The Hague Centre for Strategic Studies

Strategic by design
Making EU development cooperation work for critical raw materials

Irina Patrahau, Fiona De Cuyper and Isis Ketelaar

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Executive summary

Critical Raw Materials (CRM) are indispensable to the European Union's (EU) green and digital transitions, defence capabilities and wider industrial resilience. Yet their extraction and processing remain highly concentrated, exposing European industries to geopolitical, commercial and supply disruptions. The Critical Raw Materials Act seeks to reduce these vulnerabilities through mutually beneficial partnerships with resource-rich third countries.

Many of these partnerships have yet to progress from political agreements to financially viable projects. A central obstacle is the gap between the EU's strategic ambitions, the commercial conditions that investors demand, and the development priorities of producer countries. While the EU seeks to build strong strategic partnerships that also benefit local development, private investors must contend with large capital needs and the political, regulatory, and security risks common in these regions. Additionally, many emerging CRM producers are located in developing countries that often struggle to meet strict due diligence and traceability requirements.

This policy brief argues that development cooperation (DC) should be understood as an enabling layer within the EU's CRM strategy. DC cannot replace private capital in financing industrial facilities, nor should it be diverted from its overall purpose of fostering human development. Rather, it can support the public goods and institutional conditions that make responsible investment possible. Three pathways that connect DC and CRM are identified in this brief. These are not mutually exclusive but offer complementary benefits when jointly implemented:

1. **Direct support for CRM operations**, including geological exploration, skills development and the formalisation of artisanal and small-scale mining. Direct public financing of mines and processing plants remains limited because these activities are capital-intensive and primarily commercial.
2. **Supply chain enabling support**, including transport, energy, trade facilitation, standards and other services required for production, processing and export. European support is relatively strong in infrastructure, but often focuses more on transporting minerals than on developing local processing, technology, and productive capabilities.
3. **Broader systemic support**, including governance, healthcare, education, environmental protection, labour rights, security, and the rule of law. These interventions create the durable institutional foundations for responsible mineral development in the long term, but they are not always connected to concrete supply chain initiatives.

Despite the potential benefits of connecting CRM to DC, the EU's development efforts face significant pressure. Official development assistance (ODA) from OECD Development Assistant Committee (DAC) members and associates suffered its largest annual decline on record in 2025 and for a second consecutive year, amounting to a 23.1% drop compared to 2024.[1] Germany became the largest global ODA donor in 2025, even though its budget

[1] OECD, "Historic Decline in Foreign Aid," https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html

declined by 17% between 2024 and 2025.[2] Other EU Member States like France and the Netherlands are following this path of decreasing their national development budgets as well, although at a slower pace.[3]

Negotiations on the EU's 2028-2034 Multiannual Financial Framework (MFF) are ongoing, and it remains unclear whether DC budgets will be maintained or substantially reduced. This new financial cycle also requires new country-level programming for the EU and Member States, bringing opportunities for a more effective and integrated approach towards CRM partnerships.

The EU and its Member States stand at a pivotal moment to bridge the existing institutional divide between financing and programming for CRM and development cooperation. This brief offers three targeted policy recommendations for the EU and its Member States covering the resources, strategic direction, and implementation arrangements needed to align DC with resilient and responsible CRM supply chains.

1. **Safeguard adequate ODA and DC funding in the next MFF, including dedicated resources for strategic priorities such as resilient and responsible CRM supply chains.** Such funding should support the enabling conditions for sustainable mineral value chains, while remaining aligned with the development strategies of partner countries that produce CRM. Given pressure on national budgets and the strategic importance of secure CRM supplies, it is vital to maintain or strengthen EU-level development finance under Global Europe to support the development of sustainable and resilient CRM supply chains.
2. **Integrate development cooperation objectives and CRM goals in the programming for the 2028-2034 MFF.** CRM relevance alone should not justify the use of development funding, but integrating these agendas would align development, trade, industry, and financing efforts around coordinated strategies developed with partner governments, businesses, communities, and regional organizations.
3. **Promote the integration and blending of MFF funds that pursue shared objectives, regardless of the institutional structures through which they are managed.** Within the next MFF, this means better connecting CRM-related financing under the European Competitiveness Fund with development finance provided through Global Europe to maximise overall impact.

While DC cannot remove every commercial, political or geological risk, it can determine whether EU partnerships move beyond memoranda of understanding towards responsible investment and whether producer countries perceive Europe as a reliable long-term partner that supports local value addition, job creation, transfer of skills, improved infrastructure and environmental safeguards, rather than simply another buyer. Better alignment, pooled financing, and credible benefit-sharing are therefore essential both to sustainable development and to European supply-chain resilience.

2 'Development Co-operation Profiles: Germany', OECD, 16 June 2026, https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/germany_460a37b1-en.html.

3 'Development Co-operation Profiles: France', OECD, 2026, https://www.oecd.org/en/publications/2025/06/development-co-operation-profiles_02ffa45c/france_c200dc7f.html; 'Development Co-operation Profiles: Netherlands', OECD, 16 June 2026, https://www.oecd.org/en/publications/development-co-operation-profiles_04b376d7-en/netherlands_08ef430f-en.html.

1. Introduction

Critical raw materials (CRM) constitute fundamental inputs to the European Union's (EU) green transition, digitalisation, and other strategic industries. As the global supply chain of these materials remains highly concentrated, notably in China, it creates serious vulnerabilities for European industry and the broader EU goal of open strategic autonomy. The 2024 Critical Raw Materials Act (CRMA) seeks to address CRM dependence by setting ambitious targets for domestic extraction, processing, and recycling, and by committing the EU to diversifying its import base through mutually beneficial partnerships.[4]

Even though these initiatives reflect the EU's ambitions to diversify supply chains, they have not yet generated a compelling European value proposition for mineral-producing countries with which the EU has established or is seeking to develop strategic partnerships. Financing mineral operations while ensuring sustainable development in the producing country has been one of the greatest challenges in establishing such partnerships.

