Rethinking Multilateralism Through the Lenses of the EU-LAC Partnership

The Global Gateway as a Functional Multilateral Experiment

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1. Introduction

The global landscape is undergoing profound transformations. In the wake of the COVID-19 pandemic, climate shocks, geopolitical tensions, and worsening inequalities, traditional multilateralism appears increasingly inadequate. While the need for enhanced international cooperation is widely acknowledged, the capacity of traditional institutions to deliver effective, legitimate, and context-sensitive responses remains contested. Moreover, official Development Assistance (ODA) is facing mounting pressures, and is being redirected to addressing strategic interests, challenging the credibility of long-standing commitments.

A new model of international cooperation is needed - one that is more flexible, inclusive, and rooted in shared objectives. As argued by Pezzini and Manservisi[1] in this issue of the Development Cooperation Review, what is required is not the extension of existing standards, rules and norms from a specific region to the rest of the world, but rather the construction of a new governance architecture between peers: one that is representative, participatory, and capable of adapting to complex realities.In this context, the partnership between the European Union (EU) and Latin America and the Caribbean (LAC) offers an important test case for redefining North–South cooperation in the 21st century.

With the relaunch of the bi-regional dialogue at the 2023 EU–CELAC Summit, both regions have signalled an intention to move beyond outdated donor – recipient models and to consolidate a new framework of relations based on shared agendas and mutual interests. Key instruments - such as the Global Gateway Investment Agenda (GGIA) and the Team Europe Initiatives (TEIs) - have been introduced to operationalise this ambition through a blend of public and private resources, aligned with the

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imperatives of the green and digital - and more recently- social transitions. While promising and better adapted to current realities, the extent to which these instruments will represent a structural shift remains an open question.

This paper critically[2] examines the emerging EU-LAC partnership framework, arguing that its transformative potential depends less on the scale of investment than on the quality of governance, ownership, and alignment with development outcomes. Notably, it explores whether the GGIA and related instruments can serve not only Europe's strategic repositioning, but also the structural needs of LAC countries-many of which remain caught in persistent development traps despite their upper-middle-income status. By addressing these tensions, the article seeks to contribute to a broader reflection on the conditions under which bi-regional cooperation can act as a catalyst for multilateral innovation.

The paper proceeds in five sections. Section 1 outlines the shifting global context and the strategic rationale for EU–LAC cooperation. Section 2 describes the evolution of EU cooperation instruments, including NDICI–Global Europe and the Team Europe Initiatives. Section 3 analyses the GGIA as a flagship initiative and practical case of functional multilateralism. Section 4 discusses key governance and ownership challenges. Section 5 offers policy recommendations to strengthen the EU-LAC partnership as a model of inclusive, responsive cooperation in a multipolar world.

2. A Shifting Global Context and the Strategic Rationale for EU-LAC Cooperation

The last decade has exposed the vulnerability of the global development architecture. The COVID-19 pandemic, coupled with the war in Ukraine, food and energy price volatility, climate disruptions, and rising debt levels, has generated a crisis that transcends borders. In this context, traditional modes of international cooperation-largely built around donor-recipient models and rigid eligibility criteria-have proven insufficient. The need for renewed, more symmetrical partnerships is increasingly evident.

Latin America and the Caribbean (LAC), despite being a region rich in resources and human capital, has been severely affected by these overlapping shocks. It remains the most unequal region in the world, with a large informal sector and slow productivity growth. At the same time, most LAC countries are classified as middle-income, rendering their access to concessional finance more limited and sidelining them gradually from traditional aid flows. This paradox-high vulnerability despite middle-income status-highlights the limits of existing global frameworks.

The European Union, in turn, is redefining its external action. The ambition to achieve "strategic autonomy," respond to global power competition, and deliver on the Sustainable Development Goals (SDGs) is prompting a shift toward more pragmatic and interest-based cooperation. In this perspective, the

LAC region is not only a natural partner due to its long-term relations, but also a strategic interlocutor in key domains such as green and digital transitions, social cohesion, and multilateral reform.

