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Digital connectivity in the European tech business offer

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The EU's international digital policy has developed swiftly over recent years, driven by intensifying geopolitical and technological competition. The 2025 EU International Digital Strategy aims to strengthen digital partnerships through coordinated bilateral engagement, investments under the Global Gateway initiative and multilateral cooperation. Central to this effort is the 'Tech business offer', intended to support the expansion of European firms abroad while aligning with partner countries' development priorities.

This report investigates the progress towards a comprehensive approach to digital connectivity within this framework. It traces how the EU's external digital agenda builds on its internal regulatory and policy base and evaluates Europe's industrial offer, highlighting strong technological capabilities but a lack of integration. It also examines the need for a more integrated 'Team Europe' toolkit that better aligns diplomatic, financial, and technical instruments. Finally, the report dissects how some member states are engaging around connectivity via the "Team National" approach, whilst arguing for the necessity of continuing to invest in a unified Team Europe approach.

Resolving tensions between the EU and member states' political and economic objectives is essential to moving forward. This requires identifying and strengthening strategic sectors, reducing bureaucratic hurdles, creating new instruments to support the European private sector and fixing weaknesses in the European development financing architecture. Team Nationals – an effort to bring together member state institutions, agencies and private sectors – will be essential to take into account the interests and added value of EU member states and their private sectors. Yet, it will continue to be vital to reinforce and develop new mechanisms for cooperation and coordination as one united Team Europe.

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Acronyms

AA	Auswärtiges Amt (German Federal Foreign Office)
AFD	Agence Française de Développement
AFNUM	Alliance Française des Industries du Numérique (French Digital Industry Alliance)
ASN	Alcatel Submarine Networks
AWE	Agentur für Wirtschaft und Entwicklung (German Agency for Business and Economic Development)
BDI	Bund der Deutschen Industrie (Federation of German Industries)
BGK	Gospodarstwa Krajowego (Polish DFI)
BMDS	Bundesministerium für Digitales und Staatsmodernisierung (German Digital Ministry)
BMWE	Bundesministerium für Wirtschaft und Energie (German Economics Ministry)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Economic Cooperation Ministry)
C4CA	Connectivity for Central Asia
Capex	Capital expenditures
CDP	Cassa Depositi e Prestiti (Italian PDB)
CEF	Connecting Europe Facility
CPEIs	Cable Projects of European Interest
D4D Hub	Digital for Development Hub
DFI	Development Finance Institution
DIF	Digital Investment Facility
DG INTPA	Directorate-General for International Partnerships

DRC	Democratic Republic of the Congo
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	Export Credit Agency
EIB	European Investment Bank
EIB GLO	EIB Global
EKN	Exportkreditnämnden (Swedish export credit agency)
ENISA	European Union Agency for Cybersecurity
EO	Earth observation
ESG	Environmental, social and governance
EU	European Union
FFTélécoms	French Telecommunications Federation
GEO	Geostationary orbit
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IoT	Internet of Things
iPRIS	ICT Policy & Regulation – Institutional Strengthening
IRU	Indefeasible right of use
IXP	Internet exchange point
KfW	Kreditanstalt für Wiederaufbau (German PDB)
LAC	Latin America and the Caribbean
LEO	Low-earth orbit
MDB	Multilateral Development Banks
MEO	Medium-earth orbit
MFF	Multiannual Financial Framework
NREN	National Research and Education Network
ODA	Official development assistance
PDB	Public Development Banks
PFTHD	Le plan France Très Haut Débit
PPPs	Public-private partnerships
SMEs	Small and medium enterprises
TA	Technical assistance
TEI	Team Europe Initiative
US	United States

Introduction

The European Union (EU) and member states' international digital policy is evolving in tandem with internal debates on digital sovereignty or tech sovereignty. These are provoked by China's rise as a technology superpower, growing insecurity in the EU's neighbourhood and deepening strains in the Transatlantic relationship. In this paper, we define tech sovereignty as securing Europe's digital systems from external threats, while also diversifying tech supply chains and strengthening the competitiveness of the European tech sector.

The EU's International Digital Strategy, endorsed by member states, aims to strengthen digital partnerships through diplomacy, investments and multilateral engagement. It endeavours to support the competitiveness of the EU's internal private sector and to strengthen European sovereignty and resilience by diversifying partnerships and supply chains. This plan hinges on pairing digital diplomacy with the creation of a tech business offer, which aims to allow the European private sector to better compete with global rivals in third countries, to open up economic and development opportunities abroad and to strengthen European influence on questions of global digital governance. The offer builds on the European private sector's strengths, combined with financing and technical cooperation under the Global Gateway Strategy.

Digital infrastructure is an area where the EU is confident in its ability to put forward a relatively strong - if not always competitive - industrial offer under the Global Gateway, supported through bilateral cooperation and investment. The International Digital Strategy highlights "the deployment of secure digital connectivity and sustainable infrastructure worldwide," specifically mentioning "secure and trusted 5G networks, submarine and terrestrial cables, satellite connectivity, Internet infrastructure, supercomputers and data centres." (EC and HRVP, 2025a). Several European countries contribute national champions in all these areas, but many of these companies have struggled to compete internationally.

The toolkit for supporting the EU connectivity offer is still under construction. EU and member state diplomacy is essential to shape a tailored approach to partner countries and develop effective bilateral cooperation. Recent trade deals and strategic partnerships can play an important role in consolidating digital

partnerships and opening up avenues for greater engagement. The EU offer will have to integrate the financial institutions, export credit agencies and development agencies of the member states, as well as the EU institutions and European Multilateral Development Banks (MDBs).

There is a growing focus on building Team Nationals - bringing together member state institutions, agencies and private sectors - to represent national security and industry interests. Yet this is sometimes complicated by diverse institutional interests and priorities. A consolidated Team Europe will, in turn, need to build on the strengths of the emerging Team Nationals.

Developing the EU tech business offer is no easy task, as resolving tensions between the political and economic aims of the EU and member states may take some time. The goal has to be: to identify and strengthen key strategic sectors to enable them to compete globally; to address weaknesses in the European financing architecture for development; and to develop a complementary cooperation offer that continues to contribute to partners' priorities and sustainable development.

This report combines interview-based insights with a targeted review of publicly available literature and programme documentation. It draws on approximately 40 semi-structured interviews with stakeholders, including those from public institutions, development partners, private companies and civil society. In addition, the authors participated in the D4D Connectivity Working Group in December 2026, which included presentations and comments from many stakeholders.

1. Sovereignty as a basis for EU external engagement

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EU member states are increasingly aligned in striving for greater European competitiveness and sovereignty, if not on how to pursue them. EU member states continue to struggle to jointly position themselves in order to achieve these goals. This has been evident in the growing debates over deregulation and strategic procurement. The upcoming EU tech sovereignty package, expected by Summer 2026, may provide the basis for a shared understanding, with a strong focus on

resilience and tackling critical dependencies across different digital technology sectors.

A growing number of policymakers support the need to diversify partnerships and strengthen relationships with non-traditional partners in Asia, Africa and Latin America in order to support Europe's resilience. The sovereignty package is also expected to integrate security concerns into procurement decisions, notably for cloud computing. Already in 2025, the publication of the EU International Digital Strategy aimed to centre the EU's global digital engagement on its geostrategic priorities and to secure the buy-in of EU member states. This has resulted in more intensive digital diplomacy and dialogue with global partners, as we explore in chapter 3.

1.1. From EU competitiveness to global action

Several internal EU dynamics are feeding into the EU's international digital cooperation. As pointed out by the Letta Report on completing the Single Market, and echoed in the Draghi Report on European Competitiveness, Europe's position is greatly hampered by the incompleteness of the Digital Single Market and the lack of a Capital Markets Union, which would support the financing and growth of start-ups on European soil. Indeed, the EU's incomplete telecommunications union makes it difficult for European companies to grow and thus to compete globally. For many European SMEs, simply entering other EU markets amounts to 'internationalisation'. Similarly, Europe's lack of deep capital markets reduces the availability of financing for European companies at home, let alone their ability to expand beyond Europe.

European businesses, academia and think tanks have increasingly called for a proactive industrial policy as key to boost both Europe's competitiveness and to address digital sovereignty concerns. Various initiatives have pushed for a large boost in European spending on digital industrial policy, and for the introduction of "buy European" rules or "made in Europe" requirements in public procurement (Bria et al., 2025; Eurostack, 2025). This has stimulated a vibrant debate both in Brussels and national capitals. France and Germany joined forces to host a Summit on European Digital Sovereignty. Germany and the Netherlands, traditionally close to the United States, have recently become more concerned about dependencies on US big tech and have both included language about

digital sovereignty in recent coalition agreements (CDU, CSU and SPD, 2025; D66, VVD and CDA, 2026).

Although progress in meeting the ambitions of the Draghi report has been slow, there is an increased focus on how to finance priority areas, including digital infrastructure. This is visible in the EU's new Multiannual Financial Framework (MFF) 2028-2034, in which the Commission proposed the European Competitiveness Fund (EC, 2025a). This identifies the digital sector as one of four priority sectors, with an overall budget of €48.5 billion. Article 61 is fully dedicated to the issue of 'secure connectivity,' highlighting that secure connectivity starts at home and expands abroad. EU companies that are competitive in the internal market should be better equipped to exploit international market opportunities.

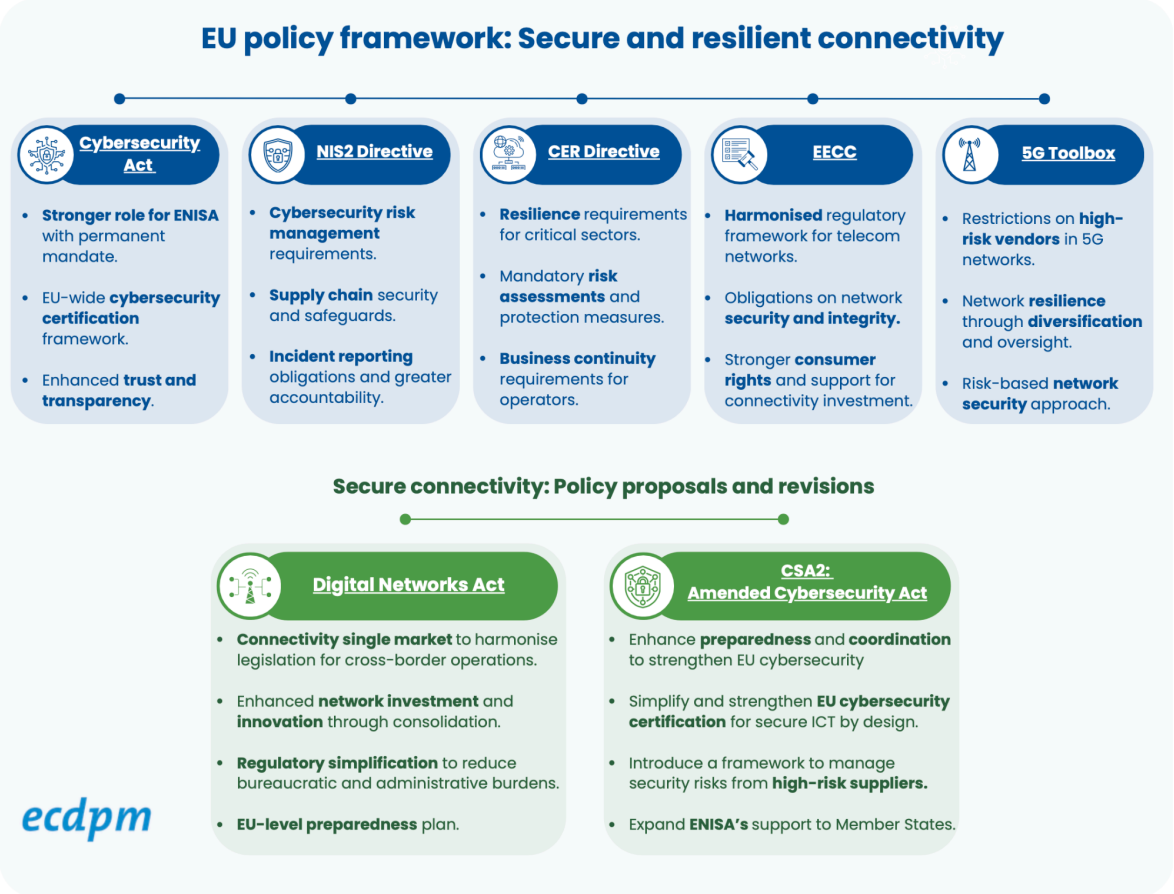
The question of strategic procurement is currently high on the European political agenda, and although there is certainly no consensus, there is a clear push away from open procurement. Commission President Ursula von der Leyen alluded to the introduction of Made in Europe requirements in her latest State of the EU (SOTEU) - both with regard to internal and international investment (Von der Leyen, 2025) and there have been some moves in this direction with the New Industrial Accelerator Act, although the focus is on clean industries (EC, 2026a). In the digital domain, it is likely that the upcoming Cloud and AI Development Act, and the other elements of the tech sovereignty package due in May 2026, will begin to integrate stricter security considerations into procurement rules. Externally, the procurement and eligibility rules in Article 20 of the proposal for the Global Europe Instrument - inspired by Article 11 of the regulation establishing the Ukraine Facility - place an explicit preference on European providers. This suggests a more strategic approach to public procurement that could serve European economic interests.

1.2. Connectivity: Security, trust and resilience

Alongside competitiveness, security considerations are likely to play an ever more important role in European strategic procurement. Noting the growing importance of cybersecurity and physical resilience for communication technologies and critical infrastructure amid geopolitical turbulence, the European Commission's 2024 White Paper on digital infrastructure reinforces the "need to rely on **diversified and trusted suppliers** to prevent **vulnerabilities** and **dependencies**"

(EC, 2024a). This concern is reflected across a constellation of EU policy instruments which, read collectively, point towards an emerging policy orientation: embedding resilience, trusted supply chains, and cybersecurity standards into the foundations of Europe's critical digital infrastructure.

Figure 1: EU policy framework: Secure and resilient connectivity



Source: ECDPM

Cybersecurity concerns have emerged most strongly in the connectivity layer of the tech stack, where protecting digital networks is increasingly linked to the security of the broader digitally connected infrastructure This emerged most clearly in the context of Europe's 5G infrastructure, where concerns around Chinese suppliers' dominance led to the development of the 2020 EU Toolbox of risk mitigating for the Cybersecurity of 5G networks (EC, 2020). Building on findings from the comprehensive EU-coordinated risk assessment (EC, 2019),[1] the Toolbox

[1] Published in 2019, the risk assessment was completed by EU member states with support from the European Commission, European Union Agency for Cybersecurity (ENISA) and the Body of European Regulators for Electronic Communication (BEREC).

sets out a range of strategic and technical measures, complemented by supporting actions.

Those same security concerns are now being extended across the broader spectrum of digital infrastructure. The 2026 Submarine Cable Security Toolbox applies the same logic of vendor risk mitigation and supply-chain resilience to strengthen the protection, monitoring, and overall robustness of subsea telecommunications infrastructure (EC 2026b). The forthcoming Cloud and AI Development Act is expected to bring cloud infrastructure and computing facilities into the same policy framework, reinforcing the emergence of cloud and data-centre infrastructure as a core component of Europe's digital backbone. A growing number of actors argue that these systems should now be treated as critical digital infrastructure, in line with the EU's broader push to tighten security and resilience requirements (Harris 2026; Jabbour, 2026).