Financing mineral operations while ensuring sustainable development in the producing country has been one of the greatest challenges in establishing such partnerships.

Development cooperation (DC) can help address shortcomings in the EU's value proposition, but its capacity to do so is increasingly constrained. DC complements private investment by financing the enabling conditions for sustainable operations. By strengthening governance, skills, education, health systems, and environmental standards, it can help catalyse more resilient and responsible CRM supply chains in partner countries, while delivering lasting development outcomes. Yet DC budgets across Europe are facing growing pressure, which weakens the EU's ability to build effective win-win partnerships.[5] Official development assistance (ODA) from OECD DAC members and associates has been declining for two consecutive years. In 2025 a drop of 23.1% in ODA marked the largest annual decline on record.[6] With funding for governance, infrastructure and human development decreasing, it will become even more difficult for mineral projects to move from memoranda of understanding to sustainable operational facilities.[7]

This policy brief examines how development cooperation (DC) can serve as an enabling layer for responsible and mutually beneficial CRM partnerships. The analysis is intended to inform the forthcoming European Multiannual Financial Framework (MFF) and national budget negotiations, as well as the design of future CRM partnerships and broader decisions on the future direction of European development cooperation.

4 European Commission, "Critical Raw Materials Act," https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials/critical-raw-materials-act_en

5 OECD, "Historic Decline in Foreign Aid," https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html

6 OECD, ODA Projections for 2026 and the Near-Term: Implications for Vulnerable Countries and Sectors, June 19, 2026, https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/06/oda-projections-for-2026-and-the-near-term_10979bc6/d7c74fa2-en.pdf.

7 OECD, "Potential of Development Finance to Unlock Investments in the Critical Minerals Value Chain," https://www.oecd.org/en/publications/the-potential-of-development-finance-to-unlock-investments-in-the-critical-minerals-value-chain_70f31293-en.html

2. Strengthening CRM supply security: What role for development cooperation?

2.1. The EU's critical minerals partnerships are not taking off

The EU's value proposition to partner countries has been insufficiently defined.

Since 2020, the EU has moved quickly in formalising its approach to CRM, turning it into a central pillar of EU industrial and foreign policy. It adopted the CRMA, expanded the Global Gateway, developed Strategic Partnerships with resource-rich third countries, and selected Strategic Projects.[8] In the context of the CRMA, the EU has developed sixteen CRM partnerships as of August 2026, including with the Democratic Republic of Congo (DRC), Zambia, Namibia, Chile, Argentina, and Uzbekistan. The European Commission also selected thirteen CRM Strategic Projects outside of the EU that could help the EU's supply security issues.[9]

However, implementation remains uneven, and the Strategic Projects have been slow to advance from formal designation and high-level political commitments towards concrete financing, construction, and operation. The EU's value proposition to CRM-producing partner countries has been insufficiently defined. While the Union has stepped up its diplomatic engagement with mineral-rich countries, it has yet to establish a credible link between these countries' development priorities, private sector incentives across the CRM supply chain, and Europe's demand for diversified and responsible sourcing. The EU is trying to create market conditions that favour new and more sustainable suppliers through traceability systems, due diligence requirements, sustainability standards, and discussion around price support mechanisms. There are no structural mechanisms for incorporating input from producing countries, and investment in their capacity to implement them is limited. Moreover, implementation is often spread across multiple actors and financial instruments, making it difficult for partner country governments to identify what funding is available and which actors provide it.

As a result, private investors still face significant barriers in many producing countries, including political risk, weak institutional frameworks, and inadequate infrastructure.

[8] 'Commission Selects 13 Strategic Projects', Text, European Commission, 2025, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1419.

[9] European Commission, "Raw Materials Diplomacy," https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/raw-materials-diplomacy_en; European Commission, "Selected Strategic Projects," https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials/strategic-projects-under-crma/selected-projects_en

Financing a mine can require € 1.5-2 billion in private investment, making it particularly challenging to mobilise for two reasons. First, mineral prices are strongly influenced by China, the world's largest producer and processor of many critical minerals. By increasing supply, China can depress prices, making competing mining projects less economically viable.[10] This price volatility reduces confidence in long-term investment. Second, some mineral-rich countries face governance, human rights or security challenges, which creates another hurdle to private investment. Inadequate safeguards can expose local communities and workers to land displacement, unsafe working conditions, child or forced labour, and restrictions on Indigenous peoples' rights to free, prior and informed consent. These risks can trigger legal disputes, reputational damage and project delays, further deterring investors seeking stable, responsible supply chains. Weak monitoring and oversight make it difficult to ensure responsible and sustainable operations.[11]

2.2. **Development cooperation can strengthen CRM partnerships**

Integrating DC into CRM partnerships can support a more conflict-sensitive and locally grounded approach.

A stronger development component is necessary if the EU's CRM partnerships are to become genuinely mutually beneficial. DC is a long-term, partnership-based form of international cooperation intended to advance economic and social development and contribute to the Sustainable Development Goals. The shared interest of the EU and CRM-producing countries in secure, resilient, and responsible value chains depends not only on the existence of mineral deposits, but also on the ability of partner countries to translate their mineral wealth into sustainable economic and social development. This requires effective sector governance, domestic processing capabilities, and credible systems for responsible production, due diligence, and traceability. Long-term political and societal support also depends on whether mineral development delivers visible and fairly distributed local benefits. This is particularly relevant where mining takes place in fragile and conflict-affected settings, in which weak institutions, social tensions, and insecurity heighten risks and undermine development outcomes. Integrating DC into CRM partnerships can support a more conflict-sensitive and locally grounded approach. Alongside robust commercial, environmental, and governance safeguards, it can help mitigate risks for CRM-producing countries and investors while contributing to more resilient, responsible, and mutually beneficial mineral value chains.