The EU-LAC partnership is, therefore, being reimagined. No longer limited to development assistance, it is increasingly seen as a bi-regional alliance grounded in mutual interest. The relaunch of the EU–CELAC Summit in 2023-after an eight-year hiatus-signalled a renewed political will to deepen the relationship and explore new forms of engagement. The LAC region, in turn, is asserting a more autonomous and collective voice in global affairs, positioning itself not as a passive recipient but as a co-shaper of international norms.

In this shifting context, the EU-LAC partnership has the potential to become a proving-ground for new approaches to cooperation: functional, flexible, and jointly owned. It offers a promising space to test and develop mechanisms that could later inform broader multilateral efforts, especially if grounded in respect, reciprocity, and shared agency.

3. Evolving EU Instruments for a New Development Paradigm

Over the past decade, the European Union has progressively reshaped its development cooperation instruments in response to new global challenges and a changing geopolitical landscape. This shift reflects the growing understanding that development policy must go beyond aid, integrating foreign policy, investment efforts and trade, climate action, policy dialogue on social transformation and economic diplomacy. It also acknowledges the need to engage with a more diverse set of partners-including middle-income countries-through more flexible, demand-driven, and partnership-based approaches.

A key milestone in this evolution was the 2017 European Consensus on Development, which established a unified framework linking development cooperation with the 2030 Agenda for Sustainable Development. This consensus placed renewed emphasis on tailored partnerships, country ownership, and policy coherence across EU actions, particularly in the context of green and digital transitions.

Building on this foundation, the NDICI-Global Europe instrument (Neighbourhood, Development and International Cooperation Instrument) was launched in 2021. NDICI consolidated several previously fragmented funding channels into a single, more strategic and adaptable tool, with a budget of over €79,5 billion for 2021–2027. It allows the EU to operate beyond traditional Official Development Assistance (ODA) constraints, with geographic and thematic windows, and greater capacity to respond to emerging needs, including in upper-middle-income countries like those in LAC.

In parallel, the EU introduced the Team Europe Initiatives (TEIs). These initiatives aim to improve the coherence and visibility of European external action by aligning the efforts of EU institutions, Member States, development finance institutions, and implementing agencies under a common strategy. TEIs have been deployed to support key priority areas such as health, education, climate resilience, and sustainable finance, and are designed to foster synergies and avoid duplication.

Both NDICI and TEIs are central to the EU's ambition to transition from a donor model to that of a strategic partner. This shift is particularly relevant in Latin America and the Caribbean, where most countries no longer qualify for concessional finance, but still face high levels of inequality and vulnerability. The new instruments allow for a broader toolbox-combining grants, guarantees, technical assistance, and blended finance-to engage with complex development needs while aligning with EU foreign policy goals.

These reforms culminate in the Global Gateway strategy, and more specifically the Global Gateway Investment Agenda (GGIA) for Latin America and the Caribbean, which will be analysed in the next section. The GGIA represents the EU's attempt to translate these institutional innovations into a concrete platform for partnership and investment, and to project a distinct European model of cooperation - one that is rules-based, sustainability-oriented, and geopolitically aware.

4. The Global Gateway Investment Agenda: A Flagship Initiative

The Global Gateway Investment Agenda (GGIA) is the European Union's flagship initiative to boost sustainable and strategic investments in partner countries. Launched in 2021, it aims to mobilise up to €300 billion by 2027 to support infrastructure and human development across five priority sectors: digital, climate and energy, transport, health, and education. The strategy seeks to offer an alternative to other global investment initiatives – such as China's Belt and Road Initiative (BRI) – by promoting democratic values, transparency, and sustainability.

In Latin America and the Caribbean (LAC), the EU unveiled the LAC–EU Global Gateway Investment Agenda during the EU–CELAC Summit in July 2023. It foresees €45 billion in investments, including through Team Europe Initiatives, development banks, and private sector mobilisation. The agenda prioritises clean energy, critical raw materials, digital connectivity, healthcare systems, sustainable food production, and higher education.

Beyond its financial dimension, the GGIA is also a geopolitical instrument. It reflects the EU's ambition to combine development cooperation with its strategic interest in global influence, particularly as it competes for partnerships in regions where China and the US are already present. The GGIA explicitly aims to support "trusted connectivity" and "value-driven investments," offering long-term engagement based on mutual interest, rather than conditionality or an extractive logic.

