

REVIEW AUGUST-DECEMBER 2021

EUROPEAN
ARTIFICIAL
INTELLIGENCE
FUND

EXECUTIVE SUMMARY	4
A NOTE ABOUT THIS ANNUAL REPORT	6
WHO WE ARE	7
OUR VISION	7
OUR MISSION	7
GOVERNANCE	8
TOWARDS A MORE DIVERSIFIED ECOSYSTEM OF EUROPEAN PUBLIC INTEREST ORGANISATIONS AND CIVIL SOCIETY WORKING ON POLICY AND TECHNOLOGY	9
TAKING STOCK OF GRANTEE PARTNERS' PROGRESS AND CHALLENGES	10
INCREASED OUTREACH ABILITY ON AI ISSUES	10
MULTIPLE CHALLENGES RELATED TO BUILDING EXPERTISE ON AI	13
FACTORING THE DIVERSE EUROPEAN CONTEXT OF PUBLIC SECTOR USES OF AI AND THE IMPACT OF COVID-19	16
REFLECTING ON OUR FUNDING PRACTICES	18
FUNDING+	18
LOOKING AHEAD	20
TECH AND COVID-19 INSIGHTS	24
TECH AND COVID-19 EVENT	24
LEARNINGS FROM CHECK-IN CALLS	27
IMPACT STORIES	28

STRATEGY UPDATES	32
GROWTH STRATEGY	32
COMMUNICATIONS STRATEGY	32
FIRST EVENT	33
M&E FRAMEWORK	33
REFRESHED THEORY OF CHANGE	33
STRATEGIC PLANNING	35
KEY RECOMMENDATIONS FROM THE RESEARCH REPORT	35
THE PLANNING WORKING GROUP'S ROUTE AHEAD	38
PRIORITIES FOR 2022	43
FINANCIAL REPORTING	44

EXECUTIVE SUMMARY

I For a healthy public sphere, we need healthy debate about the roles that technology, especially artificial intelligence (AI), can and should play in society. Civil society's many voices are crucial to this debate but, out-numbered and out-resourced by big global tech companies, they face a multitude of challenges. We want - we need! - civil society to be heard loud and clear.

The European AI Fund is a philanthropic initiative to shape the direction of AI in Europe. We aim to strengthen civil society and deepen the pool of experts across Europe who have the tools, capacity and know-how to catalogue and monitor the social and political impact of AI and data-driven interventions and hold those responsible to account.

To tackle these challenges, a remarkable alliance of philanthropies has come together in the European AI Fund, with more joining as we write this report. Together, we're building momentum towards a world where AI serves the interests of individuals and societies, and where policies and funding regulating AI champion equity, fairness and diversity as well as democracy and human rights. Together, we're fighting to make sure that when we think about AI, we think first about society.

Since the fund's inception, we have made great strides and meaningful contributions to the work of more than 20 grantees through two funding rounds: an open call to strengthen organisational capacity around policy and advocacy, and a Tech and Covid-19 research grant to support organisations monitoring Europe's tech response to the pandemic.

With our support, grantees have explored how AI systems have been deployed in response to Covid-19 and examined best practice privacy-preserving choices around AI by governments. They have analysed the impact of AI on workers' rights and fought for transparency in the use of AI systems by public authorities,

among many other activities you'll find in this report. More importantly, grantees have been building policy and advocacy capacity so that these projects are not one-offs but form the foundations of future work. All of this has taken place alongside collective learning, with grantees sharing insights and best practices, elevating the field among their peers and philanthropic partners alike.

As one of very few funds offering targeted core funding, we've found our approach to be essential in filling in funding gaps across civil society. Our position as a flexible and supportive partner - both in terms of funding and additional support - has proven useful and welcome. We continue to build trust and strong relationships with civil society organisations, fellow funders and grant makers and the fund has already established itself as a small but integral actor in the larger AI and society ecosystem. We have been especially happy to see how civil society and funding partners have engaged around the fund to learn and grow together.

That being said, as the role of AI across all parts of society continues to evolve and policymakers in Europe and around the globe engage with the topic more intensely, we realise the civil society ecosystem must grow and mature to keep pace. This is why we have developed an ambitious agenda and growth strategy for the fund's next chapter and continue to refine and expand our funding strategy.

If we continue on our trajectory, we can help European civil society become an even more powerful force in ongoing and future debates around the social and political impact of AI. Towards this goal, we will continue to support our civil society partners, identify and offer opportunities to new and established actors, and foster mutual learning across our network.

In 2022, the European AI Fund will continue the important work of strengthening the European AI and society ecosystem, shaping the direction of AI in Europe to put individuals and society first.

A NOTE ABOUT THIS ANNUAL REPORT

We published a comprehensive report for the first year of the fund's operations, covering August 2020 to August 2021. However, as we are switching our annual reporting to follow the calendar year, this report covers the period from August to December 2021. It focuses on key programmatic achievements and lessons learnt.

In this reporting period, the fund's management team has focussed on four key priorities:

- We conducted check-in calls with each of the fund's grantees, to gather preliminary data on grantee needs, as well as feedback on our own performance.
- We began implementing the fund's Funding+ and convening strategy, organised around the two existing cohorts of our grantee partners.
- We also began implementing and fine-tuning the fund's growth strategy, communication strategy and M&E framework.
- Together with the planning working group we also defined, and partially implemented, the fund's strategic plan for future grant-making activities.

In the following report, we deal separately with each of these strands of work.