The EU is now seeking to advance this agenda with the proposed Cybersecurity Act, which would completely exclude certain vendors considered 'high-risk' from European networks (Clark, 2026). Yet even as Brussels intensifies pressure on 'trusted connectivity', implementation remains uneven: as of 2025, the Commission estimated that only ten Member States had fully implemented the framework (Clark, 2025). National patterns vary widely, with Germany sourcing 59% of its 5G RAN infrastructure from China, compared with around 30% in Italy, Spain, and Finland; 13% in France; 3% in Sweden; and 0% in the Baltic states (Strand Consult, 2025). Although Germany established a legal basis to exclude Huawei as early as 2019, implementation was delayed until 2024, when the government opted for a phased removal of equipment from Huawei and ZTE (Jagtiani, 2025). In late 2025, it took a more forceful stance, with an updated information security law (BSI 2025) enabling the Interior Ministry to order the removal of insecure 5G components (Fokuhl et al., 2025). Chancellor Friedrich Merz also announced that China would be excluded from Germany's 6G network (Engelking, 2025).

Box 1: Unpacking 'Trusted Connectivity'

'Trusted connectivity' emerged as an organising framework among Western democracies in response to growing concerns about the security of global connectivity. Driven by concerns of authoritarian state investments that can 'open potential vectors for coercion, disruption, or attack in times of crisis or conflict,' the framework called on like-minded democracies to cooperate to ensure connectivity infrastructure reflects shared values of openness, freedom, and human dignity (Arha, 2021).

This was set against the backdrop of China's expanding global digital footprint and concerns about its 2017 Cybersecurity Law and 2021 Data Security Law, which extend state reach over data held by Chinese firms, as well as Huawei's proposals at the ITU for a more centralised internet architecture (Murgia and Gross, 2020).

The concept gained formal traction at the September 2021 Tallinn Digital Summit, where participating nations established the Tallinn Consensus on Trusted Connectivity to deepen cooperation among aligned partners. In practice, however, consensus has proved elusive. Adoption across multilateral fora and EU Member States has been uneven, shaped by diverging threat perceptions, varying degrees of supplier dependency, and differing domestic legal frameworks.

Beyond cybersecurity and the management of trusted vendors, EU policy is now explicitly shaping the physical and operational design of Europe's digital backbone. **Route diversification and redundancy**[2] have become central components of the EU's strategy to enhance the security and resilience of subsea cable infrastructure. Identified as priorities in the 2024 Commission Recommendation (EC 2024b) and the 2025 Action Plan on Cable Security (EC and HRVP, 2025b), these principles underpin the Cable Security Toolbox and the framework for Cable Projects of European Interest (CPEIs). In early February 2026, the Submarine Cable Expert Group[3] - established to support the implementation

[2] Redundancy refers to the provision of alternative cables, routes, and network capacity that allow data traffic to be rerouted in the event of damage, failure, or disruption to a primary subsea cable, thereby ensuring continuity of service.

[3] The expert group is composed of the Commission, Member States and the European Union Agency for Cybersecurity (ENISA).

of the EU's cable security agenda - published its second report identifying 13 priority areas for CPEIs, marking a key step toward operationalising the EC's strategy (EC, 2026b).

Meanwhile, Elon Musk's threats to pull Starlink out of Ukraine in 2022 (a position he has since reversed by denying Starlink access to the Russian military) similarly drew attention to the lack of a European alternative for high-speed and low-latency internet connectivity from space. Starlink is currently the only provider able to offer this at scale with a dense constellation of more than 10,000 satellites. Their position in low Earth orbit (LEO) reduces the transmission time to Earth compared to satellites in medium Earth and geostationary orbit, which cover larger parts of the Earth but from a much greater distance. France's Eutelsat does provide LEO services to telecom operators via One Web and cooperates with SES for multi-orbital constellations, but it does not have the same scale as Starlink. The recognition of the strategic vulnerability of an overreliance on Starlink has added urgency to the project to build a sovereign EU satellite constellation in multiple orbits (combining GEO, MEO, and LEO), IRIS (DG DEFIS, 2026)[2].

The EU is increasingly framing network resilience around the consolidation of sovereign capacity in the public interest, aiming to reduce dependencies and strengthen the continuity of critical connectivity. Initiatives such as the Framework for Cable Projects of European Interest (CPEIs) and IRIS² illustrate this approach at the EU level, while GÉANT-led projects provide a concrete case of its application in cross-border research and education connectivity.

Box 2: Strategic GÉANT initiatives in secure connectivity

As the non-profit operator of Europe's research and education network, GÉANT plays a strategic role in European digital sovereignty. In several Global Gateway projects, GÉANT serves as the primary technical partner for intercontinental research and education connectivity. By securing 'sovereign lanes' in global subsea cable infrastructure, GÉANT facilitates secure knowledge exchanges and large-scale data sharing. This opens avenues for cross-border research collaborations on science and emerging technologies such as AI.

A flagship example is the EU-funded BELLA Programme, through which GÉANT and RedCLARA secured a long-term IRU of 40 optical channels on the EllaLink cable, directly linking European and Latin American research and education networks and supporting the Copernicus Programme. Building on this model, GÉANT, with the support of EIB Global, is expanding sovereign research connectivity corridors through projects such as the Medusa cable, integrating North African research networks with Europe, and the Blue-Raman system, developed with UbuntuNet Alliance, which will connect Europe to India via the Middle East bypassing key chokepoints.

Beyond subsea infrastructure, through AfricaConnect, GÉANT strengthens national and regional research and education networks (NRENs), terrestrial backbones, and campus connectivity across Africa. Under the AfricaConnect4 phase, GÉANT recently secured an additional €40 million under the Global Gateway Strategy to enhance digital connectivity infrastructure and research capabilities across Sub-Saharan Africa (Fiore, 2026).

The European Commission and selected European governments have thus begun to emphasise trust, security and resilience not only within the EU single market, but also externally. The EU's strategic application of trusted connectivity is central to its international partnerships, particularly through the Global Gateway and the 2025 International Digital Strategy. The Global Gateway initiative, launched in 2021, sought to merge a geostrategic approach with financial resources to promote "secure and trusted connectivity," focusing on infrastructure investment while promoting the adoption of data protection laws, the 5G Toolbox, and the EU's regulatory model (EC and HRVP, 2021). More recently, the EU has also highlighted the importance of diversifying suppliers and routes in order to support digital resilience and sovereignty.

1.3. Sovereignty in International digital policy

In line with shifts in the EU's internal concerns, the narrative about the EU's international digital engagement has evolved to incorporate sovereignty and the pursuit of the EU's own geoeconomic interests. In addition to the EU's traditional focus on digital governance, democracy and sustainable development, European technologies are presented as complementing partners' quest for sovereignty by

offering opportunities for diversification and access to trusted, secure and sovereign solutions.

This has been visible in the evolving European policy landscape. In 2021, the Global Gateway communication had already sought to orientate European development cooperation against the backdrop of a more strategic and geopolitical environment (EC and HRVP, 2021). Alongside the launch of the Global Gateway, European digital diplomacy and international cooperation highlighted its 'human-centric' approach to the digital transformation, combining support for human rights, security, sustainability, fair competition and citizens' empowerment in the digital age (EC and HRVP, 2021; Muscat, 2024).

By introducing the tech business offer in the EU's 2025 International Digital Strategy, the EU very clearly elaborates its intention to better represent Europe's geoeconomic interests alongside its normative and regulatory goals, while also highlighting that its digital technologies can support partner countries in achieving their goals: "has the capacity to provide integrated technology solutions to partner countries seeking to uphold their digital sovereignty and to implement a human-centric digital transformation." (EC and HRVP, 2025a) Member states provided political endorsement through the Council of the European Union in November 2025, endorsing the idea that international partnerships can play a role in advancing Europe's own digital transformation, reinforcing its sovereignty, and strengthening its "own open digital ecosystem." (COEU, 2025).

EU and member state diplomats, officials and private sector actors highlight the importance of tailoring the narrative to different contexts and partnerships.[4] Given the strategic ambiguity that many global partners pursue with regard to the US-China digital technology rivalry, some important global partners like Brazil are hesitant to engage with measures that might appear to target China, including the narrative around 'trusted connectivity.' However, at the same time, several European companies operating in Latin America mentioned that the appeal to sovereign and secure solutions appeared to be strong there. In contrast, a number of interviewees mentioned that in some countries in Africa, the narrative

[4] See accompanying brief for more on EU digital diplomacy: Karaki et al. 2026

around sovereignty has not always been successful due to suspicions about the intentions of at least some EU member states and their private sector operators.

1.4. Conclusion and recommendations

Team Europe is making progress toward realising the International Digital Strategy's mandate to combine secure connectivity under the Global Gateway with a competitive EU tech business offer. This is demonstrated by a developing narrative and approach to tech sovereignty, combined with the more specific push to promote 'trusted connectivity' both at home and abroad. On connectivity, the European Commission and member states are shifting gear to take more decisive actions to exclude non-trusted vendors, supported by EU tools like the proposed Cybersecurity Act, the 5G Toolbox, and the newly introduced Submarine Cable Toolbox. Translating this growing internal cohesion into a consistent external message and financing instruments for supporting sovereign solutions and 'trusted vendors' across Europe's connectivity offer remains a challenge.

- **Clarify tech sovereignty ambitions and strategy.** A clearer definition of tech sovereignty in the upcoming EU tech sovereignty package should help to better shape the European narrative at the international level. This should frame sovereignty not only as protection against external threats but also as the ability to operate independently, securely, and continuously under any circumstances. Europe needs to support systems that are redundant by default, with backup capabilities, robust infrastructure, and sovereign data channels operated within trusted European frameworks. This moves sovereignty from a defensive concept to an active capability, ensuring continuity of critical services.
- **Expand tech sovereignty ambitions to more sectors.** Europe can become a real model for secure sovereign infrastructure by developing an offer that integrates cybersecurity across more of the stack and treats the security of digital infrastructure in a more holistic manner. The evolving European framework for tech sovereignty is expected to focus not only on the traditional connectivity sector but also to provide a framework for cloud computing, with the potential to develop similar frameworks for other layers of the tech stack.
- **Acknowledging partners' sovereignty priorities.** Given the strategic ambiguity that many global partners pursue with regard to the US-China digital technology rivalry, a European framework that does not clearly take

sides will be of great interest to global partners. While Europe and partners will continue to maintain their own strategic assessments with regard to the US-China rivalry, acknowledging partners' concerns with regard to both global powers is essential to strengthening partnerships. By integrating the pursuit of trusted connectivity within a wider framework on tech sovereignty, the EU can communicate that it is serious about developing sovereign solutions across the tech stack.

- **Addressing the weakness of European digital infrastructure operators.** Although Europe has a strong industrial base in hardware manufacturing, it has weaker financial and regulatory instruments to allow for thriving operators. While this in part depends on the development of the DSM and the CMU, the European Commission and member states should develop a more strategic approach to supporting operators in the face of growing strategic, competitive and financial pressures.[5] This will require joint action, including measures to combine domestic and EU financing - both within Europe and beyond - as well as specific support to address security threats.

  Provide clear policy guidance on procurement under the next MFF. By integrating clear policy framing and definitions in the MFF, the EU can lay the groundwork for a more coherent approach to public procurement and financing digital infrastructure that adheres to European concerns around security and trust - both internally via the European Competitiveness Fund and internationally via the Global Europe instrument. Including such a definition in EU financial regulations would provide clarity and more room for engagement for European financial institutions.

2. Building a European industrial connectivity offer

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Subsea cables, satellite systems, terrestrial networks and data centres form the foundational connectivity infrastructure layer that underpins the global digital economy. Subsea cables carry intercontinental data flows, satellites extend coverage and provide resilience, fibre and 5G networks enable national digital ecosystems, and data centres provide the computing power that supports cloud services and AI.

[5] ECDPM recently published work exploring these dynamics in the subsea cable sector (Pearson, 2026).

Secure digital infrastructure is a foundational component of the EU's tech business offer. Although Europe is less competitive in other parts of the technology stack, it retains world-class industrial and operational capabilities in the connectivity layer. Leading manufacturers deliver advanced engineering solutions for subsea cables, satellite and terrestrial networks, and data infrastructure. Together, these assets form the backbone of the wider EU tech offer. Yet as the EU seeks to strengthen digital sovereignty and expand secure connectivity with trusted partners, fragmentation among actors and dependencies on non-EU providers create structural vulnerabilities. A truly comprehensive European connectivity offering requires not only industrial and operational control, but also stronger horizontal integration across the ecosystem to support secure data traffic for cloud services, content delivery, and communications.

Europe's connectivity ecosystem is anchored by companies such as subsea cable giant Alcatel Submarine Networks (ASN), aerospace manufacturers Airbus, Thales and Leonardo, and telecom equipment providers Nokia and Ericsson. Despite these capabilities, Europe struggles to commercialise its strengths at scale. It cannot match Starlink's reach in satellite connectivity, is losing ground to China in 5G and terrestrial fibre markets, and remains heavily dependent on US hyperscalers for commercial subsea cable and data centre projects (Telecomlead, 2026). This gap is particularly evident in Africa, where Europe has enhanced subsea cable connectivity, but China dominates the build-out of terrestrial fibre networks - meaning that while European infrastructure reaches the continent's shores, it is Chinese-built networks that determine how connectivity is distributed inland (Arnold, 2023). In data infrastructure in particular, European firms are competitive in energy and engineering solutions but largely act as suppliers rather than operators with ownership or strategic control.

Amid intensifying US-China technological rivalry, Europe must therefore operationalise its international digital strategy to enhance sovereignty and strategic influence. Control over the physical foundations of connectivity - from cables and satellites to terrestrial networks and data centres - translates directly into geopolitical leverage. Access to an integrated European offer for secure connectivity can also strengthen the strategic agency of partner countries by presenting a credible alternative to dominant infrastructure models.

European governments' recognition of the geostrategic significance of subsea cables and satellites has led to nationalisation and consolidation of assets in these sectors. The private players that drive the market for terrestrial broadband and mobile networks can count on strong public support. Their offers are complemented by solutions for energy and electricity, as well as by expertise in cybersecurity and software layers. Players range from leading EU engineering companies to a large ecosystem of specialised SMEs – from manufacturers to service providers offering everything from project planning to financial structuring and compliance. In many cases, more work is needed to identify these smaller companies and integrate them into the EU's external offer.

The analysis of each sector below will give examples of where stronger support for manufacturers and operators can lead to a more comprehensive and competitive EU tech business offer. As we explore in chapter 3, addressing the gaps in the value chain more systemically requires closer EU-wide coordination and cooperation, especially on project financing.

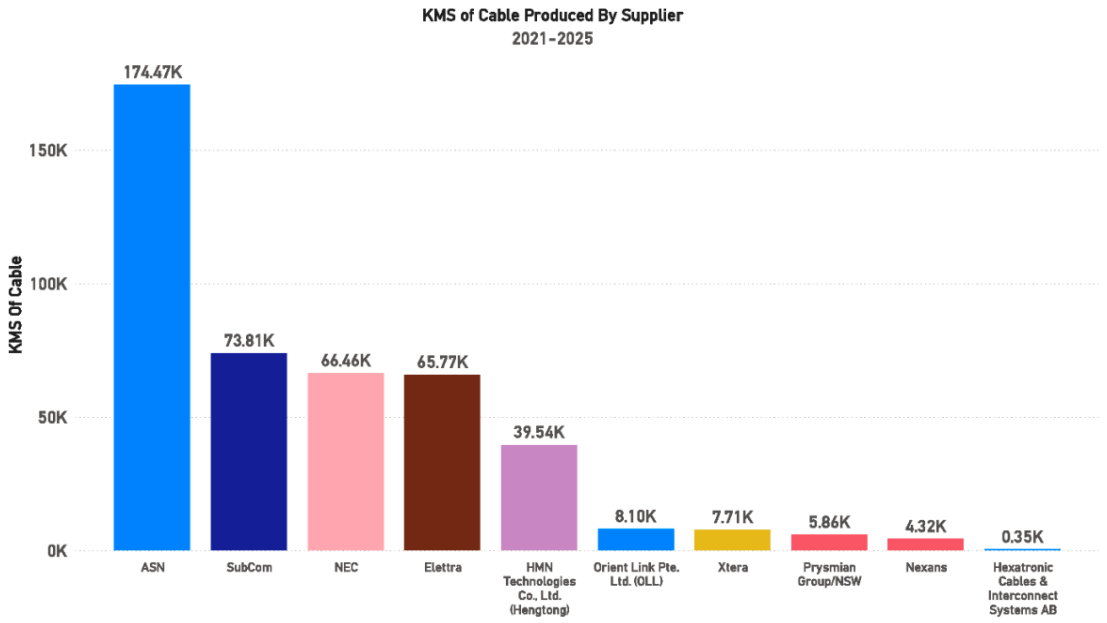
2.1. Subsea cables: Securing European industrial leadership

Strong European industrial capacity and operational ownership of subsea cables are central to the EU's ambitions for strategic diversification and tech sovereignty. Carrying around 95% of global data flows, subsea cables form the backbone of international connectivity and are therefore critical to Europe's digital and geopolitical positioning. Ensuring the resilience of cables - through route diversification, redundancy, and repair and maintenance capacity - is therefore a primary concern. At the same time, reducing reliance on strategic chokepoints, such as routes crossing the Red Sea and the Suez Canal, has become increasingly important in light of geopolitical instability. However, Europe's position in this sector faces growing pressure, as US hyperscalers have entered the subsea cable market and European operators have gradually lost market share (Pearson, 2026).

