

From Poverty Reduction to Strategic Interests? Tensions in EU Development Policy after the Geopolitical Turn

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Abstract

The Treaty on the Functioning of the European Union defines poverty reduction and, in the long term, poverty eradication as the primary objective of EU development cooperation. Yet recent initiatives by the European Commission, notably Global Gateway and the proposed Global Europe instrument, place an increasing emphasis on competitiveness, strategic autonomy, infrastructure, migration cooperation, critical raw materials and geopolitical influence. This Policy Note, based on an in-depth study¹, argues that European interests have always been part of EU development policy, but that the current shift changes both their visibility and weight. The emerging policy challenge is to keep development objectives operational when they compete with other priorities.

Introduction

EU development policy is entering a more openly strategic phase. The European Commission's self-description as a "geopolitical" actor reflects a broader shift in European external action: development cooperation is now expected to contribute to climate partnerships, migration management, energy security, resilient supply chains, investment opportunities, support for Ukraine and geopolitical positioning vis-à-vis other powers, especially China (Bilal/Teevan 2024, European Commission/High Representative 2021, Schlögl et al. 2026).

This does not mean that EU development policy was ever free of interests. From the early association agreements and Lomé conventions to the present, European development cooperation has been linked to trade, political influence, market access and security concerns. The current moment is different because these interests are stated more explicitly and tied to new instruments, especially Global Gateway, Team Europe Initiatives, EFSD+ guarantees and the proposed Global Europe Regulation (Schlögl et al. 2026).

This is at least in partial contrast to the primary law foundations of development cooperation. Article 21 TEU places development policy within the wider external action framework, including the Union's values, fundamental interests and security. Article 208 TFEU states that EU development cooperation has as its primary objective the reduction and eventual eradication of poverty. The legal architecture therefore allows a broad development agenda, but it also requires that development objectives remain visible, defensible and operational.

Continuity under pressure

The present situation can be described as one of "conflicted continuity". The normative core of EU development policy has not disappeared: poverty reduction, human rights, multilateralism, partner ownership, the Sustainable Development Goals, humanitarian principles, the rights-based approach and Policy Coherence for Development (PCD) remain important reference points. The 2017 European Consensus on Development still provides the official political framework for EU and Member State development cooperation (EU 2017).

At the same time, political priorities and financing modalities have shifted. The EU's external agenda gives greater weight to new priorities and spending patterns are consistent with this broader reorientation: EU institutions' bilateral ODA commitments show a relative shift away from social infrastructure, governance and poverty-focused programming towards economic infrastructure, energy, finance, and security-related priorities. The result is a set of tensions between values and interests both in the legal and political spheres (Schlögl et al. 2026).

The proposed Global Europe Regulation currently under discussion increases these tensions. The existing NDICI-Global Europe Regulation gives development objectives a prominent place, including through its ODA target and references to poverty eradication (Regulation (EU) 2021/947). In the European Commission's (2025) proposal for the succeeding instrument, poverty eradication is absent from the proposed overall objectives and appears only marginally elsewhere in the text. The proposal also creates scope

for delegated adjustment of the ODA target and includes provisions that could facilitate preferential treatment of EU-based actors. The proposal is part of a longer push for more flexibility, which helps the EU respond to crises and pursue political ambitions, but also risks weakening the anchoring function of ODA and other development-specific targets.

European interests are not self-evident

Discourse about “European interests” is central in the current geopolitical turn. It is important to recall that such interests are not objectively given. They are politically shaped through negotiations between EU institutions (particularly Commission, Council, Parliament), Member States, national ministries, implementing agencies, development finance institutions, businesses and civil society actors. They also change over time.

Older interest configurations in EU development policy included securing export markets, maintaining influence in traditional partner regions, stabilising friendly regimes and projecting the EU as a values-based actor. Newer configurations include strategic corridors, digital and energy connectivity, critical raw materials, migration control, competitiveness, de-risking private investment and systemic

competition with China or other powers (Bilal/Teevan 2024, Küblböck et al. 2025).

