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## Digital Global Gateway matchmaking: a Dutch case study to bolster European action

The European Union's Global Gateway investment agenda is gaining traction and political support across the EU bloc, including in the digital domain. This shift in attitude has to be supported by concrete action from member states in identifying their own strengths, as well as local needs in countries of the Global South, as the Netherlands is seeking to do. A key challenge for European players in strengthening their offers to countries of the so-called 'Global South' is to know and to act on local needs, engaging with partner countries that also wish to take advantage of the opportunities arising from the digital and data-driven economy. This Policy Brief presents the findings of such a matchmaking exercise, specifically between Dutch digital strengths and local needs in the digital domain in Kenya, Egypt and Vietnam. Hard infrastructure, which is the focus of the EU Global Gateway so far – forms the base of any digital transformation. Building on this, EU member states can offer opportunities in sought-after (sectoral) applications – such as in education, health, agriculture, FinTech or manufacturing – that lay the foundation of an open, inclusive and secure digital domain. Complementing the matchmaking exercise, new (financial) instruments are needed to deliver on the scale of digital needs and interests of partner countries.

### Introduction

As the challenges to open, inclusive and secure digital economies and societies grow, the EU and its member states are stepping up their efforts on the digital Global Gateway. A focus on bolstering digitally safe societies and strengthening the digital economy of partner countries as a cornerstone of Europe's renewed investments stands to benefit both sides, economically and politically. Co-creation of the digital economy and the principles underpinning it matters: the digital economy already makes up more than 15 per cent of the global GDP on average and it has grown 2.5 times faster

over the previous ten years than the GDP of the physical world.<sup>1</sup>

This Policy Brief seeks to identify concrete opportunities for the Netherlands to contribute to the digital Global Gateway (GG) by way of matchmaking between Dutch digital strengths and local needs. It builds on earlier analyses

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1 World Economic Forum, [Digital trust: How to unleash the trillion-dollar opportunity for our global economy](#), 17 August 2022.

of (1) Dutch strengths and present actions in the digital domain; and (2) local needs in Kenya, Egypt and Vietnam – three key partner countries in the Dutch ‘trade and aid’ agenda.<sup>2</sup> The digital economy is growing rapidly in the three countries. Kenya’s digital economy represents almost 8 per cent of its gross domestic product (GDP), a value expected to grow above 9 per cent by 2025; Vietnam has the fastest growing digital economy in Southeast Asia, set at about 15 per cent of its GDP; and in Egypt, the ICT sector has the highest growth rate within the country, constituting about 5 per cent of its GDP.<sup>3</sup>

A set of actionable next steps for the EU and its member states is proposed for engaging with local partners in these rapidly growing digital economies and unlocking the potential for collaborating on digital GG. Similar analyses of the strengths of other EU member states and the needs of a larger group of partner countries are needed for the EU truly to deliver on its promise of enhanced digital GG action in an increasingly competitive and conflictual world.

## Doing good, or doing better: digital for geopolitical purposes

A key challenge for European players in strengthening their propositions to so-called ‘Global South’ countries is to know and to act on their partner countries’ local needs, engaging with their wish to move up the global

value chain.<sup>4</sup> As South African President Cyril Ramaphosa put it at the 2023 BRICS summit: ‘We want to export not rock and sand, but finished products. [...] We want to develop stronger regional value chains’.<sup>5</sup> This message holds relevance not just in relation to mining and the processing of natural resources, but also for digital engagement.

The current focus of European countries, including the Netherlands, on social aspects of the digital domain – such as digital rights, civil society and cyber security – must turn to co-creation of the digital economy and investments in co-innovation. Existing projects and initiatives are generally small scale or largely unrelated to Dutch digital strengths, as they are executed through partners such as the International Trade Centre (ITC) or non-governmental organisations.<sup>6</sup> The call for investments in basic digital needs is evident from the G20 digital ministers’ agreement of August 2023 in Bangalore, India, to foster ‘digital innovation and inclusion, digital skilling, and security in the digital economy’.<sup>7</sup> Acting in these fields offers indirect opportunities to shape and co-create a human-centred digital domain that the EU aspires to at home and abroad.