France, in particular, has recognised the strategic importance of the sector, while Italy has also stepped up its focus. The French state acquired ASN from its previous owner Nokia at the end of 2024 as political attention on the cable sector grew (Nokia, 2025). Similarly, in April 2025, a consortium led by the Italian Ministry

for Economics and Finance bought Telecom Italia's subsea cable unit, Sparkle (Lipscombe, 2025).

Figure 2: ASN is unrivalled in the global subsea cable market



Source: Submarine Telecoms Forum

ASN is the leading global supplier of cable systems - from production to installation. Between 2021 and 2025, the company supplied 23 cable systems and installed a total of 25, a scale that no competitor comes close to matching (Subtelforum, 2025). Italy's Elletra is a strong global mid-tier player. Installation capacity further reinforces European leverage. ASN leads the global market, accounting for 29% of system installations between 2021 and 2025, while Orange Marine, the other major French player in the subsea cable ecosystem, delivered almost 13% (11 systems). Both companies also retain a strong cable ship fleet, owning six ships each, providing critical repair and deployment capabilities (Subtelforum, 2025).

Europe's broader subsea ecosystem also features several important smaller players. Italy's Prysmian Group, France's Nexans, and Sweden's Hexatronic play a critical role in supporting regional and specialised systems. Their capacity is particularly important as demand for large-scale projects increasingly absorbs the production resources of the leading global suppliers. Some smaller players are strengthening their portfolios and operational capabilities, bolstering Europe's

end-to-end capacity across the subsea value chain. In December 2025, Prysmian Group and Italian state-owned ship builder Fincantieri signed an agreement to acquire Xtera (Prysmian, 2025), a US-based company that offers end-to-end solutions for subsea cable systems, from designing them to handing them over to operators. This was followed in January 2026 by the announced acquisition of Spain-based ACSM, a specialist in subsea surveying, installation, and route planning (Prysmian, 2026).

Beyond manufacturing and installation, operators such as Sparkle, Orange and GlobalConnect play a critical role for route diversification, network resilience, and for ensuring Europe's influence over global data flows. The Italian operator Sparkle, which boasts a global fibre network exceeding 600,000 km, has championed the development of alternative cable routes that avoid strategic chokepoints (Telecom Review, 2025). Orange maintains a similar global presence, managing more than 450,000 km of subsea cables connecting all continents, underscoring capabilities beyond installation and repair (Orange, 2025c). While smaller and more regionally oriented than Orange and Sparkle, Sweden's GlobalConnect remains important within Europe's subsea ecosystem. By strengthening connectivity across the Nordic region and participating in the Polar Connect initiative to link Europe with Asia and the US, the company contributes to broader European objectives for route diversification, infrastructure resilience, and the development of secure international data corridors.

Europe's industrial and operational strength within the subsea sector has been demonstrated through its involvement in several strategically important infrastructure projects. These include the completed EllaLink cable between the EU and the LAC region, and also the ongoing Global Gateway flagships Medusa and Blue-Raman, which provide connectivity between Europe and North Africa and all the way to India.

Box 3: Strategic European Subsea Cable Projects

EllaLink: Connecting the EU and Latin America

The submarine cable component of the EU's BELLA Programme (BELLA-S) was launched in 2022. The system was delivered by Irish operator EllaLink, coordinated by the research network GÉANT, and installed by France's ASN. Supported with financing from DG CONNECT (€5 million) and DG DEFIS (€8.56 million), the EllaLink cable project was the first high-capacity submarine cable to effectively bypass North American data routing by connecting Portugal to Brazil. The system has since been expanded to Cape Verde[6] and Mauritania.[7]

Medusa Submarine Cable System: Linking both sides of the Mediterranean

Backed by a €40 million EU grant and EIB financing, this 8,760km digital infrastructure is led by Spanish operator AFR-IX Telecom and supported by partners including Orange, GÉANT, and ASN. Medusa will link Southern Europe (Portugal, Spain, France, Italy, Greece and Cyprus) with North African countries including Morocco, Algeria, Tunisia, Libya and Egypt.

Blue-Raman: Bypassing the Suez Canal

The Blue-Raman system establishes a long-haul corridor linking Europe to Israel and onward to India via Jordan, Saudi Arabia, Djibouti and Oman. Supplied by ASN and led by Italian operator Sparkle in partnership with Google, it will provide route diversification bypassing the Red Sea–Suez corridor.

Beyond the Global Gateway

- **Gondwana-2: Regional integration in the Pacific**
  Co-financed by a €11.5 million loan by French development agency AFD loan, ASN installed the Gondwana-2 submarine cable in 2022. Connecting New Caledonia to Fiji, French Polynesia, Wallis & Futuna, and Australia, this cable enhances Pacific regional integration and line security in a region that previously depended on a single cable.

[6] EllaLink Cape Verde Branch (in service since 2022) is an extension between Cape Verde and Europe and was supported by an EIB loan of $25 million.

[7] Mauritania extension, a Global Gateway flagship initiative, involves constructing a 500 km branch to Nouadhibou. Set to be completed in 2027, the project is co-financed by a €25 million loan from the EIB and €9.6 million from CEF Digital.

2.2. Satellite connectivity: Europe's bet on sovereign solutions

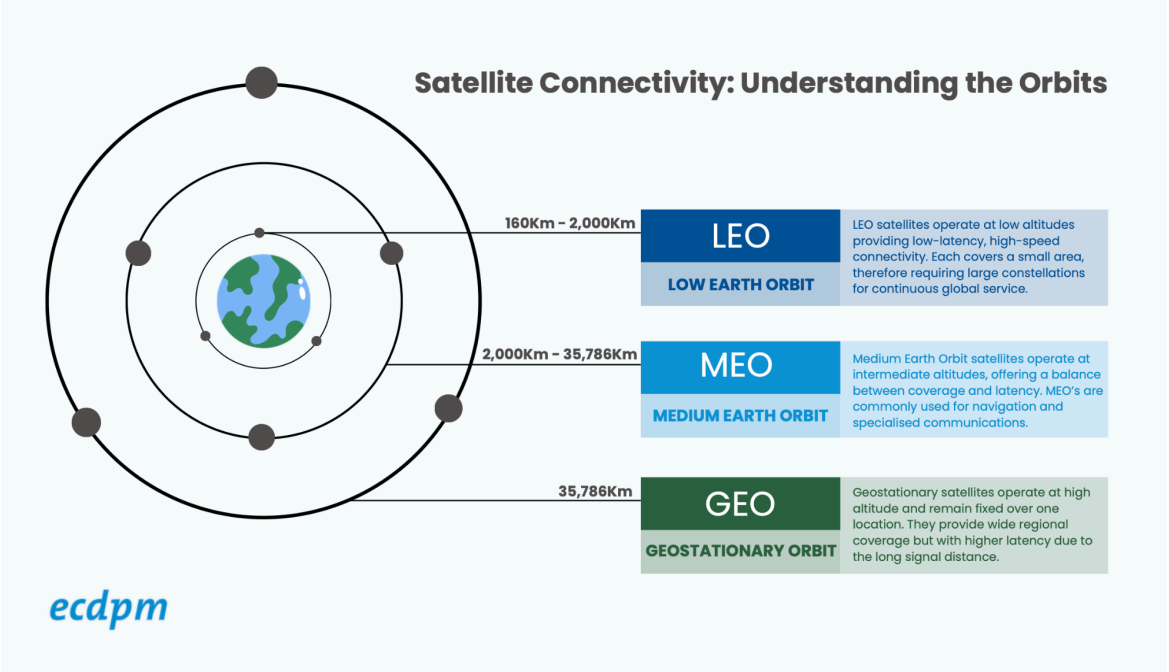
Space is another strategic domain in which the EU strives to secure its agency amid US dominance and growing Chinese competition. Despite budget increases, the EU's share of the global public space expenditure stood at 10% in 2024, falling behind China's 15%, while the US remained the largest single space power with 60% (ESA, 2025).

Satellite infrastructure is not simply a commercial asset but a foundation of strategic security and autonomy. Satellites serve purposes of earth observation, navigation and communication. The former two are used for agricultural and environmental monitoring, disaster management and intelligence as well as for route planning and logistics. Communication satellites are mostly used for broadcast media, but also for providing internet access or IoT services to remote and underserved regions (Mabika et al., 2025). These networks also provide secure communications during crises - from humanitarian response to military coordination.

Europe's strengths lie in its major institutional programmes, from navigation (Galileo) to earth observation (Copernicus).[8] In addition, the EU is now positioning itself as a player in secure connectivity from space through its IRIS² initiative. "Copernicus provides the eyes of Europe on Earth, and IRIS² adds the secure channel through which information can flow," according to the Copernicus programme's website (Copernicus, 2026). The EU's weakness is the lack of sufficient launch capacity to enable autonomous access to space. It also has a more limited civil-military integration of the sector compared to the US and China.

[8] ECDPM explores the financing of space earth observation in an upcoming paper (NDour and Veron, 2026 upcoming; working title: Innovative investment models for financing earth observation globally).

Figure 3: Satellite Connectivity: Understanding the orbits



Source: ECDPM

The multiorbital IRIS² constellation is supposed to provide secure connectivity to Europe but will also cover the African continent (EUSPA, 2025). The main objective is to strengthen secure EU government communications, but commercial uses are also foreseen. The project is sometimes branded as the European answer to Starlink, a subsidiary of Elon Musk's SpaceX. This is a tall order given that IRIS² will consist of about 290 satellites in different orbits, while Starlink already has more than 10,000 satellites in space and has filed for permission to launch and operate 30,000 in total (O'Callaghan, 2026).

Three national European champions with an important share of state ownership - France's Eutelsat, Spain's Hispasat and Luxemburg's SES - are the leading operators in charge of IRIS² (EUSPA, 2025).[9] While they provide the strategic and financial leadership, the components of the IRIS² fleet are produced by the consortium's industrial manufacturing core, Airbus Defence and Space, Thales Alenia Space, and Germany's OHB. In another step towards building a joint EU

[9] In June 2025, the French government became the largest shareholder of Eutelsat after injecting €717 million into the debt-ridden satellite company (as part of a €1.35 billion deal together with other investors) (France 24, 2025). Hispasat was acquired by defense and IT conglomerate Indra Group, in which the Spanish state holds a majority, at the end of 2025 (Indra, 2025). Luxembourg is a major shareholder of SES and holds a third of the voting rights (SES, 2025).

space offer, industrial giants Airbus, Leonardo and Thales plan to combine their space operations in a new company as of 2027 (Airbus, 2025).

Airbus Defence and Space, the Franco-German powerhouse, acts as the lead system architect. As the only European company with the scale and integration to manage the entire lifecycle - from design and manufacturing in Toulouse to complex in-orbit support - it is essential for Europe's sovereignty in space. Thales Alenia Space, a Franco-Italian joint venture, complements the offer with its capacity to mass-produce satellites in its automated 'Smart Factory' in Rome. By standardising 'Direct-to-Device' hardware, it ensures the IRIS² network functions as a seamless extension of terrestrial 5G, allowing standard smartphones to connect directly to space without specialised ground equipment. Lastly, the German company OHB provides the system's security. Drawing on its technical expertise from the Galileo constellation it uses its navigation satellites to build a protective 'anti-jamming' layer in Medium Earth Orbit (MEO).

All three operators leading the SpaceRISE consortium to build IRIS² are active in Global South markets. Eutelsat partners with French operator Orange in providing access to its OneWeb Low Earth Orbit (LEO) constellation (Orange 2025a). A new gateway in Martinique extends the constellation's global footprint and is designed to deliver secure connectivity for residential, enterprise, maritime and defence users in the Caribbean and on key transatlantic maritime routes. (Broadband TV News, 2025). The two companies also partner in Africa, where they offer access to Eutelsat's geostationary Konnect satellite (Orange 2025b).

Apart from sovereign solutions, European satellite operators and service providers are also active in last-mile connectivity projects. Italian space service provider Telespazio - a joint venture between Leonardo and Thales - is active across the LAC region. In the 'Conecta Selva' project it has used capacity on Eutelsat's 117 West B satellite to bring internet connectivity to over 1,300 remote locations (mostly schools and health centers) in the Peruvian Amazon (Telespazio, 2021).

With the help of EU grants and EIB loans under Global Gateway, SES is connecting remote areas in Central Asia to its MEO constellation, partnering with OneWeb where necessary to increase the reach through LEO. The EU's growing geostrategic interest in Central Asia aligns with the aims of regional governments

to reduce their dependence on Chinese and Russian connectivity infrastructure (GMF, 2025). Meanwhile, Spanish operator Hispasat is in talks with LAC governments to sell sovereign capacity in a shared satellite for the region, with EU political support and hoping for EU financing. This is based on the relatively new model of a 'Condosat', where the owner of the satellite itself and its 'payload' (mission-specific instruments and equipment) are not the same (Schradin, 2025).

A new generation of space technology companies is developing across the EU. One example is Finland's ReOrbit, which specialises in software-defined GEO satellites for secure communications. The company has raised €45 million in private financing and is working on a secure 'space cloud' project with Google (ReOrbit, 2026). ReOrbit plans to scale up operations on sovereign GEO connectivity in India (Heim, 2025).

Other European companies are offering solutions that no longer require ground stations, but can broadcast signals directly to devices. This would allow a tractor or shipping container to connect from anywhere on Earth without a specialised antenna, taking the Internet of Things (IoT) to a new level. The Spanish company Sateliot is a global frontrunner in offering 5G-from-space through its LEO constellation. In the LAC region, Sateliot partnered with an AgTech company in Chile to provide agricultural monitoring in regions without terrestrial 5G networks. (Sateliot, 2025). The company has acquired a spectrum licence in Brazil and plans to expand to additional markets in the LAC region. (BN Americas, 2025; O'Grady, 2025) SES also offers satellite-enabled IoT technology for data-driven agriculture in Africa (SES, 2026). Other European companies in this Direct-to-Device and IoT segment are Luxembourg-based OQ Technology and French company Kinéis.

European satellite manufacturers also work directly with clients in the Global South. Thales Alenia has cooperated with African satellite operators and has signed a strategic partnership agreement with Moroccan operator Panafsat to develop a Moroccan satellite communications system (Thales Alenia Space, 2024).

2.3. 5G and fibre: Defending market shares of European champions

5G and fibre networks are critical enablers of secure connectivity and inclusive digital development. Europe's strengths in these sectors reflect a mature

industrial base. European providers can offer open, interoperable and secure networks that help partner countries avoid lock-in and retain control over their own digital systems. This gives the EU a distinct position in digital development: combining reliable technology, cybersecurity expertise and regulatory credibility in a way that supports both sovereignty and resilience.

