European companies under its open and transparent procurement framework. The Bid for America programme demonstrates that cooperation with MDBs - beyond restricting public procurement preferences - can be an effective and scalable mechanism for expanding European industrial presence abroad, supporting job creation, and strengthening the Union's strategic autonomy through diversified global value-chain integration.

2. Helping develop a pipeline of mutually beneficial bankable projects

While European DFIs have increased their local presence in partner countries, MDBs and RDBs have, in some markets, deeper and more comprehensive networks, allowing them to identify and source the most promising projects, which is often a key bottleneck for European financiers. This is even more relevant when it comes to the more strategic Global Gateway sectors such as clean energy and critical raw materials. In turn, the ability of MDBs to not only originate, but also share assets (see African Development Bank (AfDB) room-to-run facility, or IDB and IDC recent securitisation initiatives) also provides additional opportunities for European investors (more information below).

Box 5: Illustrative example of how MDBs work on pipeline development supports the EU's interests

The IDB originates-to-share model enables the IDB to originate high-quality loans in LAC and share them with other European financial institutions, as well as institutional investors, including private banks and pension funds, through securitisation and portfolio sale mechanisms (IDB, 2025a). This approach increases the Bank's lending capacity, mobilises private capital, and enhances financial market depth in emerging economies. For EU policy makers, the originate-to-share model aligns with geostrategic objectives by facilitating European investor engagement in sustainable infrastructure, energy, and digital connectivity projects in strategically important regions. By de-risking investments and applying international ESG standards, the model promotes

EU-aligned regulatory and development norms, strengthens transatlantic economic linkages, and contributes to resilient supply chains. The originate-to-share approach exemplifies how MDBs can extend EU influence indirectly through blended finance, risk-sharing, and the promotion of EU values in emerging markets.

3. Mobilising (European) private capital at scale

MDBs and RDBs have developed several innovative products and financing structures to mobilise private capital at scale, ranging from the EBRD's Ukraine Recovery and Reconstruction Guarantee Facility and insurers' mobilisation programme; the AfDB Room to run facility; the International Finance Corporation's Warehouse Enabled Securitisation Programme; and the IDB's synthetic securitisation and reinsurance (EBRD, 2024a, EBRD 2023a, Kshetrimayum 2019, IFC 2024, IDB 2024). In fact, especially since the capital adequacy framework report and the G20 MDBs roadmap and its implementation amongst MDBs, the latter have been recognised as a key actor when it comes to private capital mobilisation - being more efficient than "smaller counterparts" (Boosting MDBs' investing capacity 2022, G20 2024). For instance, EBRD reported in 2024 that "*in transactions that mobilised additional private sector finance, every €1 of donor support mobilised an additional €5 in private capital in 2024, for a high total mobilisation ratio of 1:8*" EBRD 2024b).

Box 6: Illustrative example of how MDBs' work on private capital mobilisation supports the EU's interests

EBRD has developed several innovative initiatives and instruments to mobilise private capital at scale, including in the more challenging contexts such as Ukraine. For instance, the EBRD signed a memorandum of understanding with the investment fund ILX (comprising European pension funds) to allow co-financing operations, which are covered by an EFSD+ guarantee (EBRD 2023b, ILXFund 2025). To date, this is one of the most promising examples showing the potential of EFSD+ guarantees to attract private capital from institutional investors. In addition, the EBRD has developed the war-risk facility, which engages the reinsurance market (so far working with a UK-based firm, and has the potential to engage with European reinsurers on the way forward), a market whose potential has not been fully tapped by other European financial institutions.

IFC is another MDB with solid experience and innovative capacities to mobilise private capital. The IFC's managed co-lending portfolio programme (MCPP), which pools IFC-originated loans into structured investment vehicles, enables institutional investors to participate alongside IFC in emerging market debt (IFC 2025). European institutional investors—including pension funds, insurance companies, and asset managers—have participated in MCPP tranches, particularly in senior and mezzanine layers. These investors gain access to emerging market debt while relying on IFC's credit enhancement and due diligence.

In other words, MDBs which have large balance sheets are well placed to facilitate investment opportunities for European investors.