The good news is that the European Commission – in increasingly close cooperation with banks, the private sector and EU member states – is stepping up its action. Concrete projects and initiatives are slowly but steadily initiated by certain EU institutions and member states – including the Directorate-General for International Partnerships (DG INTPA), and in

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2 This Policy Brief is the last of a series of three that, taken together, offer actionable steps for the Dutch government to contribute to the EU’s Global Gateway in the digital domain. For details, see the last page of this Policy Brief. For the Dutch ‘trade and aid’ agenda that is steering the Netherlands, see: Government of the Netherlands, [Policy document for foreign trade and development cooperation: do what we do best](#), October 2022.

3 UNDP Kenya, [Why Kenya needs an inclusive digital transformation](#); Vietnam’s Ministry of Information and Communications, [Vietnam’s digital economy: great potential waiting to be exploited](#), 5 October 2023; and Egypt’s Ministry of Communications and Information Technology, [MCIT Highlights Role of ICT in Driving Digital Economy at 17th ‘People, Banks’ Conference](#), 26 October 2023.

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4 Many of the European Union’s partner countries in the ‘Global South’ want to take advantage of the opportunities arising from the digital and data-driven economy, and to invest more in specialised, high-value economic sectors and activities.

5 South African President Cyril Ramaphosa, [Speech at BRICS summit](#), 22 August 2023.

6 For example, Dutch contributions to the ITC help to improve digital trade competitiveness of African countries, while the Solidaridad Partnership supports the growth of farmers and micro and small and medium-sized companies.

7 G20, [Digital economy ministers’ meeting agreement: outcome document & chair’s summary](#), August 2023.

France and Germany. The first batch of EU Global Gateway flagship projects, presented in June 2023, includes several large-scale, infrastructure projects, of which 8 per cent in the digital domain.<sup>8</sup> This number is set to rise as projects in this relatively new field are only now starting to unfold. EU member states can build on the current focus on hard digital infrastructure and invest more in sectors and domains that contribute to safe and secure economic development.

To achieve this potential, the paradigm shift towards strategic investment that the Global Gateway represents must be promoted among a greater group of policymakers, political leaders and (development) banks. Voices from the Global South must be heard, their technology concerns addressed and their expertise harnessed.<sup>9</sup> Practically, the EU and its member states need a toolkit that includes knowledge of Europe's own digital strengths, new financial instruments, and broader government support to encourage European companies to go to partner countries where they can achieve impact and make profits in the long term. Only then can Europe prepare – to paraphrase Brazilian academic Matias Spektor – for a more competitive and conflictual world, and act on real local needs.<sup>10</sup> Failing this, criticism of pretence will grow as Europe engages specific Global South countries on mineral pacts – including the Democratic Republic of Congo, Zambia and Indonesia – to diversify its access to critical materials and ease reliance on China.<sup>11</sup>

## Knowing ourselves

As a digital frontrunner in Europe, the Netherlands is well placed to assist developing countries that wish to reap the benefits of the digital transition and contribute to the EU's digital GG agenda. A pilot study into Dutch digital strengths shows that the Netherlands boasts remarkable potency and a solid track record in developing innovative solutions in AgriTech, FinTech, Cybersecurity and Data Centres.<sup>12</sup> Other areas, such as Education Technology (EdTech), HealthTech and Photonics, also deserve attention. A lack of understanding of Dutch digital strengths among policymakers and diplomats serving abroad is still an obstacle to achieving this potential, however. This shortcoming seems to be common to most EU member states, with the exception of countries like Germany and France. European governments need to address this flaw by developing a proper insight of their digital strengths that can also be promoted abroad. This will enhance clarity about their propositions and added value to partner countries in the Global South.