WHO WE ARE

In discussions on the role of AI in society, the voices of civil society are essential but currently under-represented.

The European AI Fund is a philanthropic initiative to shape the direction of AI in Europe. We are a group of national, regional and international foundations working in Europe with the aim of strengthening civil society and deepening the pool of experts across Europe who have the tools, capacity and know-how to catalogue and monitor the social and political impact of AI and data-driven interventions and hold those responsible to account.

The fund is currently supported by the Bertelsmann Stiftung, Charles Stewart Mott Foundation, Fondation Nicolas Puech, Ford Foundation, King Baudouin Foundation, Luminate, Mozilla Foundation, Oak Foundation, Open Society Foundations, Porticus Foundation, Robert Bosch Foundation, and Stiftung Mercator.

Bertelsmann Stiftung and Porticus Foundation joined the fund in December 2021.

OUR VISION

The members of the European AI Fund envision a world where AI serves the interests of individuals and society, and where the policies and funding that regulate AI champion equity, fairness and diversity, as well as democracy and human rights.

The pursuit of this vision includes addressing the role AI may play in entrenching or amplifying structural forms of discrimination and exclusion, such as racism and gender prejudice, social and cultural bias.

OUR MISSION

Our mission is to promote an ecosystem of European public interest and civil society organisations working on policy and technology, based on a diversity of actors and a plurality of goals that represents society as a whole. This means we want to:

- Strengthen civil society and deepen the pool of experts across Europe who have the tools, capacity, and know-how to catalogue and monitor the social and political impact of AI and data-driven interventions and hold those responsible to account.

- Have more civil society organisations, both those already working on AI/machine learning (ML) and those not yet working on the topic, shape the direction of AI and its uses.
- Empower civil society organisations to participate in the development of positive future visions that can be achieved with the help of AI technology.
- Ensure that these civil society partners are hosted in stable organisations and institutions.
- Be more and better connected to learn from each other.

Operationally, the fund is committed to using its resources to build a more equitable AI and society ecosystem. Equity, at its heart, is about removing the barriers, biases and obstacles that impede equal access and the opportunity to succeed.

GOVERNANCE

The European AI Fund is hosted by the Network for European Foundations (NEF) and is based in Brussels. NEF is an association of leading European foundations, dedicated to strengthening philanthropic cooperation.

The AI Fund's governing body, the Steering Committee, is composed of its partner foundations. The Steering Committee has two elected co-chairs. All participating donors are encouraged to take part in the working groups that guide different streams of work. During the period covered in this report, Becky Hogge (Open Society Foundations) replaced Swee Leng Harris (Luminate) as a new co-chair. Becky will work with Mark Surman (Mozilla), in the coming months.

The fund's inaugural Director, Frederike Kaltheuner, left the European AI Fund at the end of 2021 to pursue other professional opportunities. We appointed Peter Bihl to serve as the fund's interim Director until a new director is enrolled, which should happen in the second trimester of 2022. Peter is an independent advisor at the intersection of technology, governance, policy and social impact, primarily with foundations, non-profits and the public sector. He also serves as special advisor to Stiftung Mercator's Center for Digital Society.

TOWARDS A MORE DIVERSIFIED TECH AND SOCIETY ECOSYSTEM

Two funding initiatives currently compose the European AI Fund: an open call for targeted core funding and a Tech and Covid-19 research grant.

At the time of writing this report, the European AI Fund is half way through its first programming period (July 2020-July 2023). Now is therefore a good time to take stock of our grantee partners' progress in terms of our main objective - namely, the strengthening and diversification of the European ecosystem of civil society organisations working on policy and technology.

By providing core funding, we aim to enable civil society organisations with AI expertise to strengthen their strategic capacity in advocacy and policy and thereby shape Europe's digital future in the mid- and long-term. We also want to help more civil society organisations build expertise on AI issues, particularly those with strong advocacy and policy capacity, whose work is either affected or transformed by the deployment of AI and/or automated decision making (ADM) systems but which lack expertise.

Finally, we want to build a cohort of grantees to ensure that civil society partners are more and better connected to learn from each other. In addition to grant making, the European AI Fund therefore provides opportunities for our grantee partners to learn, reflect and connect through our Funding+ and convening strategy.

TAKING STOCK OF GRANTEE PARTNERS' PROGRESS AND CHALLENGES

In autumn 2021 we conducted mid-term check-in calls with all European AI Fund grantees. From these calls, we saw that progress is being made but they also triggered self-reflection within the fund on our funding practices and how we can better progress towards our goals.

INCREASED OUTREACH ABILITY ON AI ISSUES

In line with our initial goal, we were pleased to see that many organisations report an increased ability and confidence in engaging on AI policy debates. One organisation said that since receiving the grant, they had gained unexpected visibility, with organisations proactively reaching out to them for opinion pieces and advice.

As another organisation put it:

“Shaping policy issues around AI was very difficult at the beginning of the year because we had no idea what form the EU’s AI Act would take. Given that we now have a concrete proposal on the table, things are in some sense easier, but in other senses more complex. On the one hand, we know what we are dealing with and have something concrete to amend. However, as already mentioned, the fact that the Commission chose a product safety framing for the AI Act poses challenges for protecting fundamental rights. The work that we have done on coalition building, and particularly our close cooperation with (a fellow grantee organisation), has enabled us to work very effectively on AI policy in the EU and beyond.”