Some of these interests can align with development objectives. Climate mitigation, adaptation, pandemic preparedness and conflict prevention can arguably provide shared benefits. Others are more asymmetrical. Using development finance to secure raw materials, incentivise readmission agreements or create opportunities for European firms may also produce benefits for partner countries, but this cannot simply be assumed. The language of “mutual interest” is therefore useful only when it is made specific and backed up by evidence: mutual in what sense? With what distribution of benefits and costs? Under what conditions? And with what accountability mechanisms? This is why recent aid debates caution against treating donor-partner “wins” as a rhetorical default (Dercon 2025, Dreher 2025).

Where coherence risks are highest

Against this background, Schlögl et al. (2026) identify several policy domains in which evaluative and scholarly evidence suggests that tensions between EU interests and development principles are especially pronounced (see Table 1 for an excerpt).

Table 1. Indicative risk assessment: a selection of issues

Policy domain	Main coherence risk	Policy implication
Migration-linked financing	Development cooperation can become tied to return, readmission and border-management objectives, weakening partner ownership and poverty focus.	Require transparent criteria, partner-impact diagnostics and clearer separation between development and enforcement objectives.
Climate, energy and raw materials	Green transition partnerships may prioritise EU energy security, industrial strategy or critical raw materials access over local value addition and partner-country development plans.	Assess distributional effects, local benefits, environmental risks and industrial-policy space for partner countries.
Investment mobilisation	Guarantees, blending and repayable finance can favour bankable projects and middle-income settings, while making poverty impacts, additionality and debt risks harder to verify.	Strengthen development additionality tests, debt-sustainability safeguards and public reporting.
Geopolitical competition	Development initiatives may become vehicles for visibility, influence and strategic positioning, with weak evidence of genuine mutual benefit.	Avoid treating strategic branding as proof of development impact.

Source: Adapted from Schlögl et al. (2026)

Migration is the most structurally tension-prone area. Since 2015, development spending has increasingly been expected to contribute to migration-management outcomes. Instruments such as the EU Emergency Trust Fund (EUTF) for Africa illustrate how crisis-driven flexibility can blur the distinction between long-term development and short-term EU political priorities. The European Court of Auditors (2024b) found that the Trust Fund's support remained insufficiently focused, despite attempts to improve its design. Research on the EUTF Africa also shows how crisis framing can depoliticise development trade-offs and move them into more technocratic arenas (Zaun/Nantermoz 2023). Some migration-related programming is easy to reconcile with development goals, e.g. support for refugees, host communities, decent work and protection can be consistent with development objectives. The problem arises when cooperation on containment, returns or border control becomes the central goal.

Climate and energy partnerships present a more mixed picture. On the one hand, they are among the strongest candidates for mutual interest, since decarbonisation and resilience are shared concerns. On the other hand, the EU's own transition needs, especially access to clean energy and critical raw materials, can reshape project selection. Without strong safeguards, Global Gateway projects in energy, mining or transport may be viewed as green extractivism rather than development partnership (Küblböck et al. 2025).

Investment mobilisation is a further major coherence challenge for the coming years. Guarantees and blending can help address infrastructure and financing gaps. However, they also shift risk, increase complexity and make democratic oversight harder. The European Court of Auditors (2024a) has raised concerns about the evaluation, reporting and transparency of the External Action Guarantee. Evidence reviewed for the European Parliament similarly points to the need to assess whether EFSD+ operations can be steered towards inclusion, protection of vulnerable groups and development additionality in practice (Pérez et al. 2023).

While Policy Coherence for Development is also enshrined in EU primary law and EU institutions agree on the importance of this principle, trade-offs between EU policies and partner country development objectives are not structurally assessed by EU policymakers.