DC includes technical cooperation and concessional public finance, particularly ODA, alongside complementary instruments such as other official flows (OOF), private-sector instruments, and blended-finance arrangements. These instruments differ in their objectives, financial terms, and risk tolerance, and can each address a different constraint within a CRM partnership:

- ODA grants and technical assistance are particularly suited to financing public goods and institutional capabilities that do not generate immediate commercial return (e.g., geological surveys, transparent licencing, environmental monitoring, formalisation of artisanal and small-scale mining).

10 Crebo-Rediker and Khan, "Leapfrogging China's Critical Minerals Dominance," https://www.cfr.org/reports/leapfrogging-chinas-critical-minerals-dominance

11 Transparency International Australia, "Corruption in Critical Minerals Mining," https://transparency.org.au/corruption-in-critical-minerals-mining-risks-the-energy-transition/

- Concessional loans and grants can also finance public infrastructure with wider development benefits, such as (sustainable) electricity networks, water and sanitation systems, health facilities, and digital connectivity. These investments can improve access to markets, jobs, health care, and education, while reducing regional inequalities and strengthening communities' long-term resilience.
- OOF, development finance institutions, and blended-finance mechanisms can operate closer to the commercial end of the spectrum (e.g., feasibility studies, project preparation, longer-term loans). By improving a project's risk-return profile, these instruments can help mobilise private capital for infrastructure, processing facilities and other revenue-generating activities.

DC's added value lies less in the volume of finance it can provide than in where and how it is deployed.

Direct development financing of mines and processing plants remains limited, but programmes relating to transport, renewable energy, trade facilitation, public financial management, environmental governance, vocational training, and private-sector development may all contribute to stronger CRM supply chains. Governance support, for example, contributes to a CRM partnership where it strengthens extractive-sector licensing, revenue collection or environmental oversight. Likewise, a transport corridor creates mutual value only where it supports regional trade, local businesses, and communities, rather than functioning solely as an export corridor.

The EU and its Member States should identify where existing programmes can help create the enabling conditions for responsible CRM value chains. The EU already operates large-scale development programmes through a diverse financial toolbox, including grants, blended finance, guarantees, loans, and equity. NDICI-Global Europe has an overall allocation of €79.5 billion, while the EFSD+ guarantee capacity is about €40 billion and is designed to mobilise up to €135 billion in public and private financing.[12]

This EU-level toolbox is complemented by distinct member state approaches. Germany combines bilateral technical cooperation through institutions such as GIZ and BGR with financial cooperation through its development bank KfW.[13] France relies strongly on the AFD Group, including Proparco and Expertise France, with loans and development finance playing a prominent role.[14] The Netherlands via its Ministry of Foreign Trade and Development Cooperation, in turn, deploys instruments across ministries, embassies, the Netherlands Enterprise Agency (RVO), and Invest International[15] to support project preparation, businesses, and public infrastructure. The country's combi tracks combine collaboration on both business and local development in emerging markets within a single sector approach.[16] Spain combines technical and grant-based cooperation through AECID with an expanding financial

12 European Commission. 'European Fund for Sustainable Development Plus'. Accessed 15 July 2026. https://international-partnerships.ec.europa.eu/funding-and-technical-assistance/funding-instruments/european-fund-sustainable-development-plus_en; EuroAccess. 'Neighbourhood, Development and International Cooperation Instrument'. Accessed 15 July 2026. https://www.euro-access.eu/en/programs/154/Neighbourhood-Development-and-International-Cooperation-Instrument--Global-Europe.

13 GIZ stands for the Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation). BGR stands for the Bundesanstalt für Geowissenschaften und Rohstoffe (The Federal Institute for Geosciences and Natural Resources). KfW stands for the Kreditanstalt für Wiederaufbau (German promotional and development bank).

14 AFD stands for Agence Française de Développement Group (France's public development bank).

15 These are key implementing partners of the Dutch government's integrated foreign trade and development cooperation policy, translating public priorities into business support, project development and international financing.

16 RVO. 'Combi Tracks: Doing Business with Impact in Emerging Markets'. 2026. https://english.rvo.nl/en/topics/combi-tracks.

cooperation capacity through FEDES.[17] Member states can thus each provide complementary expertise and financing, but this can also lead to fragmentation when national initiatives are not organised around common EU partnership objectives.

DC's added value lies less in the volume of finance it can provide than in where and how it is deployed. By funding public goods such as education or healthcare, strengthening institutional capacity, and linking concessional and commercial instruments, DC can help turn CRM partnerships from political declarations into investible projects.

2.3. **Development funding is under pressure**

The more strategic use of DC is becoming both more important and more challenging as development finance comes under increasing pressure. Figure 1 shows a clear decline in ODA spending for some of the largest European donors, although funding at EU-level increased in 2025. ODA from OECD DAC members and associates fell by 23.1 % in real terms in 2025, to USD 174.3 billion.[18] The steepest cuts are experienced by Sub-Saharan Africa and the least developed countries.

The core challenge is thus not a lack of instruments, but their limited integration into coherent CRM partnerships.

This was the largest annual decline on record and the third consecutive year of contraction, led by EU members Germany and France (see Figure 1).[19] While Germany became the largest global ODA donor in 2025 as a result of declining US funding, its budget still declined by 17% between 2024 and 2025.[20] Other EU Member States like France and the Netherlands are following this path of decreasing their national development budgets as well, although at a slower pace.[21] French ODA decreased by 10.9%, while Dutch by 4.9% in the same period.[22] Italian ODA remained stable. Out of the five largest European donors, Sweden is the only one that increased its ODA budget by 9.6% between 2024 and 2025, but this is not representative of the long-term trend. A smaller budget has been earmarked for ODA for the period 2026-2028.[23]

Aid funding in 2026 is expected to reach levels not seen since 2014, and this trend could continue in the longer term. This heightens the urgency of maintaining, or increasing, EU ODA under the next MFF, which could help offset some of the cuts made by individual member states.