4. Supporting European companies in their investments in partner countries

MDBs play a critical role in enabling EU companies to support the internationalisation and investment activities of EU companies in partner countries, by reducing investment barriers and enabling their participation in complex markets. Through long-term financing, guarantees, equity instruments, and tailored advisory services, MDBs help EU firms operate in environments where risk perceptions are elevated. Concrete examples illustrate this element. IDB Invest's financing package for Nokia enabled the deployment of advanced digital infrastructure across Latin America, allowing the company to expand its regional footprint while supporting connectivity objectives in partner countries (IDB 2025b). Similarly, the EBRD's Trade Facilitation Programme and risk-sharing facilities have been instrumental in supporting EU manufacturers and service providers as they enter the Western Balkans and Eastern Neighbourhood (EBRD 2025). By providing guarantees to local banks and easing trade finance constraints, the EBRD has enabled EU companies to scale their operations, secure supply chains, and engage in new investment opportunities.

IV Conclusion and recommendations

1. Conclusion

This policy brief argues that MDBs and RDBs are overlooked strategic assets for advancing EU interests within the Global Gateway 2.0 framework. The analysis reveals that MDBs and RDBs offer unique capabilities that complement and amplify EFAD actors through their established market presence, extensive capital mobilisation capacity (including from European investors), and proven track record in fostering enabling environments for sustainable investment in a way that contributes to mutually beneficial partnerships.

The evidence presented indicates that MDBs contribute to EU geostrategic objectives across multiple dimensions.

1. Their capacity for policy dialogue and regulatory reform creates market conditions that favour European firms operating in transparent, rule-based environments.
2. Their technical assistance programs, often co-financed through multi-donor trust funds, enable the EU to leverage additional resources while maintaining influence over strategic sectoral priorities.
3. Their infrastructure development initiatives directly support EU connectivity objectives while expanding market opportunities for European businesses - especially when in line with EU standards.
4. Furthermore, their innovative financial instruments for private capital mobilisation have demonstrated superior efficiency in attracting institutional investment at scale compared to smaller development finance institutions.
5. The public procurement opportunities generated by MDB operations—estimated at USD 17 billion annually through World Bank channels alone—represent significant commercial prospects for European companies in strategic sectors where they maintain competitive advantages.

This engagement simultaneously advances EU competitiveness objectives while supporting partner country development priorities, exemplifying the mutually beneficial partnerships central to Global Gateway 2.0's approach.

2. Recommendations

1 Map where EFAD may fall short in serving EU geostrategic interests, and where MDBs/RDBs can best add value

The European Commission should commission a comprehensive analytical assessment that maps EFAD's geographical, sectoral, and thematic coverage against EU geostrategic priorities, identifying systematic gaps where European institutions lack presence, expertise, or capital capacity. This analysis must, in turn, examine MDBs' comparative advantages in market knowledge, government relationships, risk management, and private capital mobilisation across strategic regions, including the EU Eastern and Southern Neighbourhood, Sub-Saharan Africa, Latin America, and Asia. This could help provide an understanding of where the EU could/should engage strategically with MDBs and RDBs (in addition to and/or in collaboration with European financial institutions), which in turn should inform strategic resource allocation decisions and partnership frameworks.

2 Enhance the coordination of MDBs and RDBs with EFAD actors

The Commission should better use existing coordination platforms (such as pipeline review meetings and others) to facilitate dialogues and synergies between EFAD actors and MDBs, for specific EU policy objectives (such as strengthening mutually beneficial partnerships) and/or sectors (such as critical raw minerals). This coordination architecture must encompass joint programming exercises that align MDB/RDB country strategies with Global Gateway sector priorities, help synchronise pipeline development in strategic geographies, and complementary technical assistance deployment. The framework should include regular high-level policy dialogues, working-level technical committees, and joint monitoring mechanisms to ensure coherent implementation of impactful investments at scale.

3 Coordinate Europe's position in MDBs/RDBs to steer operations and policies towards the EU's priorities

EU institutions and member states should more systematically coordinate their positions and initiate coalitions of the willing as MDB/RDB shareholders to advance European geostrategic interests through multilateral channels, developing unified advocacy strategies on operational policies, capital allocation frameworks, and sectoral priorities. This coordination must leverage EU collective shareholding influence to shape MDB/RDB strategies in line with Global Gateway-compatible approaches, building coalitions with like-minded shareholders, including the United Kingdom, Japan, Canada, and Australia. The European Commission should establish regular consultation mechanisms with member state representatives on MDB boards, ensuring coherent messaging on EU priorities, including climate transition, digital infrastructure, and critical supply chain resilience. Strategic coordination should target MDB procurement policies, environmental standards, and private sector engagement frameworks in particular.