Organisations also report that they have made new connections:

“The fund gives us networking opportunities (mailing lists, workshops, suggestions for establishing contacts). Thanks to the workshops on AI Strategy, we had contact with many other grantees, and we had the opportunity to exchange experiences on AI Regulation.”

MULTIPLE CHALLENGES RELATED TO BUILDING EXPERTISE ON AI

At the same time, the same calls highlighted the main challenges faced by grantees and offered lessons for going forward.

Grantees face significant challenges in hiring and retaining staff, which lead to delays

Nearly every organisation that decided to use this grant for hiring reported significant challenges in recruitment. Hiring is usually done by the project staff tasked with implementing the grant and takes time. There are also significant challenges associated with hiring and retaining technical staff in the civil society sector, including the insurmountable pay gap compared to the private sector as well as difficulties defining the kinds of technical skills necessary in the first place.

LESSONS LEARNT:

Since so many organisations were hiring for very similar talent at the same time, our grantees faced competition for talent. This is something we should consider going forward.

Our 18-month funding period means an organisation can realistically only commit to a one-year contract for a staff role that depends fully on the funding. Staff recruitment and retention are helped when an organisation can provide longer-term perspectives. As a fund we should continue to reflect on how we can better support organisations to hire and retain technical talent. Offering longer-term funding is one aspect we should consider.

The tech policy agenda has been packed, causing capacity issues

The legislative processes around the Digital Services Act (DSA) and Digital Markets Act (DMA) have been very dynamic and time-consuming. At the same time, the AI Act was published sooner than expected while also taking longer than anticipated. This situation has challenged the capacity of organisations that are already focussed on tech-related digital rights issues. As a result, organisations have had to reorganise their proposed work, set far tighter priorities and delegate some of the legal and policy research to external collaborators - which has meant higher costs and lost opportunities to build on internal knowledge.

The importance of inter-organisational advocacy

Due to the structure of the grant, a large number of the organisations we support are membership or networking organisations. While those with offices in Brussels are keenly aware of tech and AI-related issues, this isn't always the case for members of their networks - for varying reasons. Some face pressing other needs, others simply lack the resources to take on additional work. This is particularly the case for volunteer-run membership organisations, and those which work with or represent marginalised communities. As a result, membership and networking organisations need to spend a disproportionate share of their time advocating internally for the need to work on tech and AI.

LESSONS LEARNT:

Going forward, we want to continue to tailor our approach to the specific needs of the organisations we support. These are different for each organisation. Membership organisations in particular may need additional resources to train and build capacity among their base.

Building new expertise takes time

The nature of our funding strategy - organisational capacity building - takes time. This is true for organisations building up their capacity in AI and digital issues more broadly and applies equally to those using our funds to shape policies at the European level.

Some organisations stressed that becoming experts on a new issue takes time. It is one thing to learn about AI and something entirely different to translate this capacity into a sophisticated position on AI issues. Tied to this are challenges faced by organisations in delineating their focus issues. The field is broad and shaped by intersectionality; many organisations are still exploring where they can make a meaningful contribution.

The key to conducting effective advocacy is for organisations to exchange and coordinate with others working on the same topic. In some cases, topics are so niche that this can be extremely difficult. Civil society exchange is lacking or absent around certain topics, and some organisations struggle to formulate positions because there is such limited expertise available.

Another challenge is finding the right experts (particularly legal experts) on the EU AI Act and related relevant sectoral regulation. This is especially true for reviews of draft positions.

As one organisation shared with us:

“The complexity of the discussion is enormous, and it is a challenge to decide what aspects to focus on. When it comes to the AI Act specifically, its general approach as a single market instrument — which is based on a product security logic — requires an enormous level of legal expertise in a field that is new to us. Depending on this, many actors struggle to find coherent positions and develop concise advocacy strategies on the Act. That said, there are many actors to build coalitions with, some of them organisations and individuals we have not had contact to in the past, so it takes a lot of time. The coordination of these exchanges is resource-intensive.”

FACTORING THE DIVERSE EUROPEAN CONTEXT OF PUBLIC SECTOR USES OF AI AND THE IMPACT OF COVID-19

The impact of changing political climates on public sector transparency

Large regional variations exist in the ability of organisations to effectively monitor public sector uses of AI. In contexts where access to information is difficult, and where public institutions operate under a culture of secrecy and/or are unwilling to engage with civil society organisations, obtaining public information can involve lengthy, and sometimes combative, public proceedings. This has been brought up in the context of the Balkans and Eastern Europe, where some of the organisations we support highlighted the difficulty of accessing public information due to the specific local political context.

One grantee stressed how access to public information is crucial to building good practice in the public sector use of AI/ADM systems. Yet the same grantee encountered a culture of secrecy in many crucial civic institutions (such as the Ministry of Justice). Gathering information to assess the public sector's use of AI/ADM systems therefore proved extremely difficult. For example, to gain access to the algorithm which assigns cases to judges in common courts, they first had to receive a court verdict that the algorithm was classed as public information. This took several years. They highlighted how a high level of freely-available information and public transparency is crucial when it comes to monitoring and scrutinising the use of new technologies by the state.

Monitoring the public sector use of AI is much easier in some EU jurisdictions than others. That being said, it invariably requires tremendous resources and time.

LESSONS LEARNT:

Grantees' operational contexts vary enormously and can be subject to change. When things get harder for our civil society partners, we should continue to work closely with them to figure out options and the types of support appropriate to their changing operational contexts (i.e. flexibility in terms of deadlines and budget re-allocations, etc.). The disruptions brought about by the pandemic have highlighted this need clearly.