Nordic countries lead the European offer on 5G and terrestrial fibre equipment, complemented by a strong offer from SMEs and cybersecurity providers across much of Europe. Finland's Nokia and Sweden's Ericsson are the main rivals to China's Huawei and ZTE in the competitive RAN market (notably 5G), while Nokia is also a leading supplier of fibre connectivity. The two companies became the main equipment suppliers in those countries that formally banned or informally excluded Chinese 'high risk' suppliers in the US, Australia and Europe, as well as in some emerging economies such as India and Vietnam. Yet, both providers struggle to compete with Chinese suppliers in many developing and emerging markets.

Nokia continues to be an important exporter, accounting for 13% of the global telecoms equipment market in the first half of 2025 (and 17% outside China) . Ericsson follows a similar trajectory, placing marginally behind with an estimated 12% global market share (around 16% outside China) (Pongratz, 2025a). While undoubtedly the EU's top fibre cable supplier, Nokia has fallen behind not only the Chinese, but also European rival Ericsson in the crucial RAN market. This has prompted the company to focus on adapting its RAN offering to an AI-infused future, with a recent $1 billion investment by Nvidia (Smith 2026, Pongratz 2025b). Ericsson[10] is pursuing a related but distinct strategic direction, reflecting wider industry efforts to generate greater value from 5G through software, automation and new service models.

Taken together against the backdrop of an expected flat RAN market in 2026, the trajectories of Nokia and Ericsson suggest that the EU's competitive advantage in telecoms is shifting away from scale manufacturing toward higher-value, software- and AI-driven network capabilities. This evolution reinforces Europe's position as a trusted provider of advanced connectivity solutions, while also

[10] In February 2026, the company announced a joint 5G Standalone ecosystem with Far EasTone and OPPO integrating programmable networks, network slicing and on-device AI to enable performance-based, or 'differentiated', connectivity across applications and devices.

reflecting a more specialised and narrower global industrial footprint.

Progress on 5G and fibre connectivity has been slow under the Global Gateway. These projects come in a variety of shapes and sizes, with several originating from the private sector. For example, Sweden's Ericsson is supplying Axian Telecom in Tanzania and Madagascar with critical RAN infrastructure through a combination of a $ 100 million EIB loan and a J.P. Morgan loan of $ 159 million, backed by Swedish export credit agency EKN (See Box 9). EBRD is providing a € 190 million loan to Tunisie Telecom to improve Tunisia's digital infrastructure (both fibre and mobile networks) as part of a comprehensive EU package, bringing together a guarantee, investment grant and technical cooperation (Zgheib 2025). German DFI DEG, together with France's Proparco and Finnfund, is providing a $ 80 million loan to IPT Power Group to supply power to telecoms towers in various African countries (Finteam Consult 2025, Mattar 2025) (See Box 6). Finnfund has been very active in supporting smaller projects, such as a € 2 million to Fibertime Group in South Africa and a $ 4 million loan to Poa Internet in Kenya to expand broadband internet access in underprivileged communities (Finnfund 2025a, Finnfund 2025b). A number of interviewees highlighted the importance of these smaller projects for 5G projects and smaller local networks.

Box 4: Team Europe support to Nigeria's Project Bridge

Nigeria's Project Bridge is Africa's most ambitious terrestrial fibre project. Even before its launch, it has become a case study for how Team Europe coordinates with partners and approaches co-financing with international financial institutions.

Under the leadership of Nigeria's communications minister Bosun Tijani, a former tech entrepreneur, the project will deploy 96,000 km of fibre optic backbone. The estimated $ 2 billion public-private partnership will be managed by a Special Purpose Vehicle with independent oversight and funded through a combination of debt, sovereign loans and private equity. The Nigerian government will be a minority partner, with shareholding of between 25% and 49%.

The EU Delegation in Nigeria has actively engaged with the Nigerian government to play a meaningful role in the project, and is supporting implementation with a

€ 45 million programme. It also brought on board the EBRD, which has recently opened a local office in Nigeria. Minister Tijani spoke at the Global Gateway Forum in October 2025 and at the EU-Nigeria Digital Open Day in Brussels alongside Commissioner Síkela in December 2025. The EU grant offers technical assistance and equipment to support the design of the detailed fiber optic network, training for local suppliers, and to mobilise the European and local private sector in developing the supply chain (EC, 2025d).

The project has so far secured more than $ 800 million in financing, with the World Bank Group providing $ 500 million (Paradi-Guilford 2025). The European EBRD (with $ 100 million) and the African Development Bank (AfDB) are also among the funders. Negotiations with additional potential financiers are ongoing, including a number of European private sector companies.

In the mobile sector, the Nordic offer is complemented by the multifaceted French multinational Orange. The company is known as a mobile operator, but also plays an important role in cable repair, and has interests in fibre connectivity and a small role in data centres. Orange has a strong presence in African markets, and in the French-speaking Caribbean, including France's overseas territories. The company cooperates with Eutelsat on last-mile connectivity through LEO satellites (Orange, 2025b; Orange, 2025a). Yet, several Orange subsidiaries are independently run from the parent company in Paris, and are in part locally owned. For instance, the Senegalese state has a 27% stake in Sonatel, employees own 8% and Orange has a 42% controlling share (IFC, 2024).

Other European telecom operators also have some share in global markets. Spain's Telefónica sold its subsidiaries in Colombia, Mexico and Chile to Hiberus - another Spanish ICT company - at the end of 2025 (Pham, 2025). Its core business now focuses on Spain, the United Kingdom, Germany and Brazil. Deutsche Telekom limits its regional focus to Eastern Europe and the United States, apart from its home market Germany. The UK's Vodafone is active in 15 markets, including Germany, the UK, South Africa (Vodacom), and Kenya (Safaricom).

2.4. Data centres: Combining sectoral strengths for a coherent EU offer

Data centres are becoming a strategic part of Europe's digital infrastructure offer, not only because of the rapid growth of the market, but because they sit at the intersection of cloud services, AI compute, connectivity and energy systems. While European firms are still less present than US and Chinese competitors in large-scale international projects, they have clear strengths in engineering, energy efficiency, cooling, as well as regulatory expertise that can shape how data centres are designed, financed and operated. This gives Europe an opportunity to move beyond the role of supplier and contribute to more sovereign, sustainable and interoperable digital infrastructure.

With a few exceptions, and in light of the considerable demand at home, European companies are only beginning to explore data centre projects in international markets. The global data centre market is expanding rapidly with analysts anticipating growth from around $ 300 billion in 2026 to almost $ 700 billion by 2034 (Fortune Business Insights, 2026). Even the African market, currently the least developed, is projected to more than double in value from approximately € 3.2 billion in 2024 to € 6.8 billion by 2030.

The dominance of large US and Chinese providers in this segment leaves little room for direct EU competition. Yet there are opportunities for European suppliers in international data centre markets. In addition, an upcoming market study by the Digital Investment Facility (DIF) argues that Europe can influence how data centres are financed and built, drawing on its regulatory experience and high-quality offer of sustainable industrial and energy solutions.

China offers vertically integrated engineering and finance models (turnkey solutions) that secure long-term vendor control through its leading companies (mainly Huawei and Alibaba Cloud). The US offer combines large real estate investment trusts such as Equinix and Digital Realty and large cloud providers; Amazon Web Services, Google and Microsoft. The current wave of ambition to secure the EU's digital sovereignty has produced the plan to create 'AI factories' by scaling up sites for supercomputing in several EU countries (EC, 2025e), more than tripling Europe's previous high-performance AI computing capacity by 2026. Private-sector projects are also underway. The 'Industrial AI Cloud', a €1 billion cooperation between chipmaker Nvidia and Deutsche Telekom, opened in Munich

in early 2026 after six months of construction (Farrant, 2026). German software leader SAP will provide the platforms and applications for what Deutsche Telekom calls a “secure, sovereign, and high-performance digital infrastructure” for German public institutions and industry (Schindera, 2025). These digital solutions will be developed on a set of technical specifications under a new "Deutschland-Stack" (Deutsche Telekom, 2026).

Given the lack of globally competitive European operators and cloud providers even at home, it is natural that the EU is a relatively minor player in the global data centre market. European vendors mainly serve as suppliers to data centre projects in other parts of the world, especially for solutions that enhance quality and sustainability. This offer builds on European strengths in electrical engineering and energy solutions, but also cooling systems by companies such as Schneider Electric, Siemens, ABB, Legrand or Stulz.

There are some pioneering examples of European companies entering international markets with end-to-end solutions. Altron is active in the African market for prefabricated modular facilities, which may be better suited to local demand than gigantic hyperscaler facilities. PAIX and Raxio Group are two leading Pan-African data centre operators headquartered in the Netherlands. They both provide carrier-neutral colocation and interconnection services, acting as digital hubs for cloud providers, telecommunications carriers, and large enterprises.

On the operator side, the French cloud service provider OVHcloud, currently the leading European alternative to US hyperscalers, has taken steps towards internationalisation. It operates data centres in India and Morocco, and has begun to extend its edge infrastructure into Africa, with Local Zone deployments announced in South Africa and Kenya. The company also has plans to build a government data centre in Cote d’ Ivoire (Berrade, 2025).

The business case of European companies like OVHcloud lies in sovereign solutions that can guarantee localised data control and compliance with high EU standards for data protection and sustainability. “European engagement is largely indirect, shaped by capabilities developed through its regulation-intensive domestic market”, notes the DIF market report. This expertise is also reflected in

the area of professional and technical services – from engineering, design, project-management, commissioning, permitting, and operations – where EU firms support customers with advice on issues such as legal compliance or optimisation of energy use.

Table 1: Types of Data Centres: Characteristics, Users and Purposes

Type	What it is	Typical users / operators	Main purpose
Hyperscale	Very large data centres operated by a single provider	Global cloud platforms (e.g. large US cloud providers)	Deliver cloud computing and storage at massive scale
Colocation	Shared facilities renting space, power and connectivity	Data-centre operators and multiple customers	Enable interconnection and multi-cloud access
Enterprise (on-premise)	Data centres owned by one organisation	Governments, banks, large enterprises	Run critical or sensitive internal IT systems
Edge	Small, decentralised data centres close to users	Telecom operators and edge service providers	Reduce latency and support real-time services
Modular / portable	Pre-fabricated, container-based data centres	Enterprises, telecoms, emergency deployments	Rapid, flexible or temporary computing capacity

Source: ECDPM

2.5. Conclusion and recommendations

Europe has the key ingredients for a solid EU tech business offer on digital connectivity, but its position across the stack is uneven. The EU's strategic challenge is less about technological capability than about integration and scale. The competitiveness of the EU tech business offer depends on strengthening coordination across these infrastructure layers and consolidating European strengths while compensating for weaknesses.

- **Addressing the weakness of European digital infrastructure operators.** Although Europe has a strong industrial base in hardware manufacturing, it has weaker financial and regulatory instruments to allow for thriving operators. The European Commission and member states should develop a more strategic approach to supporting operators in the face of growing

strategic, competitive and financial pressures.[11] This will require joint action, including measures to combine domestic and EU financing - both within Europe and beyond - as well as specific support to address security threats.

- **Promote European providers of cutting-edge solutions.** In most sectors, there are innovators that can fill a competitive niche with cutting-edge technologies. The EU may not have an alternative to Starlink but has several companies that are leading on satellite-to-device solutions, which do not require large satellite constellations. They can play an important role in the Internet-of-Things (IoT) market and serve developmental goals, for example by supporting agricultural production in remote regions. Early and decisive political and financial support could incentivise some of these companies to internationalise while they continue to grow at home.

- **Pull strengths from sectors beyond digital.** A cross-sectoral approach, for example on data centres, can help bring in companies from member states that don't have strong players on digital infrastructure per se, but are leaders in engineering or energy solutions that can be transferred from traditional infrastructure projects to the digital sector.
- **Strengthen innovation ecosystems and human capacity.** The EU should reinforce innovation ecosystems to build talent, research capability, and cross-sector collaboration across connectivity industries. While satellite benefits from strong institutional backing through the European Space Agency (ESA), sectors such as subsea cables and terrestrial fibre face acute skills and human capacity gaps, and data-centre innovation remains reliant on non-EU platforms. Integrating connectivity sectors into industrial, digital, and skills strategies - through targeted training, funding, and research initiatives - will help Europe commercialise its strengths, reduce technological dependencies, and sustain leadership in global digital infrastructure.

- **Create legal safeguards for businesses to engage.** The European Commission and member state governments need to ensure that the tech business offer is not an arena for competition between member states, but

[11] ECDPM recently published work exploring these dynamics in the subsea cable sector (Pearson, 2026)

rather a set of complementary solutions. It needs to provide a safe space for companies to engage across borders and to share information with competitors. This would likely require non-disclosure agreements to respect confidentiality.

3. The evolving European toolbox: diplomacy, finance and cooperation

Karim Karaki, Sabine Muscat, Chloe Teevan

Building a comprehensive connectivity offer requires combining diplomatic, financing and cooperation tools - both at EU and member state level. Both China and the US - in their own ways - have done this adeptly over the years (Tran Sautedé and Mo, 2025; Greco, 2025). The EU approach has evolved as well since the beginning of the first von der Leyen presidency in 2019.

Diplomacy is key to building a common understanding with partners, or at least to finding negotiated solutions on controversial questions of 'trusted connectivity', cybersecurity and data governance. At the same time, many European companies highlight the importance of the political weight that member states and the European Union can provide to major projects. Yet member states' reputations in a country or region can also sometimes be a hurdle for the private sector to engage, making it more politically astute to work through the EU and the wider Team Europe.

The success of the Global Gateway and the tech business offer relies on the development of the European financial architecture for development, and on building deeper coherence between development finance and export credit agencies. Both the Commission and a growing number of EU member state governments expect multilateral development banks (MDBs), national public development banks (PDBs), development finance institutions (DFIs) and export credit agencies (ECAs)[12] to jointly coordinate and combine traditional development finance with the promotion of investments in line with the EU's geoeconomic interests and trusted connectivity agenda. European financial institutions for development collectively invested more than € 3.5 billion in the

[12] ECA financing is the topic of a forthcoming publication by Klasen et al. for ECDPM, hence the focus of this section is placed on the role of development finance actors including MDBs, DFIs and PDBs.

digital sector in 2024 – a relatively small but growing share of their combined portfolios (around 10%). The bulk of this financing stemmed from the EIB, EBRD as well as DEG, Proparco, Swedfund and Finnfund, and focused on private sector operations. [13]

Cooperation tools can supplement political support and access to financing - providing regulatory support and skills training that can play an important role in creating an enabling environment for investments and reducing future market risks. The public value of a new digital infrastructure depends on whether it generates local employment, innovation, and social inclusion. The ability to attract follow-on investments requires sound sector-specific laws and regulations as well as local capacities for structuring infrastructure deals with public or private funders.

3.1. Investing in digital diplomacy

Bilateral and multilateral diplomacy are increasingly recognised as complementary in order to achieve political and economic goals in the digital space. The EU engages with a range of global partners in various structured formats. These include the EU-India Trade and Technology Council (EC, 2025f); ministerial-level digital partnerships with Japan, the Republic of Korea, Singapore and Canada; director-general level digital dialogues with Brazil, Mexico, Argentina, Australia and the Western Balkans; and cyber dialogues with a wide range of partners. The EU-LAC Digital Alliance is an informal mechanism for cooperation that is open to all Latin American and Caribbean (LAC) countries and to EU member states (EEAS, n.d.). Facilitated by the Digital for Development (D4D) Hub, a strategic platform to coordinate digital cooperation of the EU and member states, it serves as a forum for discussing the bilateral investment and digital governance agenda. The European Commission (EC) is exploring further digital dialogues with developing and emerging economies, as well as scaling up some existing dialogues to digital partnerships.

The Global Gateway Forum was created as an avenue to demonstrate Europe's seriousness about engaging with global partners, including on digital policy. Yet, despite clear political leadership from the Commission president, the engagement by European national leaders has been minimal, with only

[13] This is a rough estimate based on data shared via emails and interviews.

Luxembourg participating at the head of government level in the second forum in 2025 (EC, 2025g). This contrasted with the strong high-level participation from partner countries and may raise questions about European commitment and the credibility of the Forum.