4 Consider strategic support modalities for MDB and RBD operations

The EU should diversify its MDB engagement through tailored financial instruments matching strategic objectives with appropriate control mechanisms, such as:

- MDBs (multi-donors) trust funds for broad thematic areas in line with Global Gateway priorities, working on a portfolio-type of approach, that would aim to contribute to the scale-up of Global Gateway and leverage resources from other donors to serve the EU geostrategic interests beyond single deals;
- Joint and parallel co-financing within MDBs' operations, using the EIB as the EU Bank as a means to influence other MDBs' operations, offers an efficient pathway for the Commission to rapidly scale up its investment footprint and accelerate project delivery under Global Gateway. This approach enables pooling of resources, risk-sharing, and alignment with MDBs' established project pipelines, ensuring faster deployment of funds and greater impact in priority sectors;
- Blending, grants and guarantees for both portfolio and project-based types of approach, to steer MDBs and RDBs activities in areas that are strategic for the EU, and where the capacities and assets of the EFAD actors are more limited. Beyond sectors, thematics such as market creation and private capital mobilisation are other areas where MDBs and RDBs perform well, and have the balance sheet that allows for the deployment of funds from European financiers, including institutional investors.

In concert with partner MDBs and RDBs, the Commission should develop decision-making frameworks balancing control requirements with operational efficiency, ensuring EU contributions achieve maximum strategic impact.

5 Make EU strategic procurement a tool fit for purpose

The European Commission should build on the lessons of Article 11 of the Ukraine Facility, Article 8 of the Reform and Growth Facility for the Western Balkans, and Article 7 of the Reform and Growth Facility for Moldova to improve its approach to strategic public procurement and European preference in the context of the Global Europe Instrument proposal and its Article 20. It should not prevent but enable effective collaboration with MDBs while preserving core European industrial policy objectives through differentiated approaches that recognise varying EU competitive positions across sectors. Procurement policies should incorporate flexibility mechanisms allowing MDB partnerships in sectors where European firms lack capacity or presence, while maintaining preferential treatment in areas of established EU competitive advantage. The framework must address shareholder obligation constraints faced by MDBs, potentially through sector-specific derogations or alternative partnership structures. Strategic procurement should integrate supply chain resilience considerations, supporting European firms' access to MDB opportunities while advancing broader connectivity and sustainability objectives. Last, European policy-makers should pay more attention to the softer components that go beyond public procurement regulations, and which are sometimes even more effective in opening up market opportunities for European firms.

References

Bilal, S. (2025a). How the EU's Global Gateway Shifted from Development to Geostrategic Interest.

Bilal, S. (2025b). Domestic & international priorities in the EU's next long-term budget (MFF 2028-2034). LinkedIn (Accessed 20 November 2025).

Bilal, S. Blanchard Brunac, L. and Klassen, A. (2025). Implementing EU development and trade finance enhanced coordination under the Global Gateway strategy. Maastricht: ECDPM.

Bilal, S. and Karaki, K. (2024). The European financial architecture for development in a changing world.

Bilal, S. and Teevan, C. (2024). Global Gateway: Where now and where to next? Maastricht: ECDPM. Maastricht: ECDPM.

Boosting MDBs' investing capacity (2022). An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks.

Draghi (2024). The future of European competitiveness.

EBRD (2023a). EBRD, EU and ILX start joint initiative to boost private-sector finance.

EBRD (2023b). EBRD's Insurer Mobilisation Programme.

EBRD (2024a). EBRD and Aon launch innovative war risk insurance facility for Ukraine.

EBRD (2024b). The EBRD and donors.

EBRD (2025). Trade Facilitation Programme webpage. (Accessed 20 November 2025).

Egypt (2025). Egypt’s country platform for the نُوَفِّي program. (Accessed 20 November 2025).

European Commission (2024a). Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility. Brussels: European Commission .

European Commission (2024b). Regulation (EU) 2024/1449 of the European Parliament and of the Council of 14 May 2024 on establishing the Reform and Growth Facility for the Western Balkans. Brussels: European Commission.