Two possible governance models

To put it simply, the EU faces a long-term choice between two kinds of governance models for development policy. The first is a differentiated model. It protects a poverty-focused development core, especially for the poorest and most fragile contexts, while creating separate windows for global public goods and wider EU strategic priorities. This model offers greater transparency and coherence with the

existing development acquis and resembles the more segmented pre-NDICI architecture. Its weakness is reduced flexibility and the risk of loss of political support in a period where policymakers want external spending to serve multiple agendas.

The second is an integrated model. Development cooperation becomes part of a broader suite of external action instruments, combining grants, guarantees, budget support, investment partnerships and crisis-response instruments, serving multiple goals at the same time. This model fits the current EU language of "international partnerships". It offers flexibility and may help maintain political support for external spending. Its weakness, however, is goal drift: if everything becomes strategic, development purpose becomes increasingly harder to distinguish from general foreign policy, industrial policy or migration policy.

Neither model guarantees better development outcomes. The integrated model requires strong internal "firewalls". The differentiated model requires coordination – and sufficient funding. In moving from a differentiated to an integrated model, the guiding principle should be that the more flexibility and discretion the legal framework gives the European Commission in development policy, the stronger the accountability mechanisms must become.

Conclusions and policy recommendations

To deny that EU development cooperation serves European interests would be historically inaccurate and politically difficult to sustain. The more important task is to define which interests are legitimate within development policy, how trade-offs are handled, and how the EU can credibly show that development objectives remain more than rhetoric. In this spirit, five recommendations follow.

First, the EU should **protect the poverty objective** and core development targets in the next external financing instrument. Spending accounted as ODA should be justified through a clear development rationale, including poverty and inequality impacts. Targets for least developed countries, human development, civil society, gender equality and human rights should not disappear quietly behind the language of flexibility. This is especially relevant in light of concerns that broad ODA categories and crisis-related spending can stretch the meaning of development finance (Rogerson/Ritchie 2020).

Second, flexibility should be matched with strong **procedural guardrails**. Any "emerging challenges and priorities" cushion should have transparent triggering criteria, time limits and ex-post reporting. Parameters that define the development character of the instrument, including ODA-related targets, should be set ex-ante by the legislator and not left to broad delegated powers.

Third, the EU should create a **public transparency architecture** for Global Europe and Global Gateway. Project documentation, procurement outcomes, major financial terms, development-impact claims, ODA classification and evaluation data should be made available in usable formats. A public Global Europe transparency hub could help Parliament, civil society and partner-country stakeholders assess who benefits in practice. This would respond directly to oversight concerns raised around the External Action Guarantee (European Court of Auditors 2024a) and beyond.

Fourth, **investment instruments** should be made **development-proof**. Guarantees, blending and loans should be subject to clear, standardised additionality tests, debt-sustainability analysis, human rights safeguards, labour standards and environmental requirements. Where debt risks are high, grants and highly concessional finance should remain central. Mobilising private finance should be treated as a means to an end. Recent analysis for the European Parliament notes that loan-based aid can tighten debt burdens and reduce policy space, including for core services (Pérez et al. 2025).

Fifth, the EU should strengthen **safeguards against a return of tied aid** through the back door. Open procurement and partner choice remain development-effectiveness standards. The DAC Recommendation on Untying ODA was adopted to widen competition and reduce donor capture (OECD 2025). Evaluations and the tied-aid literature find that restricting procurement to donor-country suppliers tends to reduce competition, weaken partner choice and reduce value-for-money (Clay et al. 2008, OECD 2006). European firms will (continue to) play an important role, but eligibility rules, standards and contract design should not systematically privilege them at the expense of competition and local participation.

The **broader narrative** also deserves attention. “Mutual interest” should be used carefully: it is convincing only when it describes a real overlap of objectives, backed by evidence and a fair distribution of gains. It becomes misleading when it veils asymmetries or turns development cooperation into a vehicle for short-term EU priorities. A credible EU development policy can acknowledge European interests – such as soft power, stability or cooperative relations – while remaining accountable to partner ownership and the poorest communities. That is the basis on which the EU can preserve both its development impact and its international credibility.

¹ This policy note draws on an in-depth study by Schlögl et al. 2026.

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