The European External Action Service (EEAS) now coordinates a network of Informal Digital Hubs in partner countries where the EU and the wider Team Europe have active digital partnerships.[14] With support from the D4D Hub, these teams provide an information-sharing and coordination mechanism for European diplomats and other Team Europe actors on digital policy, ranging from diplomacy to trade and cooperation. In the Asia-Pacific region, the D4D Hub has cooperated with EU delegations in hosting events and training on the EU tech business offer. The informality of the hubs appears to work quite well, allowing EU delegations to test different ways of convening and engaging with Team Europe members. However, it appears that in most cases, only a few member states actively engage in these formats due to a lack of digital expertise in many embassies.

Germany is the most visibly active across most of the informal digital hubs, reflecting years of investment in building out its digital diplomacy and cooperation. Germany itself entertains international digital dialogues with Brazil, Ghana, India, Indonesia, Kenya and Mexico (International Digital Dialogues, 2026), which focus on exchanging "information and experiences regarding digital policy and develop joint positions for international fora" (GIZ, 2022). In countries like India and Brazil, GIZ has supported both the German Digital Dialogues, as well as the EU TTC with India and the EU Digital Dialogue with Brazil.

[14] Informal hubs were initially established in Kenya, Nigeria, Brazil, Columbia, Philippines, but are increasingly being used as the modus operandi in other countries, including Senegal, Egypt and other countries in South East Asia.

Box 5: Kenya digital hub

The informal digital hub in Kenya brings together a number of Team Europe members, drawing on the strengths of each, and allowing for a variety of different configurations. The EU Delegation has sought to bring together active Team Europe members, launching a Team Europe initiative on human-centric digitalisation with EU member states and their development agencies, and more recently looking into developing a coordinated approach to the tech business offer in Kenya (Teevan et al. 2026).

Coordination with Germany has been particularly strong, building on its digital dialogue with Kenya, as well as the strong presence of GIZ on the ground. The German embassy coordinates the dialogue that has sought to engage the German and Kenyan private sectors. Germany is working closely with the EU Delegation to develop a strategy for private-sector engagement once Kenya achieves a data adequacy decision. Meanwhile GIZ, together with EstDev launched a Digital Transformation Centre in Nairobi, which Expertise France has also recently joined.

The EUD, Sweden and Finland also worked together to develop a 'Draft Action plan for promotion of secure and trusted digital connectivity and infrastructures in Kenya.' This plan aims to: develop a clear narrative through EU-wide engagement; work towards leveling the playing field for European companies to engage in the digital sector, specifically on connectivity; put forward projects to back the narrative and encourage Kenya to shift its approach to trusted connectivity; and embed the concept of secure connectivity throughout all the EU's actions in Kenya and the wider region. A number of other member states have stepped up their engagement with Kenya, notably Italy under its Mattei Plan.

While other member states do not generally have such advanced digital diplomacy, some national officials have demonstrated their political buy-in through speaking about the Global Gateway and engaging with GG projects during their bilateral trips. For instance, Finnish president Alexander Stubb visited a Poa Internet digital connectivity project supported by Finnfund in Nairobi, Kenya, in

May 2025 (Eng. John Kipchumba Tanui, 2025). Yet, there is still plenty of room for member states to engage much more actively - whether at high level events such as the Global Gateway Forum, by appointing digital diplomacy leads in their embassies or by highlighting digital cooperation during high-level visits.

3.2. Sovereign lending: Limited investment opportunities

In contrast to sectors such as energy, transport or water, the digital connectivity sector is predominantly driven by private actors. Market development is typically led by commercial operators, technology providers and infrastructure companies, with public authorities intervening mainly through regulatory frameworks, licensing, spectrum allocation, or, in some cases, public-private partnerships (PPPs). As a result, sovereign-led investments in digital connectivity remain structurally limited.

This market configuration is reflected in the portfolios of European MDBs and PDBs. To date, the European actors most engaged in sovereign digital infrastructure operations are EIB Global (EIB GLO), Agence Française de Développement (AFD), Kreditanstalt für Wiederaufbau (KfW) and the Polish Bank Gospodarstwa Krajowego (BGK)[15]. Sovereign digital operations account for a relatively small yet growing share of these banks' total portfolios and do not generate the transaction volumes observed in more traditional infrastructure sectors.

Fiscal constraints in partner countries further limit sovereign engagement. Many low- and middle-income countries - particularly in Sub-Saharan Africa, and to a lesser extent in Latin America and the Caribbean (LAC) and parts of Asia - have restricted fiscal space and elevated debt. These constraints have two implications for digital connectivity investments. First, governments must prioritise public spending, and in many cases digital investments are ranked below sectors perceived as more immediately growth- or welfare-enhancing, such as power generation, transport corridors or basic social infrastructure. Second, when digital projects are pursued, partner governments tend to favour lowest-cost bids over considerations related to long-term resilience, security, or supplier risk.

[15] Besides Finnfund, BGK is one of the only European financial institutions for development in charge of implementing an EFSD+ guarantee related to the digital sector. More information available at BGK, 2025.

Institutional hurdles for (co)financing 'trusted connectivity'

Institutional approaches to the digital sector between the financing institutions making up Team Europe also differ. EIB GLO and AFD treat digital connectivity as a distinct sector with dedicated internal expertise, whereas KfW does not operate under a standalone digital strategy and instead mainstreams digital components across its sectoral interventions (e.g. education, health, public administration). Although EIB, KfW and AFD have signed mutual reliance agreements - allowing each institution to rely on the others' due diligence and safeguards frameworks - and have occasionally co-financed operations (for example, a KfW–AFD co-investment in digital TVET infrastructure in Kenya), collaboration in sovereign digital projects remains opportunity-driven rather than systematic (Teevan et al. 2026).

Approaches to 'trusted connectivity' also vary. EIB GLO operations require European Commission and member states' approval on a project-by-project basis, with particular scrutiny to ensure that financing does not directly or indirectly support high-risk vendors (See chapter 1). While AFD and KfW share similar concerns - including the alignment with domestic industrial and strategic interests - their application of these considerations appears more flexible in practice. In turn, this could limit synergies between EIB GLO and AFD/KfW for specific transactions and complicates attempts to operationalise 'trusted connectivity' principles and promote trusted (European) vendors as part of sovereign lending.

To remain competitive in sovereign digital lending, European MDBs and PDBs often rely on grants or guarantees provided by EU institutions or member states. The accumulation of policy objectives - high ESG standards and (European) private sector engagement - inevitably increases transaction costs. This may weaken the financial attractiveness of European offers unless compensated by concessional elements. However, official development assistance (ODA) budgets at member state level are under pressure, leading to a contraction in available grant resources. At EU level, grant instruments are increasingly tied to explicit requirements regarding the involvement of European private sector actors.

Applying 'trusted connectivity' criteria is challenging. Financial institutions for development are confronted with clear challenges and trade-offs in their efforts to support 'trusted connectivity':

- 'Trusted connectivity' criteria may limit market opportunities, which are already thin. This means that building a pipeline of projects aligned with the EU's agenda demands more time, expertise and financial resources. In turn, this may push financial institutions out of the market, and/or shift their focus towards more mature markets - particularly in LAC and Asia - where projects require less concessionality.
- Influencing public procurement from sovereign entities to ensure the exclusion of high-risk vendors is challenging. Attempts to shape outcomes may be perceived by partner governments as interference in domestic affairs, as inconsistent with open and competitive tendering principles, or as leading to higher costs and therefore less attractive financial offers.
- Financial institutions such as MDBs that have non-EU countries as shareholders will not accept the inclusion of public procurement criteria that undermine the participation of the wider private sector. In turn, this may limit collaboration with MDBs, that could complement the capacities for the European financial architecture for development. For the EIB this can become an issue as they can only finance up to 50% of a given investment.

Competition and collaboration with MDBs

European financial institutions also operate in a highly competitive environment. International financial institutions such as the World Bank benefit from extensive in-country presence, long-standing policy dialogue with partner governments, and the ability to structure financing packages that combine policy lending, investment loans, technical assistance and advisory services. This integrated approach enables the World Bank to bring digital operations to scale and anchor them within broader sectoral or public sector reform programmes.

By contrast, European MDBs and PDBs typically operate with more limited technical assistance capacities and are subject to comparatively stringent eligibility criteria, including environmental, social and governance standards and, in some cases, expectations related to European private sector participation.

When looking at synergies and complementarities between (non-EU) MDBs and European financial institutions (Karaki and Bilal, 2025), three different modalities have been put in place. The first and more traditional one has been to cofinance through syndicated operations with other MDBs such as the World Bank, as seen in the case of AFD co-financing of a $ 500 million World Bank-led project, to lay

more than 10,000 km of fibre backbone in the Democratic Republic of the Congo (DRC) (Paradi-Guilford 2025). Yet, as junior partners, European PDBs have little opportunity to influence the design of these investments, which may not be aligned with the 'trusted connectivity' agenda and with wider EU geostrategic interests.

This limitation makes this approach less fit-for-purpose on the way forward. This is especially true as EU policymakers are pushing for European strategic procurement, which is unlikely to be accommodated by MDBs, and as European financial institutions are under pressure to demonstrate that they finance projects in line with EU interests, and/or work with the European private sector. Yet in specific contexts, working with MDBs can contribute indirectly to European geostrategic interests (i.e. not involving a European business in the transaction per se, but potentially opening up market opportunities through the transaction), and support digital connectivity outcomes aligned with sustainable development objectives.

The second and more recent option to pursue the 'trusted connectivity' agenda has been not to rely on MDBs and instead focus on supporting European financial institutions (or implementing agencies) to develop a pipeline of 'trusted connectivity' investments, fully aligned with EU geostrategic objectives. In practice, this means leveraging grants for project preparation and upstream technical assistance. An illustrative example is Sweden's project accelerator model, which uses grant funding to develop a pipeline of projects aligned with European development and economic interests. Such an option may be attractive and fully aligned with the EU's objectives, but it can prove very costly in a context of declining ODA budgets. This approach therefore makes sense only for certain projects, and it will probably not be enough in and of itself.

Box 6: Developing pipelines for 'trusted connectivity' investments

The identification of projects to invest in has been a major struggle for European financial institutions for development, both on sovereign and private sector operations. Different actors have developed methods of building project pipelines for public and private investors through technical assistance.

On the sovereign side, Swedfund's Project Accelerator relies on technical assistance (TA) in the form of feasibility studies, market assessments or structuring advice (Swedfund, n.d.). The objective is to help prepare digital sector projects that are owned and led by governments (development cooperation angle) and that can support Swedish economic interests (geostrategic angle). Once projects are bankable, they can be financed by the government, and/or with the support of European MDBs and PDBs, while Swedish firms would be well positioned for public procurement opportunities.

On the private sector side, two examples can be raised. The European Commission provides technical assistance to accompany and support the deployment of EFSD+ guarantees. Finnfund received over € 7 million to support the preparation of projects at the level of the financial intermediaries and/or the project beneficiaries.

The Digital Investment Facility (DIF) is led by the Finnish and German implementing agencies, HAUS and GIZ. DIF serves as a matchmaker between African and locally incorporated EU companies with data centre and internet exchange point (IXP) projects. It has also been involved in the EU contribution to the World Bank-led Project BRIDGE for fibre backbone in Nigeria (See chapter 2 for more on this). Following a transparent and competitive selection process, project sponsors gain access to advice on how to sharpen business models to match requirements of EU MDBs or DFIs, including on green and secure digital infrastructure. DIF actively supported ten projects at the time of drafting this paper. The project is viewed as a success in the cooperation community, with plans to expand it. Yet, in some cases there seems to be misalignment with the needs of DFIs, for example if projects remain below their minimum investment ticket size.

While effective in specific, strategically important cases, these approaches are limited by their reliance on scarce grant resources and are therefore difficult to scale.

The third option consists of trying to influence MDBs operations. This is the case for the MoU between the European Commission and the World Bank, which targets two digital sector operations: the EU-Africa-India Digital Corridor (Blue-Raman) and the EurAfrica Gateway Cable. By working together, the EU expects that the World Bank will contribute to EU development and geostrategic interests. Another alternative is to use EIB GLO, as the EU Bank, to cofinance with the World Bank,

putting in place additional criteria and conditions that are acceptable to the latter. The EU's backing and the balance sheet of the EIB allows for a more equal partnership, and hence the possibility to negotiate additional requirements in line with EU geostrategic objectives. In addition, recent reforms by MDBs on public procurement such as that of the World Bank can also open up further opportunities for the European private sector (weighting of quality over 50%; early business engagement for + $ 10 million tenders), and provide a stronger basis for collaboration/cofinancing. This approach could nicely complement what European financial institutions could do on their own.

3.3. Private sector investments: Strategic alignment of pipelines needed

Private sector investments demonstrate a growing market with clear opportunities and some challenges. In contrast to sovereign operations, European financial institutions have been more active in financing private digital connectivity projects. The EIB, EBRD and several bilateral EDFIs - most notably Proparco, DEG, Finnfund and to a lesser extent Swedfund - have built growing project pipelines. Digital connectivity is viewed as a sector with strong growth potential and less intense competition than traditional sectors such as energy.

A relatively segmented financial architecture

Limited synergies exist between EU and member states' financial institutions. In principle, the European financial architecture for development offers strong complementarity between the EU and the member state's financial institutions. MDBs can finance at scale, primarily through senior debt, while DFIs can provide smaller investment ticket size (typically € 10–50 million) including through risk-absorbing instruments such as equity or quasi-equity.

In practice, these synergies between European MDBs and DFIs remain limited, which can be explained by several factors, including the EBRD's relatively recent expansion into Sub-Saharan Africa, and the EIB GLO's focus on sovereign operations, its limited ability to syndicate (in contrast to EBRD), and its constrained local presence. Yet, despite some inter-European competition, which should not be overlooked, most European financial institutions tend to share information on their pipeline and potential cofinancing opportunities.

As a result, European DFIs often co-finance among themselves or with institutions such as the IFC, which offers syndication capabilities and long-standing

experience in private sector collaboration (in addition to having targets on private capital mobilisation)[16]. In this context, mutual reliance arrangements, which exist between European DFIs, or between them and MDBs such as the IFC, further reduce transaction costs in these partnerships.

Box 7: Team Europe working together: IPT Powertech Group

One illustrative example of joint Team Europe financing is a recent $ 80 million loan by European DFIs to Lebanese firm IPT Powertech Group to supply power to telecoms towers in Sierra Leone, Guinea, and Guinea-Bissau. The investment was syndicated by Germany's DEG, working together with Proparco and Finnfund (Finteam, 2025; Mattar, 2025). It builds on a 2019 loan by the same partners, together with the EIB (DEG 2019). IPT Powertech provides sustainable and decentralised energy solutions to telecoms operators. This investment points to the potential for synergies between European DFIs, notably in this case for a project that overlaps with another key priority area for many European DFIs: energy and green transition.

Trusted connectivity in practice and public support

European DFIs have demonstrated a somewhat heterogeneous application of the concept of trusted connectivity to date. As with sovereign operations, the various financial institutions for development have very different policies and standards with regard to trusted connectivity.[17] While some European institutions align with the EU's trusted vendor requirements (thus excluding those considered high-risk vendors), others apply a certain degree of flexibility and still work with clients that rely on high-risk vendors' goods and services. In turn, this limits the potential for collaboration and cofinancing.

This issue is particularly acute when non-European MDBs are in the lead position in transactions. Tensions arise when trusted connectivity requirements conflict with MDB co-financing frameworks, particularly where ESG standards or vendor eligibility criteria diverge.

[16] Such targets provide incentives for IFC to mobilise the capital from other international, European and local financiers.
[17] Chapter 1 discusses the concept of 'trusted connectivity' in more detail.

Box 8: 'Trusted connectivity' in European development finance

European financial institutions are increasingly integrating 'trusted connectivity' considerations into their standards, investment criteria, and client engagement. Swedfund's 2025 guiding note on sustainable and inclusive digitalisation illustrates this trend by applying a digital risk lens throughout its investment process. This includes assessing company-specific risks linked to data access, surveillance technologies, and ethical AI use, as well as evaluating firms' management systems, such as data protection policies and relevant certifications.