Strengthened engagement with emerging economies in digital economy sectors will serve not only the partner countries' sustainable and secure economic development, but will also contribute to the competitiveness of European companies and the spread of liberal norms such as openness, transparency and privacy in the digital domain. This is important, as digital rights and principles are increasingly contested and digital authoritarianism is on the rise.

The enhanced impact of the digital Global Gateway in partner countries starts at home. A regularly updated, publicly available database, with information about the digital strengths of the EU and of individual member states, would benefit government officials and private actors that seek to match partner countries' local needs with European strengths. In the Netherlands, for example, the task of building and managing such a database could be assigned to a

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8 See the first Policy Brief of this series: Alexandre Gomes and Maaïke Okano-Heijmans, [Dutch niches for Global Gateway in the digital domain: an initial enquiry](#), October 2023.

9 See Will Moreland, [Critiquing competition: international voices skeptical of technology competition reinforce the need for a positive US tech vision](#), August 2023.

10 Matias Spektor, [The upside of Western hypocrisy: How the Global South can push America to do better](#), July 2023.

11 Nelson Banya, [EU seeks critical minerals deals with more African countries](#), May 2023.

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12 Gomes and Okano-Heijmans, [Dutch niches for Global Gateway in the digital domain: an initial enquiry](#).

multidisciplinary body, led by the Ministry of Economic Affairs. Other relevant ministries and experts from the Dutch technology community can play an important role as well – including academic institutions, business organisations and thematic coalitions such as the business organisation for the technology industry FME and the AI Coalition.

### **Knowing others: Kenya, Egypt and Vietnam**

Digital Global Gateway's success depends on whether projects meet the real needs and goals of partner countries and their populations. EU players thus need to deepen their understanding of the digital state of play in these countries. Our initial attempt at mapping the digital-related needs and interests of three countries – namely, Kenya, Egypt and Vietnam, presented elsewhere<sup>13</sup> – highlights the recurring themes where all three countries could benefit from external investment. These basic needs include digital infrastructure development (such as 5G and fibre optics); cybersecurity; e-government; digital skills; digitalisation of micro, small and medium enterprises (MSMEs); and AgriTech. The governments of these three countries are invested in extending their e-government portfolio, both in quantity and the quality of public services they provide online. They are also pushing for better education, reskilling and upskilling of the national workforces, to face better the challenges posed by the knowledge and digital economy. Finally, agriculture stands out in all three countries as a sector that would greatly benefit from further digitalisation.

While developing economies face common challenges in their digital transformation journeys, specificities should not be overlooked. Kenya, for example, is seeking expanded investments in data centres and FinTech solutions; Vietnam has a particular interest in digital solutions for customs and logistics;

while EdTech and also FinTech are among Egypt's priorities.

A tailor-made approach to the digital Global Gateway is thus needed. This requires more streamlined information gathering and communication sharing among officials, financing institutions and the private sector, and at the European level.

### **Routes for Dutch contributions to digital GG in Kenya, Egypt and Vietnam**

As the EU starts to deliver on the promise of enhanced investment and engagement with partner countries in the Global South, it is time for the Netherlands and other EU member states to build a coherent contribution to digital GG. Competitive propositions that harness knowledge of their own strengths and of local needs will be at the heart of Global Gateway's future success. Matchmaking between strengths and needs will unveil opportunities for cooperation and co-creation between European and local players. After all, the best solutions are almost always context-dependent.

Figure 1 shows commonalities and differences in the sectors and industries in which Kenya, Egypt and Vietnam would most benefit from partnering with external parties – and the Netherlands in particular.

Opportunities in cybersecurity (in both technical solutions and skills development) and in AgriTech are common to the three countries. First, ensuring cybersecurity is a foundational factor for any digital transformation agenda, not only to avoid critical disruptions and targeted attacks, but also to ensure that the populations have the trust necessary to adopt digital solutions. Second, investments in AgriTech respond to a sectoral need that is prominent in the three countries. As new challenges arise in terms of demography, energy and resources management, technology that can help farmers 'from the field to the table' promises to bring incommensurable social benefits.