The continued impact of Covid-19

Covid-19 continues to have an impact on organisations' capacity, and that impact is distributed unevenly. Many find that the reduced ability to travel renders effective advocacy more challenging. Making new connections online is hard, and organisations frequently rely on interpersonal relations built up pre-Covid. This creates extra challenges for those organisations based outside of Brussels or that are only starting to build up their policy and advocacy capacity and so do not have these pre-existing connections.

LESSONS LEARNT:

While the pandemic ebbs and flows, we cannot lose sight of the fact that it continues to place additional burdens on the organisations we support, especially those just beginning to build capacity and networks in this field. We also see potential additional benefits in Funding+ to address these issues.

REFLECTING ON OUR FUNDING PRACTICES

Given all the contextual elements outlined above, it was essential for the fund to be flexible and prepared to provide grant extensions where necessary. Following the autumn calls, all grantee partners were given extensions at the beginning of 2022 - some through so-called “cost extensions” (meaning additional funds and additional time), some as so-called “no cost extensions” (meaning additional time, but no additional funding).

There were also lessons to be learned about our own funding practices and how we can best support organisations in ways beyond providing grants. These include:

- Convening grantees: Most of the grantees welcome the fund’s efforts to connect them. The fund needs to make sure that the workshops are equally useful for organisations with different levels of expertise on AI and ADM.
- Elevating the grantees’ voices through our communications is key.
- There is a general appetite for support in fostering connections between grantees and relevant experts (especially tech experts and policy makers).

FUNDING+

In autumn 2021, we worked with an external facilitator to host a series of strategy workshops on the AI Act proposed by the European Commission. At this stage, we limited participation to the fund’s current grantees.

Given that training and funding needs are so diverse, we also offered a 5,000 Euros training and learning grant to each organisation in this cohort.

Positive feedback on interaction with the fund

During the calls, organisations reported that they feel confident to reach out to the European AI Fund with criticism, feedback or concerns. Generally, they also reported feeling well supported.

“We appreciate the personal culture, good communication and the professional approach of the European AI Fund representatives.”

LOOKING AHEAD

The same calls also allowed us to identify areas of our work requiring improvement. Grantees' comments complemented the exercise undertaken in the fund's annual report covering July 2020-August 2021.

Framing of the open call grant as “targeted core funding”

Something that came up regularly in conversations was the somewhat ambivalent framing of the open call grant as “targeted core funding”. On the one hand, we are quite open to how grant money can be used, and the main purpose of our funding is not the completion of a project but organisational capacity-building. At the same time however, some of the wording used in the open call, the format of the budget we asked organisations to submit as part of the application, and some of our contractual terms suggested that this grant is more akin to project funding.

Managing expectations so that potential grantees understand the fund's intention (core funding) is something we need to improve.

LESSONS LEARNT:

Even if we want to support a particular organisational function (such as research or policymaking), our subsequent grants, and any grant extensions, should be more clearly directed towards core funding.

Living up to our mission requires continuous effort

Our mission has implications not just for who we fund, but also how. This requires us to think outside the box and occasionally take unusual paths and risks (within reason).

In our conversations with grantees, we noticed that organisations have very different levels of confidence in proactively reaching out to the fund's management team to ask for changes and modifications.

When discussing grant extensions, and further opportunities for funding more broadly, several organisations shared that they had deliberately asked for less money than the proposed work required in the hope of appearing more competitive in the application process.

As one organisation put in a feedback form:

“The fund could reassure us of the need not to over commit to too many deliverables.”

LESSONS LEARNT:

If left unchecked, the inherent power imbalance between funders and grantees tends to create unhealthy, unsustainable dynamics. It is part of the fund's responsibility to foster a healthy dynamic between the fund and grantees, both actual and potential. We need to continually improve communications around how the fund operates, as well as around the kind of impact we intend this specific grant to have - namely sustainable, long-term capacity-building. We need to manage expectations and make the effort to explicitly communicate what the fund both does and does not expect. We should proactively and repeatedly approach the organisations we support to highlight the fact that our funding is flexible.

High touch: Take each organisation's current situation into account

In our mission statement we have made a commitment to strive towards equity in our funding practices. Conversations with the organisations we support have revealed that we need to adopt a more high-touch, fine-grained approach in our assessments of them and the impact they are able to achieve through our funding.

We initially separated our cohort into two categories: organisations already working on AI (and aiming to increase operational and policy capacity), and organisations with other backgrounds who have started to build up expertise on AI. This distinction alone is insufficient to capture the diversity of organisations we support, but clarifies our necessary approach (capacity building for the first, AI expertise for the latter).

LESSONS LEARNT:

Our M&E framework is designed to hold the fund accountable and assesses the impact of its funding. When we come to measuring impact, we need to take into consideration that different organisations operate under vastly different circumstances. One metric does not fit all.

For future funding rounds we also strongly recommend not taking potential and actual grantees' proposed budgets as the upper bound of what we ultimately decide to grant. Instead, we should have an open conversation with each shortlisted applicant to assess whether the budget and proposed work is sustainable as well as realistic – from our work with other grantees, we can bring helpful expertise to this conversation. We should strive for flexibility in our funding based on the grantee organisations' needs at the time.

Building a cohort is challenging

Grantees welcome the fund's efforts to create a cohort. While new connections have emerged organically or at our initiative, being part of the same cohort alone does not automatically lead to coordination, exchange or mutual support.