European Commission (2025a). Global Gateway webpage. Brussels: EC. (Accessed 20 November 2025).

European Commission (2025b). Investment Hub webpage. Brussels: EC. (Accessed 20 November 2025).

European Commission (2025c). Proposal for a Regulation of the European Parliament and of the Council establishing Global Europe, COM(2025) 551 final. Brussels: EC.

European Commission (2025d). Regulation (EU) 2025/535 of the European Parliament and of the Council of 18 March 2025 establishing the Reform and Growth Facility for the Republic of Moldova. Brussels: EC.

European Commission (2025e). Nexus of Water, Food and Energy (NWFE) in Egypt webpage. Brussels: EC. (Accessed 20 November 2025).

European Commission (2025f). European Fund for Sustainable Development Plus. Brussels: EC. (Accessed 20 November 2025).

FiCS (2025). FiCS 2025 Final Communiqué.

G20 (2024).G20 Roadmap towards better, bigger and more effective MDBs.

Gavas, M. and Pleeck, S. (2022). Technical Assistance in the European Financial Architecture for Development. London: CGD.

IDB (2024). IDB Invest Launches Landmark $1 Billion Securitisation in Latin America and the Caribbean.

IDB (2025a). Originate to Share: IDB Invest 2024 Annual Report.

IDB (2025b). IDB Invest Partners with Nokia to Expand Digital Connectivity across Latin America and the Caribbean.

IFC (2024). The Warehouse Enabled Securitisation Program.

IFC (2025). Platform Managed Co-Lending Portfolio Program (MCPP) webpage. (Accessed 20 November 2025).

ILXFund (2025). ILEX Fund webpage. (Accessed 20 November 2025).

Jones A. (2025). A companion guide to the Global Europe instrument proposal. Maastricht: ECDPM.

Kaya, A., Kilby, C., and Kay, J. (2021). Asian Infrastructure Investment Bank as an instrument for Chinese influence? Supplementary versus remedial multilateralism. World Development Volume 145, September 2021, 105531

Kshetrimayum, P., Perraudin, W. and Yang, Peng. (2019). Room2Run: the AfDB's Approach to Sharing Risk with the Private Sector. Risk Control Limited.

Olivie, I., O'Shea, M., Berensmann, K., Barchiche, D., Karaki, K., Katoka, B., Keijzer, N., von Haldenwang, C., Walle, Y. (2025). What does Sevilla mean for the development finance agenda? Brussels: ETTG.

Qian, J., Vreeland, J. and Zhao, J. (2023). The Impact of China's AIIB on the World Bank. International Organisation, Volume 77, Issue 1, Winter 2023, pp. 217 - 237 DOI: https://doi.org/10.1017/S0020818322000327

United Nations (2025). Sevilla Commitment Outcome Document adopted at the Fourth International Conference on Financing for Development. Spain: UN.

WBIF (2025). Western Balkans Investment Framework webpage. (Accessed 20 November 2025).

World Bank (2025a). Trust funds contribution by donors. (Accessed 20 November 2025).

World Bank (2025b). Project Procurement webpage. (Accessed 20 November 2025).

About ECDPM

ECDPM is an independent 'think and do tank' working on international cooperation and development policy.

Since 1986 our staff members provide research and analysis, advice and practical support to policymakers and practitioners across Europe and Africa – to make policies work for sustainable and inclusive global development.

Our main areas of work include:

- EU foreign and development policy
- Migration and mobility
- Digital economy and governance
- AU-EU relations
- Peace, security and resilience
- Democratic governance
- Economic recovery and transformation
- Climate change and green transition
- African economic integration
- Sustainable food systems

For more information please visit www.ecdpm.org

This publication benefits from the structural support by ECDPM's institutional partners: The Netherland, Austria, Belgium, Denmark, Estonia, Finland, Ireland, Luxembourg and Sweden.

ISSN1571-7577

HEAD OFFICE
SIÈGE
Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands *Pays Bas*
Tel +31 (0)433 502 900

BRUSSELS OFFICE
BUREAU DE BRUXELLES
Avenue des Arts 44, 1040
Brussels *Bruxelles*
Belgium *Belgique*
Tel +32 (0)2 882 50 08

info@ecdpm.org
www.ecdpm.org
KvK 41077447