One of the GGIA's defining features is its use of blended finance and de-risking instruments. Through tools like the European Fund for Sustainable Development Plus (EFSD+), the EU aims to catalyse private investment by providing guarantees, equity, and technical assistance. This approach acknowledges that public resources alone are insufficient to close infrastructure gaps, especially in sectors like energy and digital technology. It also underlines the importance of aligning investment flows with broader development goals, such as decent jobs, gender equality, and environmental protection.

However, the GGIA's implementation raises important challenges. Its complexity – stemming from the multiplicity of actors, financing modalities, and accountability structures – can risk diluting ownership on the partner side. To succeed, the GGIA must avoid becoming a top-down, Brussels-driven initiative. Instead, it should embody the principles of co-creation, transparency, and alignment with national and regional priorities.

In that sense, the GGIA can be seen as a test case for "variable geometry multilateralism". It assembles different constellations of actors – governments, financial institutions, companies, and civil society – around concrete goals, under flexible but strategic frameworks. Its emphasis on regional connectivity and cross-border cooperation offers the potential to reinforce bi-regional integration and open new pathways for functional, pragmatic multilateralism.

5. From Funding to Impact: Governance and Institutional Innovation

While the Global Gateway Investment Agenda (GGIA) signals a bold shift in the EU's external action, its success will depend less on the volume of funding mobilised and more on the quality of its governance. Without inclusive, transparent, and responsive institutional mechanisms, the GGIA risks replicating past development models that lacked local ownership and yielded limited long-term impact.

One of the first challenges is ensuring shared ownership and alignment with partner priorities. Many LAC governments and stakeholders still perceive EU development initiatives as overly supply-driven and administratively complex. To address this, project selection and design must involve local actors from the start – including national and subnational governments, civil society organisations, local businesses, and academia. Co-programming and co-financing arrangements can enhance legitimacy and ensure that initiatives respond to real development needs.

Another critical area is the internal coordination of Team Europe. While the initiative aims to streamline efforts across EU institutions and Member States, fragmentation remains an issue. Roles and responsibilities among implementing agencies, financial institutions, and diplomatic services must be clearly defined. More agile and decentralised decision-making could help overcome the delays and duplication that often undermine EU credibility on the ground.

Moreover, the emphasis on private sector mobilisation – a central tenet of the GGIA – raises important concerns about accountability and inclusivity. While blended finance and de-risking instruments (e.g. via

EFSD+) are essential to leverage investment, they must be accompanied by clear social, environmental, and governance safeguards. There is a risk that commercially bankable projects receive preference over those with higher development impact but lower financial return. Impact measurement frameworks need to go beyond input and output indicators and assess outcomes such as job quality, community empowerment, gender equity, and institutional strengthening.

To ensure transparency and effectiveness, the GGIA should be supported by joint monitoring and evaluation systems, peer-learning platforms, and open access to project data. Periodic reviews involving stakeholders from both regions could create a culture of mutual accountability and continuous improvement. These mechanisms are not only technical tools but also vehicles for trust-building.

Finally, there is a need to institutionalise multi-actor governance platforms that accompany the investment agenda. Inspired by functional multilateralism, these platforms could serve as semi-permanent "dialogue tables" where priorities, standards, and cooperation modalities are discussed and refined over time. This would allow for experimentation, local adaptation, and gradual institutionalisation of new models of partnership.

The idea of a "Team LAC" – a coordinated voice of Latin American and Caribbean actors engaging with the EU – could complement Team Europe and help rebalance the relationship. Such a structure, if designed with sufficient autonomy and flexibility, could facilitate the articulation of regional priorities and strengthen the agency of LAC partners in shaping cooperation agendas.

To unlock the full potential of the Global Gateway and to consolidate the EU–LAC relationship as a platform for renewed multilateralism, a number of strategic policy directions must be pursued. These recommendations aim to align the initiative more closely with the principles of inclusiveness, impact, and mutual accountability that underpin a functional and responsive approach to cooperation.

First, the EU and LAC should co-define a shared strategic agenda, and investment partnership, with clear priorities, expected outcomes, and performance indicators. Moving from a project-based to a mission-oriented logic would allow for better alignment between long-term development goals and investment flows. This agenda should reflect LAC countries' own development plans and incorporate regional visions such as ECLAC's structural change approach and CELAC's integration aspirations.