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13 See the second Policy Brief in this miniseries: [Digital Global Gateway: how can we help?](#), November 2023.

Figure 1 Sectors or industries where Kenya, Vietnam and Egypt wish to strengthen their digital capabilities and solutions



Note: The central triangle has the common areas of interest in all three countries; the edges show areas of interest of the countries connected by each edge; and the small triangles closer to each country hold that country's specific areas of interest. In orange are the four Dutch digital strengths identified in Alexandre Gomes and Maike Okano-Heijmans, *Dutch niches for Global Gateway in the digital domain: an initial enquiry*, October 2023.

The Netherlands can take the lead in this sector. Third, FinTech can unlock the potential of the Kenyan and Egyptian economies in particular, as they would benefit from external support to grow their still underdeveloped local landscapes. Solutions in money transfer applications and the adoption of digital banking services are key to strengthening a country's digital economy. Finally, Kenya needs more data centres to

sustain its position as the 'Silicon Savannah'. The Netherlands is well positioned to support Kenya in that mission, by sharing best practices and by implementing the technical solutions, as Dutch data centre company PAIX already does.<sup>14</sup>

<sup>14</sup> [Digital Global Gateway: how can we help?](#), November 2023.

Adding the digital GG banner to Dutch projects and investments – instead of showcasing only national institutions such as Dutch development bank FMO and the state-owned private company Invest International – brings significant advantages. Global Gateway will allow the Netherlands and Dutch companies to access the scale and visibility that such investments need, elevating the EU's flagship project while highlighting the Netherlands' active contribution to it.

### Next steps

As implementation of the digital Global Gateway gets underway, four steps are of particular importance to take the Netherlands – and other EU member states – to the next level: (1) tailoring support for the basics and sectoral specifics with a view to co-creating partner countries' digital ecosystems; (2) developing new EU-wide financing instruments; (3) targeting partner countries beyond the 'usual suspects'; and (4) aiming not only for EU impact elsewhere, but for mutual benefits.

### Co-creating partners' digital ecosystems

The ongoing paradigm shift in Europe, including the Netherlands, away from a focus on social aspects of the digital domain – such as digital rights, and digital skills and literacy – towards the co-creation of the digital economy is a crucial step in aligning European propositions more closely to local needs.<sup>15</sup> As digitalisation permeates all aspects of human lives – affecting,

for example, public health, food security and environmental protection – the development of sustainable, secure and open digital economies is very much also a public interest.

In fine-tuning their actions and devising new instruments, European players would do well to engage with other countries that have already acted on the need for investments, co-innovation and digital needs. For example, in Vietnam, precision farming and the use of data extend beyond the fields and into the business realm, with information on customer needs, market standards and market pricing having been specifically developed in cooperation with Japanese players.<sup>16</sup> Similarly, so-called 'farm to table' technical cooperation by Taiwanese players is using blockchain technology for farmers to connect to markets, and digital technologies are being used to improve maternal health care by facilitating long-distance consultations with hospitals from rural areas.<sup>17</sup>

There is thus ample reason for exchange of best practices and coordination with other countries that are also bolstering action on technological investments and digital cooperation, including Japan, South Korea, Taiwan and India. A certain degree of competition among these and European countries is unavoidable. However, considering the vast needs of developing economies and the growing risk of countries leaning towards less-democratic alternatives, it would be a missed opportunity not to coordinate with these like-minded players.

### Developing new financing instruments

As the EU and European capitals turn to large-scale digital infrastructure investment and projects that foster the digital economy, new financing instruments are needed. Traditional instruments of trade and cooperation no longer

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15 The European Union is launching so-called Digital Economy Packages in 2023 under the banner of the Global Gateway. Digital Economy Packages encompass diversified projects within the scope of Global Gateway's digital domain. See European Commission, [Global Gateway: EU launches Digital Economy Package for Kenya to boost connectivity, skills and inclusive governance](#), 5 October 2023; European Commission, [H.E. Prof. Yemi Osinbajo, Vice President of the Federal Republic of Nigeria, and H.E. Margrethe Vestager, Executive Vice-President of the European Commission, met in Abuja on 13 February 2022](#), 13 February 2022; and European Commission, [Press statement by President von der Leyen with Philippine President Marcos](#), 31 July 2023.