17 AECID stands for Agencia Española de Cooperación Internacional para el Desarrollo (Spanish Agency for International Development Cooperation). FEDES stands for Fondo Español de Desarrollo Sostenible (Spanish Fund for Sustainable Development).

18 OECD, "Official Development Assistance (ODA)," https://www.oecd.org/en/topics/policy-issues/official-development-assistance-oda.html.

19 OECD, ODA Projections for 2026 and the Near-Term: Implications for Vulnerable Countries and Sectors, June 19, 2026, https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/06/oda-projections-for-2026-and-the-near-term_10979bc6/d7c74fa2-en.pdf.

20 OECD, 'Development Co-operation Profiles: Germany'.

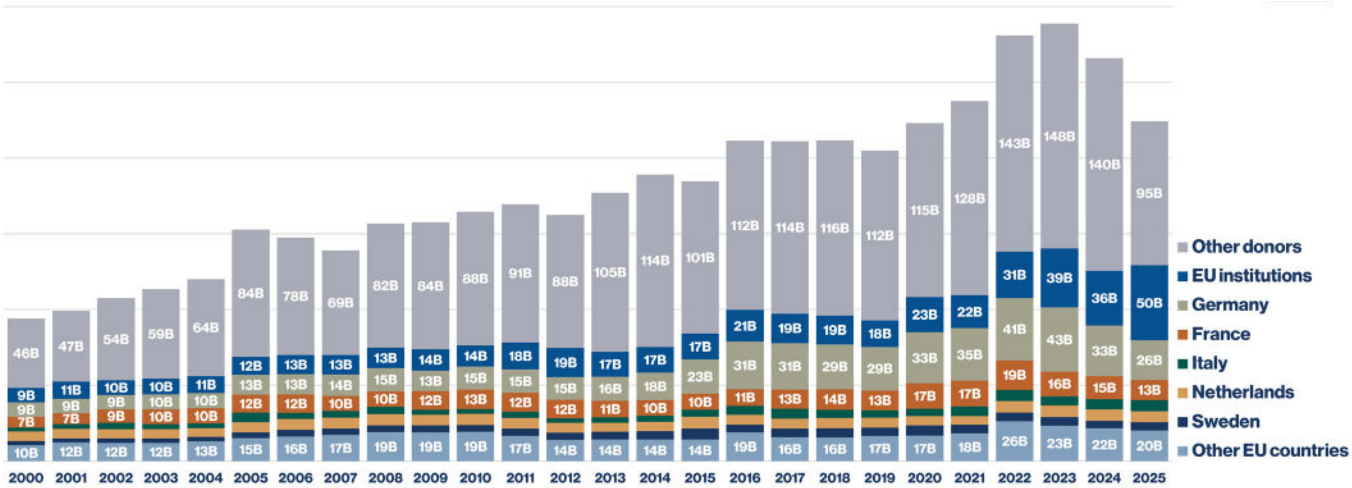
21 OECD, 'Development Co-operation Profiles: France'; OECD, 'Development Co-operation Profiles: Netherlands'.

22 OECD, 'Development Co-operation Profiles: Netherlands'; OECD, 'Development Co-operation Profiles: France'.

23 'Sweden makes further cuts to international development assistance', CONCORD Sverige, 7 January 2026, https://concord.se/sweden-makes-further-cuts-to-international-development-assistance; 'Sweden Slashes ODA Budget amid Domestic Priorities', Donor Tracker, 2024, https://donortracker.org/policy_updates?policy=sweden-slashes-oda-budget-amid-domestic-priorities-2024.

Figure 1: Changes in ODA across EU countries & institutions

Net ODA disbursed (constant 2024 USD)



Source: OECD DAC1

Moreover, European financing is often difficult for partner countries to access: complex procedures and a stronger reliance on loans than in the past[24] create additional administrative burdens and can add to debt-related fiscal risks, particularly in vulnerable or highly indebted countries. Under the proposed 2028–2034 MFF, CRM related financing would fall under the European Competitiveness Fund (€409 billion, including Horizon Europe), while DC would remain under Global Europe (€215 billion, including a €15 billion reserve capacity). Despite their growing interdependence, the two programmes would retain separate governance structures.[25] The two policy agendas would therefore be financed through different institutional processes, including different Council formations and Parliament committees, at precisely the moment when their objectives need to be more closely aligned. The core challenge is thus not a lack of instruments, but their limited integration into coherent CRM partnerships.

Scarcer and less predictable budgets at the national level do not weaken the case for linking development cooperation with CRM policy in the EU; they strengthen it. Tighter resources increase the need to coordinate instruments, avoid duplicative programmes, and target public funding at bottlenecks that governments or private investors cannot address alone. This is not about diverting limited ODA towards European commercial interests. Rather, it is about prioritising interventions with clear development additionality that simultaneously foster diversified and responsible supply chains.

24 While ODA has traditionally been delivered predominantly through grants, European development finance increasingly combines grants with concessional loans, guarantees, and blended-finance arrangements.

25 European Commission, "European Competitiveness Fund," https://single-market-economy.ec.europa.eu/access-finance/european-competitiveness-fund_en; Zabala Innovation, "European Commission Proposes a Structural Overhaul of the 2028–2034 EU Budget," https://www.zabala.eu/news/mff-2028-2034/.

3. Three pathways between development cooperation and critical raw materials

DC can contribute to CRM supply chain resilience through three distinct, but complementary, pathways, set out in Table 1. First, direct support has the most immediate impact on CRM operations, focusing on specific mining and processing activities. Second, supply chain enabling support targets the infrastructure, services and trade conditions needed to facilitate CRM logistics and value addition. Third, broader systemic support addresses the governance, security, environmental and institutional conditions required for sustainable and resilient CRM sectors.