Second, institutional mechanisms for joint governance and participation must be strengthened. Investment dialogues should be regularised, and permanent platforms for exchange established – not only between public authorities but also with civil society, indigenous communities, trade unions, and the private sector. Involving a broader range of stakeholders enhances ownership and ensures that the cooperation agenda reflects social as well as economic needs.

Third, the EU should invest in enabling environments that ensure the sustainability and inclusiveness of investments in a more systemic manner. This includes support for regulatory reform, policy coherence, capacity-building, and education systems that match the evolving demands of green and digital economies. Development cooperation must also help countries manage transitions in a just and equitable way – particularly those related to energy, land use, and labour markets.

Fourth, the Global Gateway must embed robust mechanisms for monitoring, transparency, and accountability. Public access to project information, impact assessments, and performance data is critical. Moreover, continuous feedback loops – with mid-term reviews and participatory evaluations—should be integrated to adjust strategies as contexts evolve.

Fifth, a "Team LAC" structure could be piloted to mirror the Team Europe approach. It would serve as a regional coordination mechanism, facilitating dialogue and co-decision-making, while respecting the diversity of political and institutional configurations across the LAC region. The emergence of such a platform would contribute to a more balanced and symmetrical partnership.

Finally, the EU-LAC relationship should be recognised as a testing ground for multilateral innovation. If successful, it could offer a replicable model for cooperation with other regions of the Global South. The principles of flexibility, functionality, and shared responsibility embodied in the GGIA have the potential to inform a broader rethinking of how international cooperation is structured in the 21st century.

6. Conclusion: Towards a Next-Generation Bi-Regional Compact, Strategic Convergence and Developmental Impact

The EU-LAC partnership can evolve from a pragmatic alignment of interests into a strategic alliance for multilateral renewal. The shift that is undergoing – and its projection through instruments such as the GGIA – presents both an opportunity and a risk. The opportunity lies in redefining development cooperation as a space of mutual agency and joint investment in public goods. The risk, however, is that the shift towards geopolitically informed cooperation results in a dilution of development effectiveness principles, reinforcing asymmetries in agenda-setting and reducing space for inclusive policymaking.

For the EU-LAC partnership to gain coherence, credibility, and impact, it must be anchored in shared political commitments, functional governance arrangements, and development-sensitive implementation modalities. This requires, inter alia, the co-design of investment priorities with national and local stakeholders, enhanced transparency in the use of blended finance and guarantees, and systematic monitoring of social, environmental, and institutional outcomes.

Moreover, the GGIA should be assessed not merely as a portfolio of investment projects, but as a lever to reshape productive structures and support a just, green, and digital transition in both regions. The coupling of infrastructure finance with policy dialogue – particularly around industrial transformation, energy sovereignty, and social equity – will not only respond to the demands of the European private sector but will be also essential to avoid reproducing extractive logics or technological dependency. If successful, this renewed compact could constitute a replicable model for broader South–North cooperation, rooted in differentiated responsibilities, mutual benefit, and multilevel participation.

As the European Union prepares for the forthcoming EU-CELAC Summit to be held in Colombia, there is a timely opportunity to demonstrate tangible progress in advancing a renewed model of cooperation and investment partnerships for development. One that reflects and echoes the regions' evolving priorities, shows the value and impact of the European offer, and reinforces a partnership of equals between the EU and Latin America and the Caribbean. In an era of fragmentation and uncertainty, building such alliances is not only desirable – it is necessary. The EU and LAC, by acting together, can help shape a more equitable, inclusive, and resilient global order.

Endnotes

1 See in this issue: S.Manservisi and M.Pezzini, "Experimental Multilateralism and Variable Geometries".

2 This article drawson selected elements from a more extensive version published in da Costa, R. (2025). The EU-LAC Alliance in a Changing Global Landscape: Toward a Mutual Self-interest Partnership. In: Sanahuja, J.A., Domínguez, R. (eds) The Palgrave Handbook of EU-Latin American Relations. Palgrave Macmillan, Cham.https://doi.org/10.1007/978-3-031-80216-4_22