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16 Việt Nam News, [Việt Nam and Japan to promote further cooperation in hi-tech agricultural development](#), 12 September 2023.

17 Interview with Minghong Yen of the International Cooperation and Development Fund (ICDF), Taiwan, 27 October 2020.

suffice, even if investments in digital cooperation are moving in the right direction. Digital Global Gateway still needs reinforcement and new (financing) instruments are required to bring Dutch and European investments to a higher level.

The EU has started to act on this challenge by engaging big lenders – such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) – as partners. The main development-focused agencies in Germany and France – *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) and *Agence Française de Développement* (AFD)<sup>18</sup> – have made the turn in this direction as well. Most other EU member states remain behind, however. The Netherlands is challenged to nudge its development bank FMO in this direction, since the bank acts rather independently, meaning that its foci are not necessarily aligned with Dutch and EU geopolitical and foreign policy interests. The association of bilateral European Development Finance Institutions (EDFI) could play a role in encouraging the shift.

New EU-level tools are needed to deliver on the scale of digital Global Gateway projects. An EU export credit agency would be a step in the right direction. This idea has been on the table in EU circles,<sup>19</sup> but it still requires concrete steps to become reality. Recommendations by a high-level expert group (HLEG) on scaling up sustainable finance in low- and middle-income countries (LMICs) can offer inspiration.<sup>20</sup> Among others, the HLEG calls for: (1) a new model for strategic engagement between the EU

and partner countries to transform the latter's sustainable development challenges into a mutual opportunity for inclusive growth; (2) the creation of a single EU platform to support the development of sustainable projects throughout their life cycle, involving key relevant actors and EU instruments; and (3) framing de-risked public-private transitions and/or sustainable funds in LMICs as a new type of EU financial product.<sup>21</sup>

This all suggests that EU and member state officials working at ministries of foreign affairs and embassies must intensify their cooperation with financing institutions and enhance their knowledge of this complex domain, which is fundamental to the success of the digital Global Gateway in practice.

### Reassessing partner countries

The EU and European capitals need to be strategic about which countries to target on the digital Global Gateway. There is a clear need to look beyond the usual emerging economies, or 'combination countries' in Dutch terminology. India is of interest, as it could be either a partner or become a competitor on digital connectivity. Building on a long history of technological assistance to third countries (especially in Africa), Delhi used its 2023 G20 presidency to showcase its successful model for digital public infrastructure.<sup>22</sup> European businesses, coming from a very different digital environment – where fixed broadband is common and the share of the population with a bank account is high – will have difficulty competing with India's offer, which may better match conditions in partner countries. Trilateral cooperation between India and EU member states in third countries can help deliver economic development and promote open digital economies that serve the people. Kazakhstan is also of relevance, as it is strategically located

18 For example, GIZ has dedicated staff focused on digitalisation in a range of partner countries and [partners with the EIB](#) to bring together financial and technical expertise for low-carbon investments that support scalable innovation and digital transformation. France's AFD initiated a [Choose Africa initiative](#) already in 2019.

19 [The Council adopted conclusions on export credits](#), Council of the EU, Press Release, 15 March 2022.

20 [Preliminary findings and recommendations: High-Level Expert Group on scaling up sustainable finance in low- and middle-income countries](#), mandated by the European Commission, 19 June 2023.

21 In de-risked public-private funds, development finance institutions (DFIs) and multilateral development banks (MDBs) 'absorb the first losses through investing in junior equity to cover part of the risks that investors are not willing/able to take'. See also footnote 13.

22 Rudra Chaudhuri, [Decoding the G20 consensus on digital public infrastructure: a key outcome of India's Presidency](#), Carnegie India, 1 September 2023.



and a digital frontrunner in a volatile region of the world. As a potential ‘swing state’ in Central Asia that is looking for new partners as an alternative to Russia – and is finding a willing partner in China<sup>23</sup> – aligning Kazakhstan closer to Europe is of strategic importance.