Understanding these pathways and their interconnections is essential to informed decision-making in the external engagement of the EU and its Member States. Moreover, interventions across all three pathways may be required simultaneously, as illustrated by the cases below. EU Member States bring different institutional strengths to these pathways, ranging from geological and governance expertise to infrastructure finance, technical cooperation, and private-sector mobilisation. An effective European approach should thus use these complementary strengths to establish an effective division of labour rather than replicate national initiatives.

Table 1: Links between development cooperation and critical minerals goals

DC – CRM link	Definition	Sectors
Direct support for CRM operations	Support for setting up mineral mining and processing operations	• Geological exploration and prospecting • Mine development • Large-scale extraction • Formalised artisanal and small-scale mining • Processing and refining plants • Capacity building for skilled labour
Supply chain enabling support	Support for the infrastructure, services and trade conditions needed for establishing CRM supply chains and exporting value-added goods to the EU	• Mining code revision • Transport (roads/ railways/ ports/ airports) • Energy generation and transmission/ distribution • Trade and customs authorities and policy • Standard-setting and monitoring for responsible and sustainable supply chains • Small and medium enterprise development for ASM formalisation • Technological transfers for CRM and manufacturing in the energy, digital or health sectors
Broader systemic support	Support for the wider governance, social, environmental, and stability conditions that influence whether CRM operations are sustainable and resilient over time	• Healthcare • Education • Legal and judicial development for public institutions • Anti-corruption measures • Human rights • Labour rights • Environmental policy and monitoring • Research and development in CRM supply chains

3.1. Pathway 1: Direct CRM operations support

Where CRM-producing countries face an immediate financing gap, this makes EU support less attractive than the faster, less conditional capital offered by other actors, particularly China.

Direct support for CRM operations refers to DC that funds or supports mining and processing operations, or activities that directly enable them. So far, most EU-level funding has targeted such activities, like building geological knowledge and formalising Artisanal and Small-Scale Mining (ASM), rather than directly financing industrial facilities.[26]

Three projects illustrate how this can take shape. PanAfGeo, an EU-African Union programme run by European and African geological surveys, has trained over 1,700 geoscientists since 2016, helping CRM-producing countries build geological databases and the technical capacity to attract responsible investment.[27] In the area of ASM formalisation, Germany's Federal Institute for Geosciences and Natural Resources (BGR) and GIZ have led projects in the DRC, Rwanda, and the Great Lakes Region aimed at making artisanal mining safer, more transparent, and more equitable.[28] AfricaMaVal, a Horizon Europe partnership coordinated by the French geological survey (BRGM), has run ten country case studies and screened 100 investment opportunities to translate Africa's mineral potential into responsible EU-Africa value chains.[29] Cobalt4Development, implemented by GIZ in the DRC and co-funded by the EU and private actors under the Global Gateway, has trained twelve mining cooperatives covering more than 1,500 artisanal miners in safer and more compliant practices.[30]Overall, this is among the EU's least common applications of CRM-related DC, as mining and processing are capital-intensive activities financed largely by the private sector. Beyond their capital intensity, EU-backed projects typically carry environmental, social, and governance conditions that raise costs and lengthen timelines.

Where CRM-producing countries face an immediate financing gap, this makes EU support less attractive than the faster, less conditional capital offered by other actors, particularly China, which is willing to finance the capital-intensive processing stages that Europe generally avoids.[31] Indonesia provides the clearest example. After banning raw nickel-ore exports in 2020, it attracted substantial Chinese capital into domestic processing, transforming itself into the world's leading nickel refiner. Its share of global refined nickel grew from 6% to 61%, while Chinese firms now control around three-quarters of the country's refining capacity.[32]

To offer a credible alternative, the EU should combine their high environmental and social standards with clear financing opportunities that enable CRM-producing countries to meet

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26 OECD Data

27 'PanAfGeo: A Unique Pan-African Programme in Geosciences', 12 December 2024, https://panafgeo.eurogeosurveys.org/archive-post/panafgeo-a-unique-pan-african-programme-in-geosciences/.

28 Artisanal and Small-Scale Mining Formalisation: A Germany Development Cooperation Perspective and Beyond.

29 European Commission, *Building EU-Africa Partnerships on Sustainable Raw Materials Value Chain* (2022), https://doi.org/10.3030/101057832; 'WRFA Partner of New Horizon Europe Project Developing EU-Africa Partnerships for Responsible Sourcing of Critical Raw Materials', World Resources Forum, https://www.wrforum.org/projects/wrfa-partner-of-africa-maval/.

30 'Cobalt for Development', Cobalt4Development, https://cobalt4development.com/; 'Cobalt for Development Project Started Trainings for Mining Cooperatives in Kolwezi, DRC', BMW Group Press, https://www.press.bmwgroup.com/global/article/detail/T0319770EN/%E2%80%9Ccobalt-for-development%E2%80%9D-project-started-trainings-for-mining-cooperatives-in-kolwezi-democratic-republic-of-congo?language=en.

31 Logan, Theophilus, and Sarah Logan. 'Too Clean to Compete: Why Strict Standards Keep Europeans out of African Minerals – European Council on Foreign Relations'. ECFR, 13 May 2025. https://ecfr.eu/publication/too-clean-to-compete-why-strict-standards-keep-europeans-out-of-african-minerals/.

32 Michela Tindera, "Transcript: How Indonesia Cornered the Nickel Market," Financial Times, June 10, 2025, https://www.ft.com/content/783e3994-2e9d-4b4c-8052-6c9627a335f4.

these standards without delaying investment. This includes financing the infrastructure, institutions, and skills that allow partner countries to meet EU standards without being priced out of European markets. This is elaborated in pathways two and three below. Moreover, member state agencies and technical institutions have frequently provided the operational capacity behind these programmes. EU-level CRM ambitions therefore depend in practice on mobilising and coordinating national expertise as part of wider European partnerships.