The EBRD's Telecommunications, Media and Technology Sector Strategy 2025–29 emphasises cybersecurity risk assessments, policy dialogue, and technical assistance to strengthen the resilience of digital infrastructure. This holistic support is valued by project promoters.

At the investment level, the EIB's forthcoming Digital Leap Fund aims to mobilise private capital for digital infrastructure in partner countries while operationalising 'trusted connectivity' in line with EU policy objectives, including the 5G toolbox and digital sovereignty goals.

Beyond eligibility criteria, European financial institutions engage clients through procurement dialogue and capacity-building, promoting transparency, quality-based competition, and awareness of 'trusted connectivity' benefits. In some cases, DFIs also facilitate partnerships between project promoters and European digital firms, supporting supplier diversification and creating market opportunities for EU companies.

Public support for private sector 'trusted connectivity' investments

A large share of private sector digital investments have so far relied largely on market-based financing rather than grants. This suggests that, at least in certain segments, the European offer on connectivity can be commercially viable without much public support - whether grants or guarantees.

Yet, this does not mean that public support cannot be additional. A recurring point raised by European financial institutions relates to local currency financing: while their clients usually borrow in dollars or euros (which is more affordable than

financial products in local currency), their income is denominated in local currency, exposing them to foreign exchange fluctuation risks. Putting forward local currency financing (or risk hedging) solutions would go a long way in growing the current investment portfolio and making European financial institutions attractive in comparison to others. In addition, financial institutions for development that started integrating the concept of trusted connectivity in their operations noted that public support may be useful to provide a competitive and attractive offer to project promoters.

In general, European financiers perceive the EFSD+ blending and guarantees as challenging to implement. Firstly, deployment of the EFSD+ open architecture window took over two years to start; the blending board's timelines are too rigid (i.e. planned three times a year - which may delay the process, something that the private sector may not be able to afford), and secondly the predictability, in terms of how much blending resources were available, was not clear, which limits possibilities for European financial institutions to promote such a product.

Finnfund was the first DFI to sign the EFSD+ guarantee and deploy it (whilst obtaining a top up) under its Africa Connected programme. Through a combination of guarantees and technical assistance, it has supported relatively small but strategically aligned transactions, demonstrating the relevance of a portfolio-based approach rather than a focus on individual large-scale deals. Since then, BGK has also signed an EFSD+ guarantee related to the digital sector. Yet project-based approaches may sometimes be useful, especially for geostrategic projects identified as key priorities by the European Commission.

Financing challenges viewed from the private sector

To date, engagement with the European private sector has been largely ad hoc. With some exceptions, European financial institutions for development continue to prioritise development impact and SDG alignment, and European private sector benefits are neither automatic nor universally applicable, given capacity and competitiveness constraints.

Specific initiatives exist, such as Finnfund's targeted approach or the DEG-supported programme, AfricaConnect, which aims to support German SMEs (BMZ n.d.). However, uptake has been limited, partly because ticket sizes remain

small (often capped at € 5 million). Similar initiatives have been replicated by other member states, including Denmark with the IFDK Africa Facility.

More broadly, the European private sector tends to highlight the following issues, when discussing the European financial architecture for development:

- European financial institutions remain relatively conservative in risk-taking, including in projects deemed strategically important. Risk management frameworks need adaptation, potentially complemented by targeted grants, to support European firms in challenging markets.
- There is a structural shortage of equity (especially for venture capital and private equity funds). Many digital projects require risk-absorbing capital, whose investment ticket size ranges from € 10 million to € 50 million, especially for 5G mobile networks projects. Yet available equity instruments are insufficiently risk-tolerant and fragmented. The EIB GLO Digital Leap Fund is one of the upcoming instruments that could help address this gap, together with other parallel initiatives such as those of Finnfund. It remains to be seen whether these initiatives will be enough to address market needs .
- Political signalling has sometimes been disconnected from financing realities. Some projects, such as the Medusa cable, were heavily promoted by the European Commission, including by Commission President von der Leyen. While the political support was key and translated into the provision of a grant by DG Intpa, the project did not satisfy all the required criteria to get financed by the EIB GLO at the time. This led to contradicting signals, where the Medusa project was communicated as a key example of a Global Gateway flagship project, and yet could not access financing.
- There is a lack of awareness by the private sector of the support available to them, which is explained by the relatively segmented financing instruments landscape (especially between those supporting intra EU-investments vs. those supporting firms outside of the EU). The aforementioned Medusa project is perhaps a good example in this regard, benefiting from a grant from the CEF (intra EU instrument), before benefiting from an INTPA grant channelled through EIB GLO. Yet the processes to access these instruments are very different, requiring time and effort to understand (Pearson, 2026).

- The Team National, as promoted by INTPA in the context of the Global Gateway Investment Hub, is the immediate entry point for the private sector to get support and invest in partner countries. There is a need to better understand how the different Team Nationals can better work together in a Team Europe fashion in the digital sector, to respond to European private sector needs. For instance, the Swedish private sector may be interested in an investment led by Finnfund or other European DFIs, and yet the connection between the two may be challenging - especially in a context where DFIs are pushed to rethink how they can contribute to European and especially national geostrategic interests.

These observations should also be seen in a context where the European private sector, in contrast with that of third parties, tends to be risk-adverse. Actors raise concerns not only regarding liquidity, but also business environment, regulatory framework and investment climate.

Box 9: Internal-external synergies: Connecting Europe Facility

Although primarily designed to strengthen intra-EU connectivity, the digital component of the Connecting Europe Facility (CEF Digital) has proved to be an important instrument for Europe's international ambitions. CEF Digital supports and catalyses both public and private investments in connectivity infrastructures (EC, 2024c). In combination with other instruments such as the Recovery and Resilience Facility and InvestEU, it provides funding for 'very high-capacity networks' such as 5G systems (see 5G connectivity for smart communities (EC, 2023b)). Support is also available for backbone networks[18] including submarine cables,[19] and for cross-border digital connectivity infrastructure in transport or energy (see 5G coverage along cross-border corridors; EC, 2024g EC, 2024h; Pearson, 2026).

3.4. The challenge of ECA-DFI coordination

Export credit agencies (ECAs) promote the internationalisation of European businesses by providing financing and risk-sharing mechanisms, such as guarantees and insurance. This in turn enables European digital sector players to mitigate risks and secure finance. In the digital sector, this might include telecom

[18] This includes within and between Member States and between the Union and third countries.
[19] For other examples see EC, 2024d; EC, 2024e; EC, 2024f.

operators purchasing 5G equipment or investors in submarine cables and fibre backbones. Yet in practice, ECAs' activities in the digital sector remain limited in volume and in scope. ECDPM will shortly publish a paper exploring this question in more detail (Klasen et al. upcoming 2026). The largest ECAs involved in digital deals are Euler Hermes, SACE, Bpifrance, and those in Sweden and Finland.

ECAs' financing is directly tied to their domestic private sector and European economic interests, and can potentially support 'trusted connectivity'. However, ECAs have no influence over end-clients' choices of equipment providers.

While ECA financing in theory complements development finance tools, interviewees highlight the need for greater complementarity and coordination between financial institutions for development and ECAs. Further, traditionally most ECAs have relatively limited business in developing and emerging markets, with the exception of some of the bigger emerging markets. The private sector usually drives engagement on large digital infrastructure projects, and as a result, it is perhaps best equipped to combine support from both ECAs and development finance institutions.

Coordination is complicated by misaligned timelines. Development finance institutions can help prepare and finance operations initiated by the local private sector. In contrast, ECAs are demand-driven and are usually mobilised only after a call for tender has been issued and a national exporter has been selected to provide goods or services.

Box 10: ECA-DFI collaboration through Ericsson operation in Tanzania

A hybrid financing structure enabled Sweden's Ericsson to supply critical 4G/5G infrastructure to Axian Telecom in Tanzania and Madagascar—ushering in rapid digital inclusion across remote regions. J.P. Morgan provided a $ 159 million, seven-year loan, backed by EKN (Sweden's export credit agency), while the EIB contributed $ 100 million loan over ten years at favourable rates.

This collaboration allowed Axian Telecom to negotiate a single, sizeable, streamlined facility, reducing complexity and enabling accelerated capital

expenditures (capex) and rollout. Axian's CFO highlighted that the financing structure bridged short-term revenue gaps—typical in telecom capex—thus "permitting bolder and bigger capex" with virtuous operational outcomes. Structured coordination among EKN, EIB, J.P. Morgan, Ericsson, and Axian facilitated seamless drawdowns—matching shipment schedules to payouts and eliminating exporter receivables, critical for maintaining project momentum.

Designated a Global Gateway Flagship Project, the initiative demonstrates a high-standard, transparent infrastructure investment that delivers both commercial value and substantial socio-economic benefits—including improved access to health, education, and digital services.

3.5. International cooperation: Towards a comprehensive offer

Much of the value of digital connectivity projects lies in generating local employment, developing innovation ecosystems, and fostering social and economic inclusion. Team Europe supports the development of regulatory frameworks, policy dialogue and capacity building through technical assistance – as standalone activities, but increasingly also as part of infrastructure deployments. Digital skills are also an important complement to the EU's infrastructure investments, while supporting innovation ecosystems can supply a complementary layer on top that supports local priorities. Several member states have set the groundwork for creating an enabling environment for investments, with some of these projects later scaled up with EU support.

In most Team Europe cooperations on connectivity under Global Gateway, a 'soft pillar' now complements the hard infrastructure investment as part of a public-private sector package. These activities are implemented by cooperation agencies, by companies or by civil society organisations. Civil society and community-level actors are important partners for the EU's investments and cooperation under Global Gateway. Their involvement in project design and implementation raises transparency and accountability and opens feedback channels that allow for better tailoring interventions to local needs and conditions. In the area of digital connectivity, these groups can also play a role in technical implementation. This is particularly true for last-mile connectivity in underserved regions, where the private sector may not see a business case.

Box 11: Delivering last-mile connectivity

The Association for Progressive Communications (APC) is a network of more than 70 civil society organisations that has engaged in policy advocacy to lower market entry barriers for non-traditional telecommunication operators, resulting in legislation for the use of spectrum by community networks in countries ranging from South Africa to the Philippines. In Colombia, APC's local partner Colnodo scaled a model for internet access and ICT centres in remote regions with support from the EU Delegation. The activity, a project under Global Gateway, fosters participatory use of ICT in communities (with an emphasis on women and youth), through training community members in digital skills, creating meaningful digital services, and managing a competitive fund to support ICT-based productive initiatives. It also engages in policy dialogue to reduce connectivity and digital adoption gaps in rural areas.

APC also promotes innovative blended financing models for community-centred connectivity initiatives (Rey-Moreno et al. 2025), based on their social return on investment, investment readiness and financial needs. One challenge is that minimum project sizes typically required by DFIs are far beyond their reach. For many years, USAID had provided financial pathways tailored to these actors, but with that support having dried out, a significant gap has opened. As a member of the Global Gateway Civil Society and Local Authorities Advisory Platform (EC, 2024i) and chair of the D4D Hub's civil society and academia advisory group (D4D Hub, n.d.), APC argues that this presents a strategic opportunity for Team Europe to step in and meet local financing needs in support of a human-centric digital transformation under Global Gateway.

Supporting laws and regulations

A supportive legal and regulatory environment is crucial to ensure that digital infrastructure promotes inclusive access and a digital economy that generates growth and benefits the public. Legal and regulatory certainty also creates a foundation for future investments. For instance, Germany initially provided bilateral support to the African Union to develop its Data Policy Framework. This bilateral engagement fed into the Team Europe flagship 'Data Governance in Africa' (which also includes Belgium, Estonia, France and Finland)(D4D Hub, 2025b). The activity has supported the drafting of strategies and laws on data protection and data sharing, cybersecurity and AI across the continent.

Regulatory support is also crucial in the telecoms sector, where entry hurdles for smaller actors in countries and fragmented markets in a region can impede last-mile and cross-border connectivity. ICT Policy & Regulation – Institutional Strengthening (iPRIS n.d.), a Team Europe activity co-led by Sweden and Luxemburg, addresses these gaps with peer-to-peer learning opportunities between African telecom operators and their sub-regional and European counterparts. The activity has so far reached more than half of 43 operators on the continent and aims to contribute to closer regional cooperation and integration of telecom markets that are also divided by barriers between English-, French- and Portuguese-speaking countries and their institutional cultures.

Telecom regulators are also targeted in projects that focus on the deployment of a specific digital infrastructure or technology. The Central Asia activity around the SES satellite investment plans to offer seminars on telecom market liberalisation. In the Philippines, where the EU has created a facility (mirror site) for direct access to Copernicus earth observation data, CopPhil, Team Europe also provides regulatory support under the Digital Economy Package with the Philippines (EC, 2024). The aim is to close gaps in the 5G network, which currently prevent the efficient flow of Copernicus data between government institutions.

Promoting local ownership and skills

Digital infrastructure investments are only viable in the long term if experts in the receiving country can operate and maintain – or even adapt – the systems over time, and if users can access and work with them in a meaningful and productive way.

Apart from training provided by European companies based on their own systems and products, cooperation agencies often offer related, but broader skills training for different groups. The Team Europe action 'Connectivity for Central Asia' (C4CA) complements an investment by SES in satellite connectivity, with an entire menu of training options for different groups led by Expertise France (D4D Hub 2025a). This includes cybersecurity risk management for technical experts and civil servants, training for using earth observation (EO) data for start-ups and civil society groups, as well as digital literacy courses for the public.

The EU-funded BELLA programme, which connects regional research institutions in the LAC Region, offers capacity-building on cybersecurity through the LAC4 Cyber Competence Center (implemented by EU CyberNet)(LAC4, 2026). The LAC Copernicus Academy offers training in EO skills and support for start-ups using blockchain technologies for making their exports traceable.

Invest in innovation ecosystems

Projects supporting local innovation and entrepreneurship are a staple of both bilateral cooperation and Team Europe activities. These projects can develop socio-economic impact by providing seed funding, capacity building or scaling support to start-ups or social innovators. The AI Hub for Sustainable Development, which has been launched by Italy and UNDP with large tech companies, supports start-ups that work on innovative solutions in energy, agriculture, health, water, or education. It also provides access to computing capacity to selected AI ventures in Africa (AI Hub, n.d.).

By pairing digital infrastructure initiatives with efforts supporting the growth of a digital ecosystem on top of the added connectivity, Team Europe can achieve both development outcomes and greater recognition for its efforts. C4CA has the aim to support the growth of a local space industry in Central Asia, but this appears to be mostly in the form of training offers to strengthen the capacity of local start-ups in integrating EO-based and IoT technologies.

Along with Blue-Raman, the Medusa cable system cable system contains an innovative approach, in which support for research and innovation is built into the physical infrastructure. Through an EIB grant, the European research network GÉANT secured exclusive control over parts of the cables' capacities for the next 25 years (Fryer, 2025).[20] This allows them to increase the capacity of research institutions in partner regions and to lay the groundwork for cross-border research collaborations. The Pact for the Mediterranean could offer an opportunity to add start-up and scale-up funding for local innovation and market access to the EU. This could build on the increased connectivity with Europe provided by the Medusa cable system (EC, 2025c).

[20] Chapter 1 discusses Géant's role in more detail.

3.6. Conclusion and recommendations

The EU is still in the process of developing a comprehensive toolkit. On the diplomatic front, the informal digital hubs and bilateral partnerships with key partner countries is a vital proof of concept. Financing coordination has also evolved, evidenced by increased collaboration among European DFIs, growing private-sector pipelines, and selected successes in the use of EU instruments like the EFSD+ guarantee. The EU is also pursuing a more strategic approach to cooperation, in which projects interlock with digital connectivity investments.