We succeeded in putting together a heterogeneous cohort, which is good and noteworthy, but which brings its own challenges. Most organisations have found the fund's AI policy strategy sessions useful, with one organisation saying they adopted its facilitation methods. However, other organisations already deeply involved in the issue said they would have preferred the meeting to have been convened by an organisation with domain expertise. Again, this highlights how the organisations we support have very different needs.

LESSONS LEARNT:

Creating opportunities for grantees to meet each other as well as funders is part of the fund's Funding+ strategy. Given that most of the organisations we support were struggling with lockdowns and other Covid-related restrictions early in the year, we waited until early summer to organise convenings and events. We experimented with holding virtual and in-person meetings on our own, as well as convenings and events we organised with the help of professional facilitators where it made sense. We will need to refine and improve on this approach in the new year. Organisations can use our Funding+ grants of 5,000 Euros to organise convenings or facilitate collaborations of their own and can also request funds alone or jointly. We are considering opening up Funding+ grants to non-grantees, too.

There remains a need for structured coordination

Some grantee partners reported that they felt overwhelmed by the sheer number of activities and events that were held in the second half of 2021. There is a clear need for more coordination when it comes to policy as well as connecting organisations that already work on AI and/or have deep domain expertise. The fund itself has limited capacity and is not ideally positioned to play this role. Providing future grants for coordination was one of the key recommendations provided by the external consultants who helped us develop our future funding strategy (see below).

TECH AND COVID-19 INSIGHT

With our Tech and Covid-19 grants, we want to play our part in helping ensure that organisations which have been monitoring Europe's tech response over the past few months can continue their crucial work. Our goal is to work together with our grantee partners and open conversations about how we can collectively learn from this current moment. Since this is a time-sensitive issue, we decided not to announce an open call and instead invited selected organisations to apply.

Given the dynamic nature of the pandemic, we have granted organizations more time (so-called "no-cost extensions") where necessary as part of this grant (hence why we have delayed the final reports).

TECH AND COVID-19 EVENT

In September 2021 we organised an invitation-only online event with all grantees of the Tech and Covid-19 funding stream. We counted 41 participants at the event.

More than two years into the pandemic, it has become evident that the diffusion of technology and norms arising as a result of our collective societal responses to Covid-19 will have implications for generations to come. Throughout 2021, the European AI Fund has supported organisations and research groups that monitor, document and critically analyse the role that data, ADM systems and technology more broadly play in Europe's ongoing tech response to the pandemic. This meeting engaged policymakers and key civil society actors on issues emerging in Europe at the intersection of tech, AI and Covid-19. It showcased the work in progress of our grantees, created a moment for reflection on the current and future use of tech during the pandemic, and deepened collaborative networks between attendees.

Below is a summary of our findings regarding the impact of Europe's ongoing tech response to the pandemic on the work of civil society and our sector.

Larger patterns

What we are witnessing is not a quantum leap into the use of more sophisticated AI/algorithmic systems as a result of the pandemic but rather a case of “infrastructure build up” - that is to say, the piecemeal establishment of digital infrastructures that over time will prepare the ground for the rollout of digital technologies, such as digital identity.

This build up has not happened evenly or equally across Europe and is more prominent in some areas than others. However, what we do observe across the board is the general normalisation of surveillance, digital monitoring and identity verification, which seem to have become less disparate and more standardised across Europe as a result of the pandemic. We are also witnessing the institutionalisation of app-based health services, sometimes too rushed to have the necessary debates.

Digital rights during the pandemic

In pandemic tech, we are observing an already well-established pattern: fast tech solutions that move ahead of regulation but which perpetuate and reinforce structural biases.

Civil society and government responses

- To act quickly, governments increasingly have to rely on Big Tech infrastructure. Is it necessary to find alternatives to Big Tech and build up administrations' independent capacity?
- Regulation is key to ensure that all actors - including the big platform companies - play by the rules. But the last few years have shown the power Google and Apple hold through control of their app stores. These two companies can even regulate whether a public health authority can publish an app in their own country. We are heavily reliant upon civil society, universities and others to lead on the analysis of this situation and push back against its effects - for example, centralised contact tracing.
- Except in areas like public health where governments have lots of experience, there exists a systemic lack of technology expertise in governments. Attractive career opportunities for engineers in the public sector often do not exist, whereas Big Tech has well-established development pathways for tech talent. The public sector needs to become competitive in recruiting and retaining talent.

As one participant of the funder session put succinctly:

“I came out of this session seeing a tidal wave of issues coming from 360 degrees. Enormous problems, while thousands of lobbyists are defending industry. What are the secondary battles? What can we fight, what must we concentrate on?”

LEARNINGS FROM CHECK-IN CALLS

Individual conversations, as well as a survey with the organisations we support revealed some key themes and patterns.

Continued toll of the pandemic

Just like the open call cohort, Tech and Covid-19 grantees report that the pandemic continues to remain a challenge for their work. Travel restrictions make data gathering harder and have made the planning of in-person meetings difficult.

Another challenge they shared was managing the overwhelming amount of Covid-19 responses required daily. This often meant needing to focus on specific aspects at the expense of the broader picture. The fast-paced and evolving nature of tech responses to Covid-19 remains time and resource intensive, especially given the relatively small size of our grant.

The need for truly flexible grants

Most of our Tech and Covid-19 grantees needed to shift the focus, scope, or formats of their work due to the challenges related to the pandemic.