3.2. **Pathway 2: Supply chain enabling support**

Supply chain enabling support contributes to the physical and regulatory conditions that allow CRM supply chains to function, through investments in transport, infrastructure, and energy systems, alongside trade policies and standard setting. These improvements reduce costs and risks for producers, investors, and downstream actors. This pathway most directly addresses the financing gap set out earlier, as infrastructure reduces the costs and risks of investment, thereby improving the commercial viability of CRM projects. It is often delivered through blended finance and public-private partnerships, whether through the EU's Global Gateway or via independent national and multilateral initiatives.

The category of DC that receives significant EU attention is transport infrastructure. In Gabon, France's development agency (AFD, via Proparco) has co-financed rail modernisation alongside a Global Gateway grant for transporting manganese and timber.[33] The Lobito Corridor project is also developing a railway system, connecting the copper and cobalt regions of the DRC and Zambia to Angola's coast (see Box 1).

The EU has also focused on reliable and clean power as an enabling factor for CRM operations. The EU's partnership with Namibia on sustainable raw materials value chains and renewable hydrogen includes EU support for the green hydrogen pilot projects, electricity grid integration, and clean power expansion, especially in rural areas. Such developments would both provide secure green energy supply for Namibians and support potential CRM operations. ODA can help producer countries reduce their environmental footprint of extraction and processing by financing renewable energy, cleaner technologies, water and waste-management systems and environmental monitoring.[34]

As mentioned in pathway 1, the activities that would enable CRM-producing countries to better position themselves in CRM supply chains currently receive comparatively limited attention within EU DC. Often, EU support concentrates on enabling export of extracted minerals through investments in transport corridors and ports, and trade facilitation. These initiatives offer benefits through reduced logistical costs and improved market access but do little to build productive capabilities for domestic manufacturing benefits. It also means that producing countries remain integrated into global value chains as suppliers of un- or minimally processed minerals, while high value stages of the chain take place elsewhere. While this problem is not unique to EU and Member State investment activities, it does create consequences that do not always align with the EU's win-win approach.

33 'Proparco and SETRAG Reach a New Milestone in the Modernization of Gabon's Railway Network', Groupe AFD, 11 May 2026, https://www.proparco.fr/en/news/proparco-and-setrag-reach-new-milestone-modernization-gabons-railway-network.

34 'Namibia', European Commission, 1 March 2025, https://international-partnerships.ec.europa.eu/countries/namibia_en.

3.3. **Pathway 3: Broader systemic support**

Broader systemic support funds social and economic conditions, governance, rule of law, environmental protection, and security, which are conditions that contribute to the long-term sustainability and resilience of CRM investments. This essentially forms the durability layer that allows for the gains of the other two pathways to be sustained. This is also where the EU can achieve the greatest impact at relatively low cost, as governance, transparency and responsible sourcing work is less capital-intensive than financing infrastructure and processing capacity, and it is often already part of EU development programming.

By contributing to regional stability, these efforts represent a longer-term investment in developing countries, while also supporting more reliable access to critical raw materials.

Germany exemplifies this pathway: through GIZ and BGR, it supports anti-corruption, public financial management and extractive-sector oversight in partner countries, thereby strengthening the institutional conditions on which responsible sourcing depends. This is complemented at EU level by the European Partnership for Responsible Minerals.[35]

A security-focused illustration is the Cooperation on Peace, Security, and Responsible Resource Governance in the Great Lakes Region of Africa, funded by German and Dutch development ministries and agencies from 2022 to 2027.[36] The programme aims to delink the trade in certain critical minerals from the financing of armed groups through two main interventions: supporting the Great Lake states to implement Regional Certification Mechanisms and strengthening regional meditation capacity to prevent sub-national conflicts, particularly in Burundi and the DRC.

A health-sector illustration is the Partnership on Health and Mobility in the Mining Sector of Southern Africa, funded by the Dutch Ministry of Foreign Affairs and implemented together with the International Organization on Migration from 2013 to 2016. Alongside tuberculosis and HIV services for migrant mineworkers across Mozambique, South Africa, and Swaziland, reportedly reaching 270,000 beneficiaries, it helped embed mineworker health in the policy priorities of the relevant Ministries of Health and Labour and reinforced the 2012 SADC Code of Conduct on Tuberculosis in Mining.[37] This example contributed to building the cross-border institutional frameworks on which a stable regional mining labour system depends.

By contributing to regional stability, these efforts represent a longer-term investment in developing countries, while also supporting more reliable access to critical raw materials. Yet this pathway also exposes the limits of doing systemic work in isolation. Support for governance or transparency improves the enabling environment but does not, on its own, translate into resilient sourcing for the EU. Its value is fully realised when combined with the direct and enabling support of the other two pathways.

[35] Solveig Gasche, *Responsible Trading in Raw Materials: Regulatory Challenges of International Trade in Raw Materials*, 1st ed, Studien Zum Ausländischen Und Internationalen Privatrecht (Mohr Siebeck, 2023), https://www.mohrsiebeck.com/en/book/responsible-trading-in-raw-materials-9783161617263/.