Yet, more remains to be done. There is still a need for more political buy-in from member states. Structural barriers thus far prevent optimal cooperation between European institutions, as well as between European sovereign lenders and the World Bank. Clearer policy guidance and sharper instruments are also necessary to promote trusted vendors and increase European risk appetite. Lastly, in the cooperation space, there is room to increase local ownership and to work with civil society partners in areas that are central to a human-centric digitalisation.

Strengthening digital diplomacy

- **Increase political buy-in for Global Gateway**: High-level engagement by European commissioners, MS digital ministers, ambassadors and senior officials can lend real credibility to digital partnerships. National leaders and foreign ministers should draw attention to the Global Gateway, for instance by participating in the Global Gateway Forum. They can draw attention to bilateral digital cooperation during visits to partner countries.
- **Open digital dialogues with more countries globally:** Digital dialogues with major emerging economies like Brazil (and the TTC with India) offer meaningful opportunities for developing joint priorities and a clear roadmap for bilateral cooperation. This can also happen more informally, but in many countries, such a formal dialogue demonstrates seriousness and provides a framework for intensified cooperation.
- **Step up member state commitment to informal digital hubs.** Member states should consider further digital engagement in key geographies, such as in countries with informal digital hubs. Member states should support the EU Delegations by appointing embassy staff members with a focus on

digital diplomacy and cooperation, making the link in practice with national economic and digital diplomacy.

Addressing tensions between investment and strategic goals

- **Balance strategic support with development goals.** Financial institutions would benefit from clearer differentiation between segments in which targeted support for European firms with comparative advantages could yield strategic returns, and segments where a more flexible, development-first approach can nonetheless strengthen the EU's geopolitical position and relationships with partner countries. This distinction is particularly important in the digital sector, where sovereign investments that enhance government capacity and market readiness can indirectly catalyse future European private sector entry.[21]
- **Take a more assertive role vis-a-vis MDBs like the World Bank.** The European Commission, European development banks and its member states (as shareholders) can try to influence MDBs' policies on the board and at operational level, just as the US is doing at the World Bank. The EIB in particular could use its weight to open up space for smaller bilateral PDBs to participate in projects with non-EU MDBs.
- **Raise financing threshold to increase operational ownership.** At the operational level, it would increase influence and ownership to allow EIB GLO to finance above the current 50% threshold of an operation, especially when co-financing with other MDBs is not an option (and when bilateral financial institutions may not be able to engage).
- **Operationalise 'trusted connectivity' for European financial institutions.** For European financial institutions to engage more forcefully in the 'trusted connectivity' sector, they need predictable and timely grant funding for geostrategic projects. They also rely on the continued provision of guarantees for sovereign and sub-sovereign operations (ideally with extended coverage to include local currency risks).

Unlocking private investment

- **Strengthen coordination between European MDBs and DFIs.** A clearer division of labour should be implemented, in which MDBs provide scale

[21] In an upcoming paper, ECDPM examines the case for financing space-earth observation, where these dynamics are pronounced and where innovative financing models are called for (NDour et al. 2026 - Upcoming).

through senior debt and DFIs supply risk-absorbing instruments such as equity. EIB GLO should consider expanding its syndication capacities - as done by the IFC - to facilitate co-financing. Such coordination should include project origination and pipeline development and the harmonisation of financial and non-financial processes (ESG policies and standards) through a wider use of mutual reliance frameworks.

- **Promote alignment on 'trusted connectivity'.** Divergent approaches to vendor risk and eligibility undermine co-financing and weaken EU strategic signalling, particularly when non-European MDBs lead transactions. Policymakers should promote clearer, more consistent guidance on 'trusted connectivity' requirements, while allowing narrowly defined flexibilities to preserve deal flow without diluting core security objectives.
- **Tailor public support to private-sector needs.** This would require a simplification of the entire decision-making process and a completion of the European financing toolkit to address private sector needs. While many connectivity investments are commercially viable, public intervention can be highly additional in areas such as local currency financing and FX risk mitigation. EFSD+ blending and guarantees need streamlined governance, faster decision cycles and improved predictability. Portfolio-based approaches built around a pipeline of projects - successfully implemented through Finnfund's Africa Connected programme - should be scaled and complemented with project-based support for geostrategic flagships.
- **Increase risk-taking capacity and equity provision.** Structural shortages of risk-tolerant equity, including venture and private equity, constrain some digital infrastructure projects. Upcoming instruments such as the Digital Leap Fund should be further supported and coordinated with existing DFI initiatives. Risk frameworks may need recalibration for strategically important projects. Supporting the competitiveness of the European private sector beyond European borders will not be effective if risk assessment is not tailored to activities outside the EU. This should be complemented by targeted grants where needed.
- **Align policy signalling with financing reality.** Flagship Global Gateway projects should be finance-ready, with early alignment between political promotion, grant support and investment criteria. This requires close coordination between policymakers and financial institutions. The Global

Gateway Investment Hub will need to involve financiers early on, to ensure that projects are politically and financially feasible.

Scaling cooperation

- **Ensure developmental goals remain a focus.** There is unresolved tension between some of the EU's geoeconomic, diplomatic and developmental goals. Team Europe needs to reconcile the priority of supporting European businesses with partners' development interests, notably closing the digital divide by addressing last-mile connectivity. There needs to be more effort to ensure that both components can be integrated into European digital partnerships- thereby meeting both geoeconomic and diplomatic goals and contributing to sustainable development.
- **Simplify the process for scaling successful MS projects.** Many member states appear wary of the time commitment required to develop an EU-funded Team Europe initiative that builds on successful bilateral engagement. Relatively successful Team Europe Initiatives should be evaluated with an eye to understanding not only development impact (essential of course), but also with an eye to understanding how the project development process worked, the success of Team Europe members working together, and the overall strategic impact of the projects.
- **Use cooperation to anchor the human-centric approach.** In principle, the human-centric approach to ensure human rights, inclusion and gender equality, cybersecurity, (environmental and operational) sustainability and local skills should be mainstreamed by all Team Europe actors. But cooperation instruments can be crucial to ensure that missing elements are complemented. This is especially true for areas with limited market incentives for the private sector, such as last-mile connectivity.
- **Apply a multistakeholder lens to cooperation.** The EU's digital cooperation should ensure that a broad array of partner country stakeholders are included in project design and implementation - including subnational governments, local businesses, experts and civil society. It also means that local actors, especially civil society, are adequately funded and empowered to participate. This will increase local ownership and transparency and counter a perception of Global Gateway projects as serving narrow EU interests far removed from actual needs on the ground.

4. From Team Nationals to Team Europe

Chloe Teevan, Sabine Muscat, Karim Karaki

The success of the Global Gateway will depend on meaningful private sector participation. Yet there is no 'EU' private sector. Many European private sector actors remain anchored in their domestic markets. Member state institutions thus have an important role to play in making their private sectors aware of the financial and non-financial measures available to support internationalisation - both at the national and at EU level. The EU institutions are currently encouraging member states to develop a national approach through the 'Team National' framework, bringing together the private sector with economic and external-facing ministries, development agencies, export-credit agencies, public development banks and development finance institutions. This national engagement is particularly vital in bringing on board small and medium enterprises (SMEs), which are often organised within national trade associations.

The Team Nationals are also the basis for building one unified Team Europe, and this unity is also central to Europe's value proposition. It is also vital to creating space for smaller EU member states to participate in the tech business offer. The Global Gateway Investment Hub was created to allow Team Nationals to submit project proposals, but for smaller member states that are dominated by SMEs, it will be important to develop joint projects that may involve a number of smaller private sector actors. Yet aligning Team Nationals with one another and with EU policy remains a challenge.

The following briefing note offers a deep dive into several EU member states that are central to beginning to operationalise the tech business offer. France has the broadest industrial offer on digital connectivity, while Germany yields the widest range of diplomatic and cooperation tools. Finland, and more recently Sweden, have forged their digital offer around leading companies in the sector, mostly their mobile network suppliers, but also have thriving SME sectors. Italy was chosen as a newcomer with a substantive industrial base and the ambition to play a bigger role in global digital connectivity, especially in Africa.

4.1. France

France has the most cross-cutting industrial offer on connectivity, marked by a strong strategic interest in the subsea and space sector, but also by a rich SME landscape fresh from participation in the rollout of Europe's most ambitious fibre rollout programme, Le plan France Très Haut Débit (PFTHD) (Arcep, 2024). It is gradually developing a strong digital offer as part of its Team National, building on its relatively strong domestic digital infrastructure industry and history of engagement in international infrastructure projects, notably in Africa. Yet, a number of actors mentioned that France's strained relationships with certain countries in Africa can make it more difficult for French private sector or development actors to engage or to be seen to impose constraints, for instance around 'trusted connectivity'.

France does not have a separate digital ministry, and digital policy falls under several ministries, with infrastructure largely under the Ministry for Economics, Finance and Industrial and Digital Sovereignty. The powerful cybersecurity agency, ANSSI reports to the Prime Minister's office. Further, France encounters reputational issues in parts of Africa, and has sometimes struggled to convince European partners that it is a team player - perhaps highlighting the fragmented nature of its digital diplomacy.

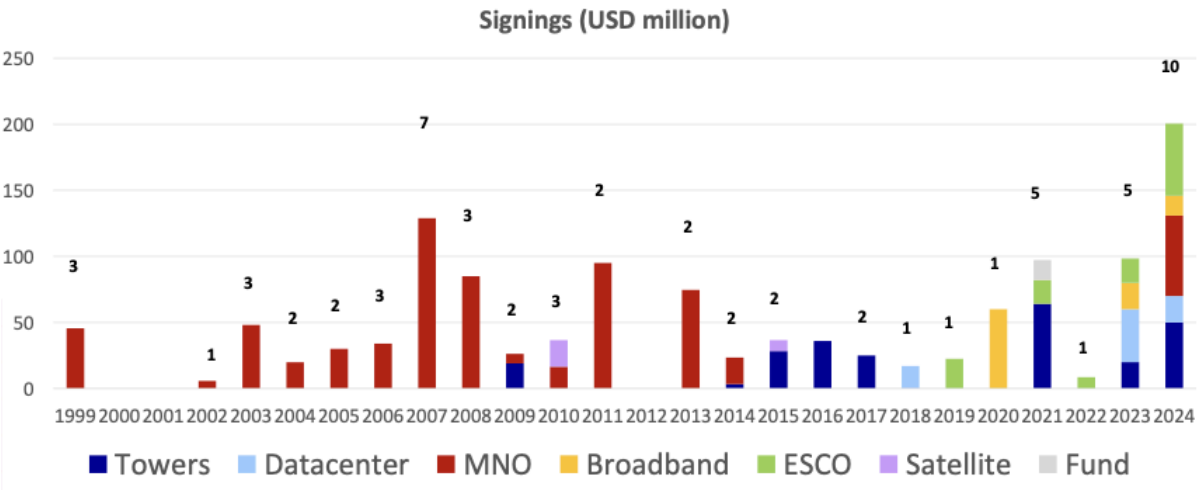
While the Employers Association, MEDEF, is the coordinator of the overall Team France, France has also created a 'Strategic Sector Committee for Digital Infrastructure'. It brings together four trade associations that represent a large number of companies whose value chains extend from cable manufacturers to equipment manufacturers and installers to telecom operators.[22] The Committee includes a working group on internationalisation that developed a catalogue compiling the French international offer (CSF, 2024).

France's two experienced development finance institutions, AFD and Proparco, and its cooperation agency, Expertise France, which together make up the AFD Group, with a unified digital strategy, have each developed considerable digital

[22] Infranum represents 220 industrial companies, representing the entire digital infrastructure value chain, Sycabel comprises 20 energy and communication wires and cables industry manufacturers, French Telecommunications Federation (FFTélécoms) comprises 18 electronic communications operators in France, and the French Digital Industry Alliance (AFNUM) represents French manufacturers of: network and cloud equipment, IT and printing equipment, consumer electronics terminals, antennas, photography, and connected objects.

expertise as they have expanded their focus on the sector in recent years. Both AFD and Proparco previously had access to sufficient domestic financing from the French government, allowing them to scale up their lending to the digital sector without accessing necessarily European funds. The digital sector represents approximately 10% of AFD Group's portfolio overall. AFD has been particularly active in the submarine cable sector, notably spearheading extensions of the Ella-Link cable (AFD, 2025), but is also active in terrestrial fibre. Although there is good communication within the AFD group, practical cooperation between AFD and Proparco is complicated by the very different needs and timelines for funding in the sovereign and private sector segments of the market. Proparco has greatly increased its lending to the digital sector, which now represents a sizable proportion of their portfolio and covers the whole range of submarine cables, fibre and 5G connectivity and data centres (see below).

Figure 4: Proparco's track record of financing digital infrastructure (1999-2024)



Source: Proparco (shared directly with Authors)

The French financing ecosystem has traditionally been characterised by a strong emphasis on sustainable development, underpinned by robust climate criteria. It has also had a focus on untied aid and strong partnerships with international banks, notably IFC, World Bank and the Inter-American Development Bank (IDB). Yet, there are clear shifts underway in the French policy environment. France's strong support for a European preference in EU procurement appears to affect the domestic approach to development finance. Multiple sources noted that the AFD Group is in the process of developing a new strategy, with a much stronger focus on engaging the French private sector. It also appears likely that the group will

expand its traditional focus on Africa to a stronger engagement in Latin America and the Caribbean, and Asia-Pacific.

Expertise France plays a complimentary role to that of the French and European DFIs. Unlike most of its European peers, its focus extends beyond development cooperation and its reach is global, with the capacity to work even in Europe. This allows it to facilitate discussions on public policies for investment by drawing on France's own experiences with developing connectivity plans with regulators and local councils. It is also able to actively engage with the private sector, which it has been actively doing, notably for the Asia branch of the D4D Hub.

France undoubtedly has the strongest cross-cutting offer with regard to digital connectivity that has been well developed by its domestic industry. It also benefits from a strong cooperation apparatus in the shape of the AFD Group. Yet, by working together with the EU institutions and other member states, France could benefit from a more cross-cutting European economic diplomacy and financial firepower.

4.2. Germany

Germany lacks the firepower of France on international digital connectivity, with no industrial equivalent of the scale of ASN, and no mobile or satellite communications operators with a substantive presence in the Global South. Nor can it match France's well organised SMEs in the high-speed broadband sector. Within the core digital sector, Germany's strength lies in services – through software companies like SAP, but also through SMEs with data-driven solutions for earth observation, manufacturing or e-government.

Yet German stakeholders interviewed view a coherent and competitive offer for global digital connectivity as in the European strategic and economic interest. For one, under Global Gateway, German companies such as Siemens offer cross-cutting engineering or energy solutions for digital infrastructure. Secondly, German industry representatives state that European-built digital connectivity infrastructure would benefit German business interests in other sectors (BDI, 2024).

The digital sector, which is relatively fragmented in Germany, has not seen a high level of public-private coordination. This may be changing with the growing recognition that the digital transformation is a precondition for the future

competitiveness of German industry, but also for a modern government and society. The Federal Ministry for Digitalisation and State Modernisation (BMDS)is in charge of Germany's international digital policy, multilateral governance processes at the UN level and dialogues with partner countries (BMDV, 2025a). The Federal Ministry for Economic Cooperation and Development (BMZ) sets policy guidelines and provides funding for Germany's digital cooperation agency GIZ, although the future level of engagement is currently under review (BMZ, 2026).

Germany's unique institutional setup can at times lead to a mismatch of perspectives in European conversations, but the country has been among the most active in engaging with Team Europe. The German development agency, GIZ, has launched many flagship digital projects in partner countries and regions, such as the Digital Transformation Centers in Africa. GIZ was an early supporter of a Team Europe approach to digital cooperation, co-founded the D4D Hub, and works closely with EU Delegations in many parts of the world.