Building new connections

Generally, grantees feel well connected to other grantees in their cohort. Some grantees mentioned that as some of them were working on similar topics, there could have been more intersections in the day-to-day research.

LESSONS LEARNT:

With this grant we set ourselves a relatively modest goal: to contribute to enabling the research necessary to monitor Europe's tech response to the pandemic. The lesson here is that we need to revisit how we can ensure that the important findings and questions raised by the research we funded in 2021 carry over, to reach policymakers as well as civil society actors who could benefit from the findings.

IMPACT STORIES

BIRN

Through their project “Reporting and Monitoring Digital Rights in South-Eastern and Central Europe” BIRN managed to enhance the reporting skills of journalists, improve collaboration among media professionals and tech organisations, advance reporting on digital rights in the region and monitor the state of digital rights in eight South East Europe (SEE) countries: Bosnia and Herzegovina, Croatia, Hungary, Kosovo, Montenegro, North Macedonia, Romania and Serbia.

Through an open call for participation, 11 journalists were selected for the programme (two as a team). They received editorial training as well as on-the-job mentoring, including daily support from BIRN staff, who provided contacts and helped establish connections among journalists and tech organisations. Consequently, each produced a high-quality journalistic piece exploring digital rights issues and trends - topics that remain largely under-reported in this region.

BIRN developed a special focus page on its flagship website Balkan Insight¹ to provide the public with updates on digital and tech solutions introduced during the pandemic. Data gathered by BIRN were presented through their Covid-19 Crisis Tech Response live feed.² BIRN’s regional digital rights monitors also mapped more than 50 different solutions created in response to the on-going health crisis. BIRN’s report on digital rights across these eight countries was presented in December 2021 in Sarajevo³ and followed by a series of discussions among regional digital rights actors on its trends and findings, focusing on Bosnia and Herzegovina.

In a nutshell, BIRN was the only media outlet in the region providing information on the tech response in the region, and its design and use by public and private actors.

¹ <https://balkaninsight.com/focus-on-covid-19-outbreak/>

² <https://balkaninsight.com/covid-19-crisis-tech-response/>

³ <https://birn.eu.com/news-and-events/birn-presents-annual-digital-rights-report-in-sarajevo/>

Looking ahead

This funding helped journalists improve their reporting and investigative skills and keep up to date with the latest tech developments and related challenges. The complexity of the digital environment, additional threats posed to digital safety by fast-evolving technologies and rises in digital rights violations make reporting on these issues challenging. Additionally, due to low digital literacy and poor digital security practices among citizens in the region, issues reported in this field can seem unrelatable to wider audiences. Paradoxically, the growing number of online violations to rights and freedoms contributes to the “normalisation” of a hostile and toxic on-line sphere in the region.

Additional efforts are therefore needed to produce stories in a more appealing journalistic format that cover both the existing and emerging tech and digital issues faced by these societies. In establishing common awareness among citizens of their online safety and rights in the digital environment, this work is of lasting importance.

Most of the stories produced by BIRN have been translated into local languages and republished by local media in the countries they cover. Digital transformation in the SEE region is still in its early days and the need for journalists to be equipped with the knowledge and skills to understand and cover the vital topics of this process will be of the outmost importance for citizens' rights.

Superrr - Covid-19 Infrastructure Playbook

Through the Covid-19 Infrastructure Playbook,⁴ Superrr examined the concepts, development and deployment of digital public infrastructure in the fight against Covid-19, paying special attention to the role of digital civil society actors.

Based on desk research and qualitative interviews, the Covid-19 Infrastructure Playbook describes and evaluates civil society engagement in the digital field. It defines four profiles to describe different forms of digital civil society engagement that depict the strengths and weaknesses of its actors. Four specific cases from across Europe give insights into how civil society, public administration and policymakers can improve their collaboration around digital issues and complement one another.

⁴ <https://superrr.net/publication/infrastructure-playbook/>

The Playbook's key findings were discussed with civil society organisations and policymakers during two workshops (one at the German DSEE barcamp, one at an internal workshop of the Cities Coalition for Digital Rights with mayors from member cities of the coalition). The report was published online in English and German (the German also as a print edition) and sent out to MPs.

In January 2022, SUPERRR representatives discussed the findings of the report with a committee of the state parliament of North Rhine-Westphalia. SUPERRR is seeking further conversations with policymakers.

Looking ahead

Civil society organisations across Europe came up with digital responses to the pandemic, but often reinvented the wheel. Exchange or cooperation across borders was not facilitated and therefore scarce.

Public administrations want civil society organisations that provide digital infrastructure to function just like businesses and provide the same service (e.g. 24h help hotlines). By contrast, these organisations often provide digital infrastructures as a proof of concept and expect public administrations to adopt their approach or at least to take an active part in the project.

If civil society organisations act as watchdogs that are seen to "interfere" with public IT projects because their expertise was not asked for earlier, they do not have a choice but to be disruptive.

STRATEGY UPDATES

GROWTH STRATEGY

Closely tied to the fund's revision of its governance structure, as well as decisions about future funding activities, are questions around growth.

Individual conversations with donors have revealed a keen interest in growing and expanding the fund. During the July 2021 Steering Committee meeting, the fund signed off on a growth strategy.

At the end of 2021, the European AI Fund was happy to welcome two new partner foundations to the fund: the Bertelsmann Stiftung and Porticus Foundation.

Our partner foundation Luminate shifted their focus away from Europe. As part of their exit, Luminate contributed an unrestricted exit grant from to the European AI Fund, which we can use to provide additional runway for our ongoing funding activities as well as towards our growth goals.