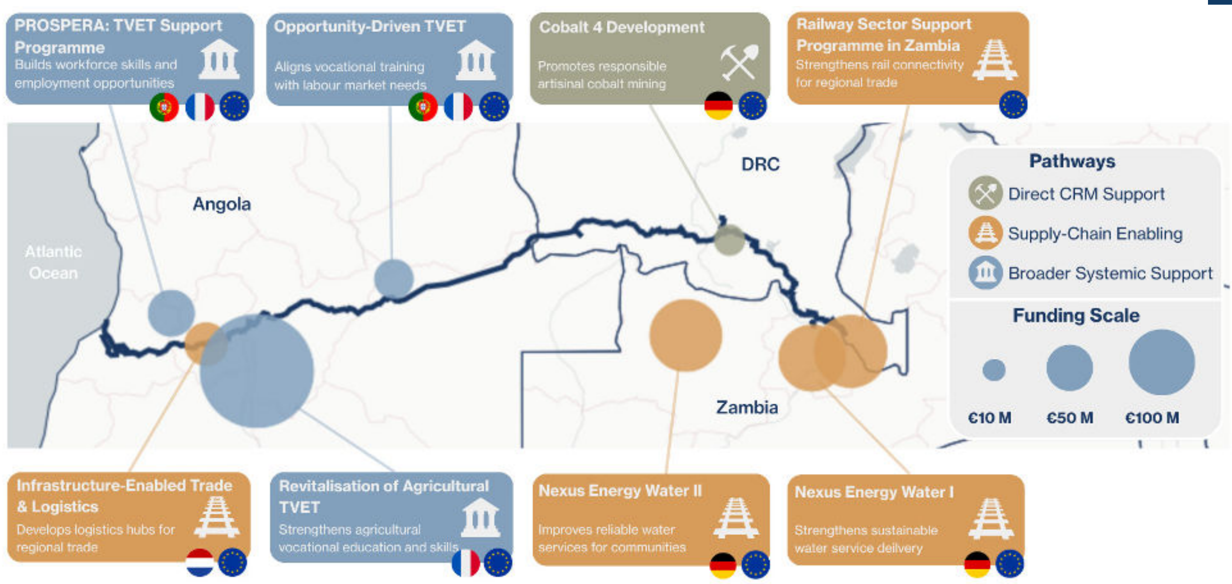
[36] Deutsche Gesellschaft für Internationale Zusammenarbeit, 'Cooperation on Peace, Security and Responsible Resource Governance in the Great Lakes Region', August 2025, https://www.giz.de/sites/default/files/media/document/2025-12/icglr-factsheet-en.pdf.

[37] *Partnership on Health and Mobility in the Mining Sector Project (2013-2016) in South Africa, Lesotho, Swaziland, and Mozambique* (Sarraounia Public Health Trust, 2017).

Box 1: The Lobito Corridor

The Lobito Corridor is a clear showcase of how the three pathways can be combined within a single regional initiative. Supported by the EU through the Global Gateway, the corridor connects the copper- and cobalt-producing regions in the DRC and Zambia with the Atlantic port of Lobito in Angola. The EU presents Lobito as a broader economic corridor, with over €2 billion being mobilised under the Global Gateway for transport, energy, skills, agriculture, and local economic development.[38] These projects support the development of the region but can also decrease investment risk for the European private sector in the long term. The Corridor contains elements of all three pathways.

Figure 2: European development projects supporting the Lobito Corridor



Source: European Commission
* **TVET** = Technical and Vocational Education Training

The corridor includes some direct support for CRM value chains (pathway 1) through the EU's CRM partnerships with the DRC and Zambia. In addition, EU programmes support training, employment, and entrepreneurship in mining communities.[39]

When it comes to supply-chain enabling support (pathway 2), the EU is supporting feasibility work for the Zambia-Angola railway, regional trade facilitation and secure water services for local communities.[40]

Under broader systemic support (pathway 3), in turn, the EU provides civil-society oversight in the DRC's extractive sector, and labour rights in Zambia's mineral value chains. The EU's CRM partnerships with the DRC and Zambia also cover traceability, due diligence, ESG standards, institutional capacity, and responsible production.[41]

The Lobito Corridor illustrates that the DC-CRM nexus extends well beyond financing mines or processing facilities. Development cooperation can connect strategic infrastructure investment with skills development, clean energy, trade facilitation, governance and local enterprise support. At the same time, combining interventions across the three pathways does not automatically produce a mutually beneficial partnership. The corridor's success should therefore be assessed not only in terms of railway construction or mineral-export volumes, but also by whether it generates local processing, employment, non-mining trade, community benefits and wider access to infrastructure.

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38 European Commission, "Lobito Corridor: Building the Future Together," https://international-partnerships.ec.europa.eu/lobito-corridor-building-future-together_en.

39 European Commission, "Global Gateway: EU Signs Strategic Partnerships on Critical Raw Materials Value Chains with DRC and Zambia and Advances Cooperation with US and Other Key Partners to Develop the 'Lobito Corridor,'" press release, October 26, 2023, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_23_5303/IP_23_5303_EN.pdf.

40 European Commission, "Connecting the Democratic Republic of the Congo, Zambia, and Angola to Global Markets through the Lobito Corridor," https://international-partnerships.ec.europa.eu/policies/global-gateway/connecting-democratic-republic-congo-zambia-and-angola-global-markets-through-lobito-corridor_en.

41 European Commission, "Global Gateway: EU Signs Strategic Partnerships on Critical Raw Materials Value Chains".

4. Opportunities and challenges in linking agendas

Adopting a joint approach towards DC and CRM goals brings both opportunities and challenges that should be considered in designing effective long-term programming. These are relevant from the perspective of both the EU and producing countries and discussed below.

4.1. Opportunities

The first opportunity is setting up an **integrated supply chain strategy** for win-win partnerships. Incorporating DC into broader supply chain development can help the EU and the producing country focus both on production and on the wider conditions needed for resilient supply chains. As such, supply chain security is connected to sustainability and development outcomes from the very beginning. The EU, producing countries, and companies can jointly determine the ultimate goals of their cooperation, thereby increasing the effectiveness of available funding and ensuring it remains targeted. This should be coordinated regionally with neighbouring countries and with other multinational development actors such as the World Bank.