### Aiming for mutual learning

European policymakers and business representatives should not lose the opportunity for mutual learning and co-innovation as they step up their digital engagement with partner countries. France’s AFD has taken an important step in this direction with the creation of the Africa–France Entrepreneurs community and Digital Africa, which seek to promote co-entrepreneurship and co-innovation.<sup>24</sup> Learning from the experiences of partner countries and fostering cooperation between them are important for pragmatic as well as normative reasons.<sup>25</sup> Solutions from one developing country may best align with local conditions in another, and will address perceived dependencies on and the protectionist tendencies of developed countries.

Finally, it is important to note that the desire for digital cooperation to grow is by no means a prerogative of governments, businesses and development banks. Technical organisations have a valuable role to play as well, as evidenced by the Coalition for Digital Africa, which encompasses technical organisations such as the Internet Corporation for Assigned Names and Numbers (ICANN), Internet Society and the International Telecommunications Union (ITU).<sup>26</sup> The Coalition is assisting Kenya and Egypt with route server clusters, thereby preventing all enquiries from having to go via Europe. Doing so empowers local players with the domain name ‘africa’, while enhancing their own legitimacy in the region.

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23 Berikbol Dukeyev, [Kazakhstan cautiously builds ties with China](#), Jamestown Foundation: *Eurasia Daily Monitor*, Vol. 20, No. 152, 3 October 2023.

24 See [Bpifrance](#) and [Digital Africa](#).

25 See also Moreland, [Critiquing competition](#).

26 See [Coalition for Digital Africa](#).

## Conclusion

After two years of faltering coordination and political support, the high-level Global Gateway Forum, which brought together a significant group of global leaders in October 2023, showed that the initiative is gaining traction and increased sponsorship from EU member states. This shift in attitude is important, as GG’s chances to succeed start at home.

EU member states need to know their own strengths to be clear about what they have to offer. European Digital strengths can be mapped out and made publicly available, so that officials, private actors, investors and – most importantly – partner countries have clarity about cooperation opportunities. At the EU level, this oversight task can be assigned to a multidisciplinary body, led by the European Commission (DG Connect and DG INTPA), and involving experts from the European financial sector, as well as from the technology and digital communities, including academic institutions, business organisations and thematic coalitions, such as the European Institute of Innovation & Technology (EIT) and Digital Europe. Such an overview would better equip European actors to perform the matchmaking exercise between what they can offer and what partner countries want and need to develop their digital landscapes. New (financial) instruments are another requirement to deliver on the scale of digital needs and interests of partner countries.

In parallel to the necessary ‘housekeeping’, there is a need for meaningful strengthened engagement with strategic partner countries and local communities, acting on real needs. This implies a new mindset: placing the desire of emerging economies to move up the global value chain – also in the digital economy – at the centre of the EU’s approach. Despite hard infrastructure – which has been the focus of GG so far – being the foundation of any digital transformation, there are myriad opportunities for (sectoral) applications that can also be implemented. Focusing on those prospects will contribute to the EU’s ability to (co-)create a lasting impact in partner countries.



## About the Digital Global Gateway Policy Brief Series

This Policy Brief is the third and last in a series of three that, taken together, offers actionable steps for the Dutch government – and, similarly, other EU member states – to contribute to the EU's Digital Global Gateway. The series includes the following pieces:

- [\*Dutch niches for Global Gateway in the digital domain: an initial enquiry\*](#), by Alexandre Gomes and Maaïke Okano-Heijmans
- [\*Digital Global Gateway: How can we help? Towards better understanding of local needs\*](#), by Alexandre Gomes, Daniel Kono and Maaïke Okano-Heijmans
- *Digital Global Gateway Matchmaking: A Dutch Case Study to Bolster European Action*, Alexandre Gomes and Maaïke Okano-Heijmans

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