COMMUNICATIONS STRATEGY

Since its inception, the fund's announcements have received good attention on social media. The fund's account now has over 1.5K followers on Twitter. In August 2021, we launched a LinkedIn page⁵ for the fund, which has since gathered over 150 subscribers. The monthly newsletter⁶ contains regular updates about tech policy, elevates the voices of our grantees, and shares new funding opportunities and job openings. Since its launch in July 2021, the newsletter has attracted over 400 subscribers and we're seeing a steady increase in subscriptions with each edition published.

⁵ <https://www.linkedin.com/company/european-ai-fund>

⁶ <https://www.getrevue.co/profile/euaifund/issues/eu-ai-fund-news-issue-3-745818>

FIRST EVENT

In September 2021, the fund has held its first external event: *When does a pandemic end? Lessons learnt from Europe's ongoing tech response to Covid-19.*

The event engaged policymakers and civil society actors on key issues emerging in Europe at the intersection of tech, AI and Covid-19. It showcased the work in progress of the Tech and Covid-19 grantees, created a moment for reflection on the current and future use of tech during the pandemic and deepened collaborative networks between attendees (see dedicated section).

M&E FRAMEWORK

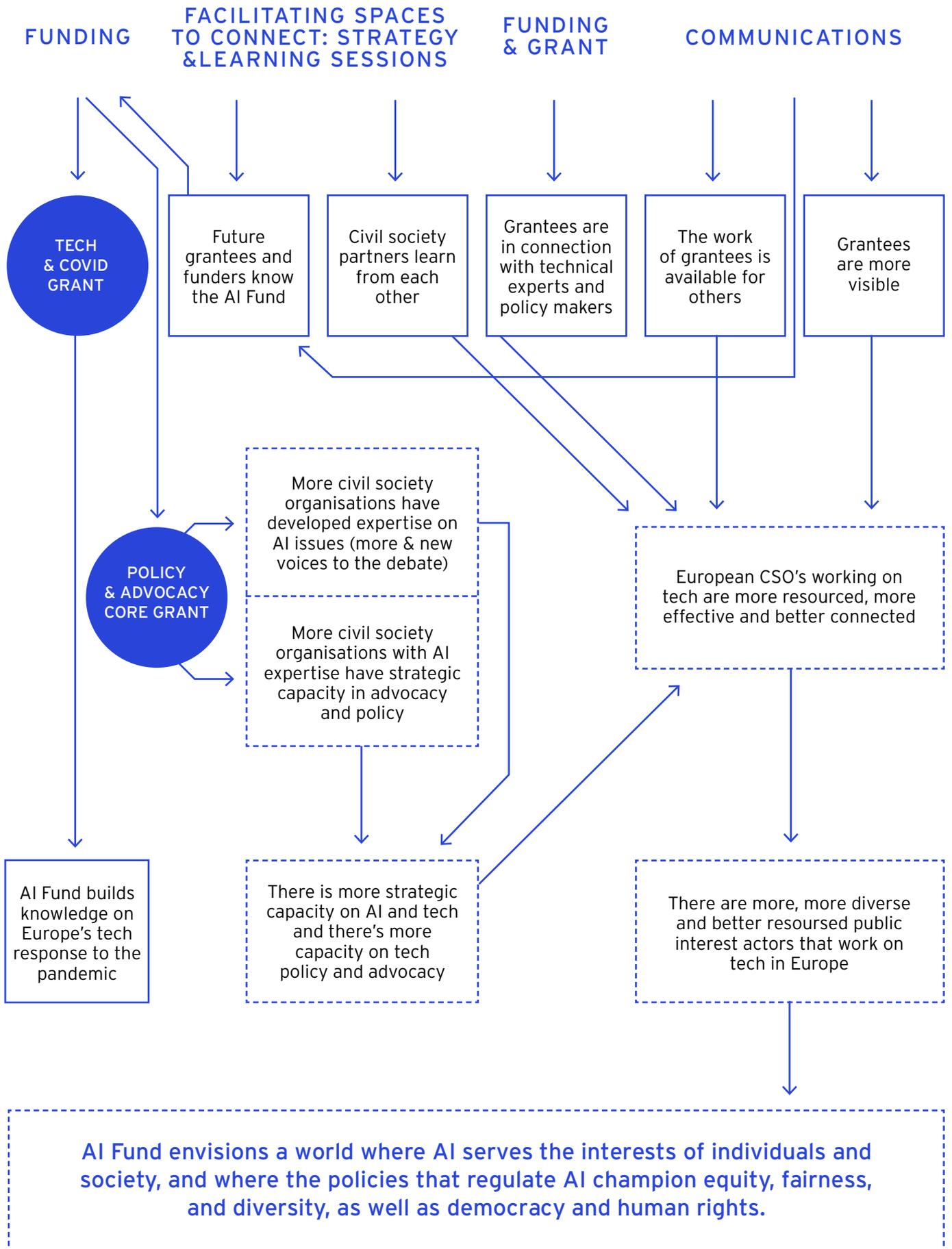
The fund's M&E framework is a living, dynamic document that evolves through time. A revised M&E framework was presented at the November Steering Committee meeting, incorporating feedback from partner foundations of the fund as well as grantees.

The main point of improvement collected in this feedback loop concerned the need to clearly separate evaluation of the fund's operation from evaluation of the overall long-term impact of the fund, as well as the impact of the work done by grantees.