For the purposes of feeding project proposals into the new investment hub, the BMZ coordinates with two other ministries. The Federal Foreign Office (AA) is in charge of the political steering, and the Federal Ministry for Economic Affairs and Energy (BMWE) has the instruments to support German companies in international markets. A unique German instrument combining cooperation and investment instruments for all sectors is the Agency for Business and Economic Development (AWE). A collaboration between GIZ and the development finance institution DEG, the agency advises companies in accessing development cooperation and finance instruments. The AWE currently does not place a strong focus on the digital sector and has been subject to staffing cuts, but the growing focus on the private sector in cooperation may lead to a reversal of this trend.

German industry and business associations, such as the (BDI and the digital association Bitkom provide input for Germany's international digital policy. Unlike the specialised digital infrastructure associations in France, Bitkom is a crosscutting digital industry association, and about half of its 2,200 members are SMEs from the software sector. Its wide range of members includes most major US and Chinese tech companies through their German subsidiaries (Bitkom, n.d.).

Germany's financial institutions for development, under the roof of its public development bank, the KfW Group, contribute to financing Europe's international digital investments. The KfW Development Bank extends sovereign loans and grants on behalf of the German government. In contrast with France's AFD, it does not have a dedicated team for digital connectivity, but integrates digital investments across existing sectors such as energy, education or health. This reflects Germany's domestic industry focus, but complicates co-financing digital projects with other European DFIs. KfW Group's private-sector arm DEG, on the other hand, has steadily increased its digital investments, working closely with EBRD and its French and Finnish equivalents, Proparco and Finnfund, for instance on a co-investment in IPT Power Group that we explore in chapter 3. The third KfW subsidiary, the IPEX-Bank supports German and European companies through project and export finance, with a focus on Asia. Unlike investors in France, Finland or Sweden, which follow their own digital infrastructure companies into global markets, the KfW Group has struggled to find German projects for its digital infrastructure pipeline, especially when it comes to riskier markets such as in Africa.

Despite its impressive track record on digital diplomacy and its omnipresences in the digital cooperation sector, Germany struggles to provide financing for the digital sector. Considering the size and financial firepower of the KfW Group, which is second only to the EIB, Team Germany could make an important difference in financing digital connectivity if it could mobilise its private sector as part of a broader European approach.

4.3. Italy

Italy is a relative newcomer to international digital cooperation, but has been actively engaged in building its Team National since the launch of the Mattei Plan, its international investment strategy for Africa, in 2024. Although not initially a pillar of the Mattei Plan, digital transformation was included following consultation with partners. Italy's G7 Presidency in 2024 also marked an important uptick in Italy global engagement on digital topics, including through the launch of the AI Hub for Sustainable Development with UNDP and private sector partners. However, despite strong political buy-in, the Italian approach is still in the early stages of development. Indeed, as with Global Gateway, the Mattei Plan currently combines

a number of existing projects that have been relabelled under the Mattei Plan, and a number of pilot projects that may be scaled with time.

The Mattei Plan is coordinated by the Prime Minister's Office, while the evolving Team National approach is being coordinated by the Ministry of Foreign Affairs, involving sometimes complex coordination. Meanwhile, several flagship projects like the AI Hub and the Blue-Raman cable are coordinated by the Ministry for Business and Made in Italy. The cooperation section of the Ministry of Foreign Affairs coordinates many cooperation projects, including its efforts to develop a pipeline of bankable projects under the 'Digital Flagship'.

As the main implementing partner, UNDP Italy works closely with Italian ministries and plays a key role in Team Italy's ambitions to scale up its digital engagements in Africa. It is in the lead both on the AI Hub for Sustainable Development and on the Digital Flagship. Meanwhile, the Italian development agency, AICS, is a member of the D4D Hub and is exploring avenues to increase its own engagement on digital topics. Cassa Depositi e Prestiti (CDP) is the Italian public development bank, but only became a development bank in 2015 and its experience in the area of international cooperation is thus relatively new. At time of writing, CDP had not yet engaged in any international investments in the digital sector.

Italy has the basis to be an important player in the EU's offer on digital connectivity. It is very much in the early stages of developing its cooperation tools and financing mechanisms for the digital sector. Yet, it has shown political willingness to engage and play a role.

4.4. Finland

Finland invested in building Team Finland starting in the 2010s, and has strongly prioritised digital cooperation within the Global Gateway. There is a cross-cutting focus on technology in Finland's foreign and security policy, as well as in its international trade and development policy (Finnish Government 2024a, Finnish Government 2024b). The Ministry of Foreign Affairs has compiled Finland's international technological priorities across domains - security, economic, governance and cooperation (Ministry of Foreign Affairs Finland n.d.a), and brought together relevant staff working on digital policy from different

perspectives in the Unit for Technology and Sustainability (Ministry of Foreign Affairs Finland n.d.).

Team Finland has from the outset represented not only the interests of the national champion, Nokia, but also sought to bring in SMEs, particularly in the cybersecurity sector. This was highlighted by a Non Paper 'Global Gateway: Proposals for effective implementation' that Finland and Estonia prepared and presented in the Council of the EU's Working Party of Foreign Relations Counsellors (RELEX) in March 2024, and again in the Foreign Affairs Council that gathered ministers responsible for development policy in May 2024 (Sánchez Nicolás, 2024).

Finnfund became the first European DFI to sign and deploy a €100 million EFSD+ open architecture (i.e. private sector) guarantee for the digital sector. The resulting Africa Connected programme was expanded to €222 million in 2025 and given a global scope. Finnfund signs an average of approximately €200 million of new investments per year, with the digital sector representing about 40%. Among European DFIs, Finnfund stands out for taking on projects with a relatively small ticket size in the low millions (See chapter 3). While its clients are generally local businesses in developing countries, it works with the rest of Team Finland to build opportunities for international clients to engage with Finnish or other European partners. In addition to its role within Team Finland, Finnfund is esteemed by other European DFIs for its work in pipeline development and its openness to working with other European and global partners - whether financiers or industry actors.

To this end Finnfund coordinates closely with the export credit agency Finnvera, which plays a key role in the Finnish digital ecosystem and which plays a key role in positioning Finnish companies such as Nokia as preferred partners for local businesses. Finnvera for instance supported Nokia's operations in India through a € 1.5 billion guarantee.

Finland's HAUS, a public company that has traditionally supported domestic public management, is also a very active member of Team Finland in the digital sector. It plays an important role within the Connectivity working group at the D4D Hub, and takes part in several digital sector Team Europe initiatives, including working with GIZ to implement the Digital Investment Facility (DIF), which we explore in chapter 3.

With its crosscutting international technology team, its growing focus on digital cooperation and financing, and its strong Team Europe spirit, Finland has led the way in developing the Team National digital. With time, Finnfund might even begin to play a more pan-European role in supporting projects that originate from other EU member states.

4.5. Sweden

Team Sweden is also relatively advanced in combining policy engagement, development cooperation and financial instruments. In 2024, Sweden released a strategy for foreign and security policy on cyber and digital issues, Sweden in a digital world that emphasises the critical importance of connectivity, networks and information. The competitiveness of Swedish businesses is directly linked to 'well-functioning connectivity', and it highlights the significance of one of only a few 'trusted suppliers' research activities being concentrated in Sweden (Ministry of Foreign Affairs of Sweden, 2024). Business Sweden plays a key role as coordinating entity of Team Sweden, helping mobilise and facilitate Swedish private sector engagement, and could be highly relevant for Swedish digital SMEs.

To date, the Swedish DFI Swedfund invests indirectly in some digital infrastructure through funds, but most of its investments focus on digital services and/or mainstreaming digital technologies across other key sectors (e.g. financial services). This limits downstream opportunities for the Swedish digital private sector, which could be involved through Swedfund clients' public procurement process. That said, as of 2025 Swedfund can now invest in the digital sector (including in infrastructure through debt and equity products) in middle income countries - something it could only do exceptionally in the past, and that could unleash new opportunities. In addition, while Swedfund is one of the only Swedish institutions - besides SIDA - that can access EFSD+ blending and guarantees from the EU, this has not materialised into concrete direct investments in the digital sector, let alone trusted connectivity.

The Swedish export credit agency, EKN, is a key institution supporting Swedish digital companies' internationalisation. Given its nature as a state agency, EKN suffers to a more limited extent from traditional issues other ECAs face such as country exposure (which limits the amount of financial support that can be

provided to Swedish exporters). EKN recently launched a new soft finance/tied aid instrument for large infrastructure projects (EKN, 2025). Yet, as with other ECAs, it cannot cover all types of risks and/or to the full extent, such as local currency risks are one of the issues affecting exporters that ECAs alone cannot mitigate.

Swedish development agency SIDA focuses on developing capacity and institutions, but also has a guarantee mechanism for the private sector to mobilise capital for developmental projects (SIDA, 2024). It has a portfolio of about €20 million focused on connectivity, including support to the ICT Policy & Regulation (IPRIS) project, the World Bank Trust Fund for Digital Technology, GSMA and the Association for Progressive Communications (APC). SIDA's focus is moving away from long-term advocacy activities towards a stronger focus on developing capacity and institutions, with the overarching goal of inclusive connectivity and inclusive services.

Sweden has all the ingredients for a successful Team National digital, and notably benefits from EKN's role as a state agency. Yet, Sweden still struggles to provide an integrated toolkit for funding digital infrastructure projects in developing markets.

4.6. Building Team Europe

Team nationals have a key role to play, but many European stakeholders still argue that there is a need for a genuine Team Europe approach to financing and private sector engagement, bringing the team nationals together to develop projects at scale. As previously mentioned, this is a particular concern for smaller member states that have potentially interesting solutions, but cannot develop Global Gateway initiatives singlehandedly.

The D4D Hub was founded as an incubator for Team Europe Initiatives (TEIs) in the area of digital transformation, and has made trusted connectivity one of its key pillars, with a working group focused on this topic. The Digital Diplomacy Network meanwhile convenes policy discussions around international digital policy. The Association of European Development Finance Institutions (EDFI) and Joint European Financiers for International Cooperation (JEFIC) also have a role to play. Yet, it appears that there is still work to do to ensure that these mechanisms are

able to operate successfully and carry out their functions successfully, notably in areas such as information sharing, facilitation and project development.

The D4D Hub was initially established by member state development agencies with a strong focus on building TEIs in the international cooperation domain, and with a strong focus on European values. Its Secretariat continues to be staffed largely by the development agencies, but its mandate is unclear and subject to competing demands from the European Commission and Member states. The focus of the Hub appears to be shifting in line with European Commission and member state priorities, with a growing focus on private sector engagement as evidenced by the 2025 D4D Exchange Days, the D4D Hub's flagship annual event for members. Yet the competing demands and complex governance of the Hub get in the way of it fulfilling its potential.

EIB and EBRD form the bedrock of the Team Europe approach, given their scale and also the fact that all member states are shareholders. Yet there is also an important role for smaller financial institutions for development in the member states to play in a truly Team Europe approach. As discussed in chapter 3, these institutions have very complementary roles given different ticket sizes, but this does not yet function as smoothly as it might. Furthermore, given that some member states do not have DFIs or PDBs, important questions arise about whether an institution based in one member state can engage with and build projects that support the interests of the private sector in another member state.

Aside from the D4DHub and the support that European multilateral development banks like the EIB and EBRD can provide, the European Commission has developed the **Global Gateway Investment Hub**, which provides a framework for engaging the European private sector in Global Gateway. The investment hub allows the European private sector to submit investment proposals to their Team Nationals, which in turn can request support from the European Commission. The objective is for the EU to provide additional support to what Team Nationals can offer. Yet, small member states raise many issues with the focus on the Team National approach, highlighting that they lack the resources or a sufficiently large private sector to support proposals alone. This suggests that mechanisms to develop joint projects and submit jointly to the Investment Hub are missing at present.

There can also be difficulties in getting various types of actors to work together - both at national and particularly at European level. For instance, while development agencies traditionally work on helping develop conducive business environments, they do not necessarily engage with DFIs to align their programmes' focus to DFIs needs in a way that would unlock investments. As a result, some DFIs are engaging in policy dialogue, doing similar work as a development agency and competing for donors' resources. Likewise, while many development agencies are increasingly working on developing a pipeline development of private sector projects for financing, as with the DIF previously mentioned, financial institutions for development are often sceptical about the ability of non-financiers to prepare bankable projects.

Whether via Team National or Team Europe, private sector actors often tire of trying to understand how the Global Gateway functions in practice. It is not yet clear to many private sector actors, beyond the big equipment suppliers, how they can actually engage with and contribute to the Global Gateway, even when they have a strong interest in internationalisation. While ECAs are seen as a potential way to strengthen European private sector engagement, they are not necessarily familiar with the Team National and Team Europe approach.

Despite a willingness to work together, there are challenges to developing a truly effective Team Europe approach to connectivity. First steps in this direction have been taken, with the consolidation of the D4D Hub's strategy in late 2024, which also set a more strategic direction for the Hub's Connectivity working group. Yet, the challenge moving forward will be to build on the Team Nationals with a new approach to project development that allows a wider range of European member states and their private sector actors to contribute to the Tech Business Offer.

4.7. Conclusion and recommendations

Team Nationals are developing at varying speeds. Very different domestic institutional set-ups and resources complicate the process of combining national industrial strengths into a joint industrial offer. Team Europe has advanced considerably on the cooperation side, where hard infrastructure investments are reinforced by 'soft pillars', in which member state implementation agencies support capacity building, local regulations, and innovation ecosystems. Even

stronger coordination and particularly information sharing systems will be necessary to match the ambition of the EU Tech Business Offer. There will also need to be more experimentation around how to work better together and develop joint projects. This is especially vital to smaller EU member states.

Building Team Nationals

- **Create authority and budget for Team National coordination.** In many member states, key actors responsible for economic diplomacy, for development finance and for supporting innovation are located in separate ministries and have little or no interaction. In some cases, there continues to be mutual suspicion and even competition between ministries and their institutions. Member states should appoint senior Team National coordinators and give them sufficient authority and budget to coordinate effectively and incentivise joint programming and efforts. Although some Global Gateway ambassadors have been named, a more coordinated approach across the EU could add value.
- **Support key sub-sectors with national strengths.** Member states should consider not only engaging with private sector representative bodies, but also select key sub-sectors on which to focus their Team Nationals. They should provide seed funding to support their internationalisation, with a strong focus on the role SMEs can play in tandem with larger players.
- **Use Team Nationals to identify SMEs for smart consortiums.** One European player alone may not be able to offer an end-to-end solution, but a consortium can fill this role. Well organised Team Nationals can identify domestic manufacturers of key components or technology innovators and promote their inclusion in EU-wide smart consortiums.

Building Team Europe

- **Make the Global Gateway Investment Hub much more user-friendly.** The European Commission's GG Investment Hub should transform its existing information interface into a user-oriented platform, which makes information readily available to MSs and their private sectors. Information sessions in national capitals could provide further support, as would the appointment of GG advisors in EC representations in the EU27. Member

states in turn could better prepare their private sectors for international opportunities, including by better translating complex EU processes. The D4D Hub, through its interactions with representatives from Team Nationals and the European private sector, could support the implementation of the investment hub for digital sector-related projects.

- **Simplify coordination mechanisms.** There is a need for a simpler process for identifying and scaling effective approaches from member states, and ensuring good coordination between relevant ministries, development agencies and financial institutions for development. Despite a clear willingness to work together, there are challenges for developing a truly effective Team Europe approach to 'trusted connectivity'. The consolidation of the D4D Hub's strategy in late 2024, and the more strategic direction being set for its Connectivity Working Group are a good start.
- **Create an effective information sharing system.** Either the European Commission or the D4D Hub should be given the mandate and sufficient resources to put in place an effective information sharing system that would compile information on member state financing and cooperation projects in key geographies in order to give a more complete picture of Team Europe activities. This would go beyond GG flagships (so beyond the proposed GG Investment Hub), showcasing the breadth of European financing and cooperation on digital connectivity and beyond, sharing opportunities and putting in place mechanisms that encourage such cooperation between member states and their Team Nationals.
- **Pilot new mechanisms for building transnational consortia**. This is vital to support small member states to play a role in the tech business offer, allowing companies from different Member states to co-develop bigger projects that integrate complimentary expertise from across the EU.

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