The second opportunity focuses on **creating a larger public funding pool** to de-risk private investment. Scaling up private investment in many low- and middle-income countries requires public funding to provide long-term certainty and mitigate investment risks. However, public funding streams from the EU to resource-rich countries are often fragmented between the EU institutions, member states, and multilateral institutions. Fragmentation persists across policy domains, including CRM, digitalisation, development, and other funding streams. The proposed 2028-2034 MFF risks further entrenching these divides, with CRM-relevant financing placed in the Competitiveness Fund, while DC remains under Global Europe. The MFF negotiations therefore offer a rare window to build coordination, or at least interoperability, between DC and CRM before their separation hardens over the coming years. Linking DC with CRM programming can play a catalytic role in mobilising and scaling investment in partner countries. This is especially true when a project has a high strategic importance for the EU but incurs high costs due to, for instance, challenging geographical conditions or high criminality.

The third opportunity relates to a **more transparent and better coordinated value proposition** that the EU can offer to its CRM partners. The EU is often viewed as a reliable but complex partner by low- and middle-income countries, given the multitude of actors, programmes and funding streams involved.[42] The EU can position itself as a long-term partner that combines

[42] Mariella Di Ciommo, Pauline Veron, and Nadia Ashraf, The EU and China in the Global South: Perspectives from African Countries, ECDPM Discussion Paper no. 373 (September 2024), https://ecdpm.org/application/files/2417/2604/7280/EU-China-Global-South-Perspectives-African-Countries-ECDPM-Discussion-Paper-373-2024.pdf.

predictable market access and responsible private investment with concessional finance, infrastructure support, skills development, and assistance for local processing and economic diversification. A better integrated DC-CRM approach could clarify the EU's value proposition and make it easier for partners to engage and negotiate with the EU. By supporting local development priorities alongside strategic interests, this approach offers a more durable basis for cooperation than purely transactional engagement. This can strengthen trust while reinforcing the EU's role as a reliable long-term partner.

4.2. **Challenges**

Linking the CRM and DC agendas also incurs challenges that should be considered in programming. One such challenge is to **protect the legitimacy of development programmes**. Using development funding to support CRM objectives risks being seen as aid serving donor interests rather than partner-country development.[43] If not carefully designed, it could undermine trust, weaken local ownership, or reinforce extractive dynamics. DC-CRM approaches therefore need clear development benefits, strong safeguards, and credible alignment with development effectiveness principles. These concerns are especially salient where governance is weak or communities have limited capacity to influence decisions affecting their land, livelihoods and rights. DC–CRM approaches should therefore be grounded in clear, locally defined development benefits, such as decent workplace conditions, skills development, public infrastructure, domestic value addition, economic diversification and stronger environmental and revenue-management systems. This also requires meaningful consultation with governments, civil society, workers and affected communities.

The second challenge concerns **effective coordination between the EU, its Member States, CRM-producing countries, and the private sector to ensure that DC contributes to more resilient CRM supply chains**. The link between DC and CRM resilience is often indirect and difficult to demonstrate. Investments in governance, skills, or enabling infrastructure can improve the conditions for resilient supply chains, but do not automatically translate into local industrial development or job creation. As such, capturing these benefits requires close coordination to ensure that development and commercial investments are aligned with the shared interests of all partners involved. Joint planning can help align public investments with private projects while ensuring that commercial activity supports CRM-producing countries' development strategies. Coordination mechanisms should also include local authorities, workers, civil society and affected communities, helping to identify social and environmental risks, avoid duplication and ensure that benefits are distributed fairly.

43 Global Health Advocates, "ODA Needs to Be Linked to the Development Needs of Partner Countries," interview with Paul Okumu, February 5, 2025, https://www.mffhub.org/resources/oda-linked-development-needs-partner-countries.

5. Conclusion & policy recommendations

The EU's CRM challenge is not simply to identify new mineral deposits or sign additional strategic partnerships, but to turn high-level agreements into feasible, sustainable and mutually beneficial supply chains. A gap remains between the EU's diversification objectives, the commercial conditions required by investors, and producer countries' ambitions for local processing, industrialisation, employment, revenues, and skills development.

Development cooperation can help bridge this gap. Rather than primarily financing capital-intensive mines or processing plants, which will continue to depend on commercial investment, DC can support the enabling conditions that private investors are often unable or unwilling to provide. These include geological knowledge, strong institutions, reliable infrastructure, a healthy and skilled workforce, and support for compliance with European sustainability requirements.

Development cooperation should be treated as an enabling layer within the EU's CRM strategy: one that can connect EU supply security objectives to the governance, infrastructure, skills and local value addition sought by CRM-producing countries. The following policy recommendations clarify how EU institutions and Member States can act together to provide the resources, strategy and implementation arrangements needed to align DC with resilient and responsible CRM supply chains.

1. **Safeguard adequate ODA and DC funding in the next MFF, including dedicated resources for strategic priorities such as resilient and responsible CRM supply chains.** Such funding should support the enabling conditions for sustainable mineral value chains, while remaining aligned with the development strategies of partner countries that produce CRM. Given pressure on national budgets and the strategic importance of secure CRM supplies, it is vital to maintain or strengthen EU-level development finance under Global Europe to support the development of sustainable and resilient CRM supply chains.

2. **Integrate development cooperation objectives and CRM programming into the programming and implementation of the 2028-2034 MFF.** CRM relevance alone should not justify the use of development funding, but integrating these agendas would align development, trade, industry, and financing efforts around coordinated strategies developed with partner governments, businesses, communities, and regional organizations.

3. **Promote the integration and blending of MFF funds that pursue shared objectives, regardless of the institutional structures through which they are managed.** Within the next MFF, this means better connecting CRM-related financing under the European Competitiveness Fund with development finance provided through Global Europe to maximise overall impact.

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