To round off the process, we hired an M&E evaluator to help us finalise the fund's M&E matrix and theory of change.

REFRESHED THEORY OF CHANGE

Based the external evaluator's work and in consultation with the fund's management team, the theory of change has been refreshed as below. The Steering Committee Members will endorse this in an upcoming meeting.



STRATEGIC PLANNING

In planning our next funding streams, the fund worked with three external consultants to conduct background research and mapping that will help us identify potential funding options. Those recommendations were discussed and digested by the Strategic Planning Working Group with a view to refine and expand the Fund Strategy for the next programming period (January 2022 - September 2023). We published the findings as a three-part report in November 2021:

Part I: Mapping the European AI and society ecosystem

Part II: Mapping the funding needs of the European AI and society ecosystem (interviews with grantees and non-grantees)

Part III: Mapping existing funding strategies with other foundations (interviews with foundations)

KEY RECOMMENDATIONS FROM THE RESEARCH REPORT

Our initial strategy was to focus on two areas of the ecosystem: policy expertise and sector expertise. After some learning period and a review process with our external consultants we have decided to widen our scope to include other key functions of the ecosystem such as Community Organising, Alternative Futures or Bridge Building. Our consultants' report⁷ also includes concrete recommendations for where the fund should focus its resources going forward, which we have incorporated into our strategy. The current strategy of the European AI Fund is building policy capability and stronger connections between digital rights and social justice groups, as well as organisations with domain expertise. The need to amplify the voices of social justice groups and increase their capacity to tackle these issues on a consistent, long-term basis was repeated throughout all the interviews.

At the same time, we are moving into a new phase that is less about European policy expertise and more about building coalitions that encompass human rights issues, monitoring and challenging AI implementation, building alternative futures and channelling state investments.

The Programme Team has therefore drawn up recommendations for the future development of the fund's strategy along different lines:

⁷ <https://europeanaifund.org/research-report-how-to-fund-public-interest-work-around-ai-in-europe/>

Support coalition-building

The European AI Fund should explore future funding strategies that will contribute to building coalitions across civil society organisations. It should do this by supporting work on transversal issues and supporting actors who are building alternative futures. This will direct the debate towards the more fundamental questions of how we want our societies to be organised and allow for the proposal of alternatives for a future that is people and planet by design.

Invest in storytelling and investigative efforts that bring the consequences of AI to life for people and affected communities

Europe doesn't have the investigative reporting capacity on technology and AI that has emerged in the US through organisations like The Markup. Investigations by journalists into how technology works, and the harms it leads to, are essential to building strong community groups and empowering affected communities. Likewise, storytelling can bring to life the potential consequences and opportunities for individuals and communities.

Invest in the creation of alternative positive models

We found that although demonstrating harm is important, it is insufficient on its own. Civil society also needs to offer alternative, more desirable approaches and visions. This is not limited to thinking about public interest technology but should also focus on proposing alternatives to the dominant logic that AI's key use is in streamlining processes, increasing efficiency and reducing costs. Not only is it far from clear that AI delivers these results, this mental model also is problematic and too narrow as it fails to consider societal and human aspects and costs. As was said in one interview, "we really need big thinking on a new management theory that challenges the logic and model of AI streamlining processes, making things more efficient and cheaper." We also need alternative, desirable visions to challenge other problematic and harmful narratives, such as the narrative of an "AI arms race" between Europe, China and the US. Supporting exploration of where AI is successfully *not* used can also help generate insights and establish a more robust baseline for comparisons.

Invest in national-level capacity

We found strong support in our interviews for the idea of increasing the work done at the national level on the impacts of AI. It is critically important to ensure that this work is not seen as the preserve of digital rights groups. Many groups are currently underrepresented in conversations about AI, including trade unions

and consumer protection groups. While the European ecosystem of civil society actors working on these issues is maturing, there may be opportunities to learn lessons from the development of the digital rights field. Compared to civil society actors working on other issues, it is a relatively well funded field at the European level. But at the national level, resources are still constrained and groups thinly stretched. It would be good to explore the reasons behind this as it potentially illustrates the scale of the challenge in creating competency across the ten core functions set out in the Stiftung Neue Verantwortung's report, *Towards a European AI & Society Ecosystem*.⁸ The lessons learned may provide a useful way forward.

Invest in research to test claims about what technology can do

Evidence from research, such as the Fragile Families study,⁹ can be vital in showing where there is no legitimate case for the deployment of AI systems. (Child welfare is one example.)

Invest in efforts to bring greater transparency and accountability to the use of AI in the public sector

Given the special role of the public sector, efforts to monitor the roll-out of AI systems across Europe should include a focus on the ways in which data is shared between different authorities, and the growing interconnectedness of the public and private sector. This will help with understanding the implications for democratic governance.

Invest for the long-term while reacting to the current urgency

Long-term funding is key. This is likely to be particularly important for organisations that work on social justice issues and are looking to address the consequences of AI for their work. This doesn't necessarily need to translate into more funding - rather, providing funding over an extended period affords the opportunity to build up an organisation or targeted expertise over time. It is also a practical requirement that funding maps onto legislative timetables, so support does not end part way through policy negotiations.

Another important factor is the urgency of funding activity right now. The current heavy legislative agenda on AI in Europe and the speed of AI deployment across the public and private sector means we must act fast.

⁸ https://www.stiftung-nv.de/sites/default/files/towards_a_european_ai_society_ecosystem_0.pdf

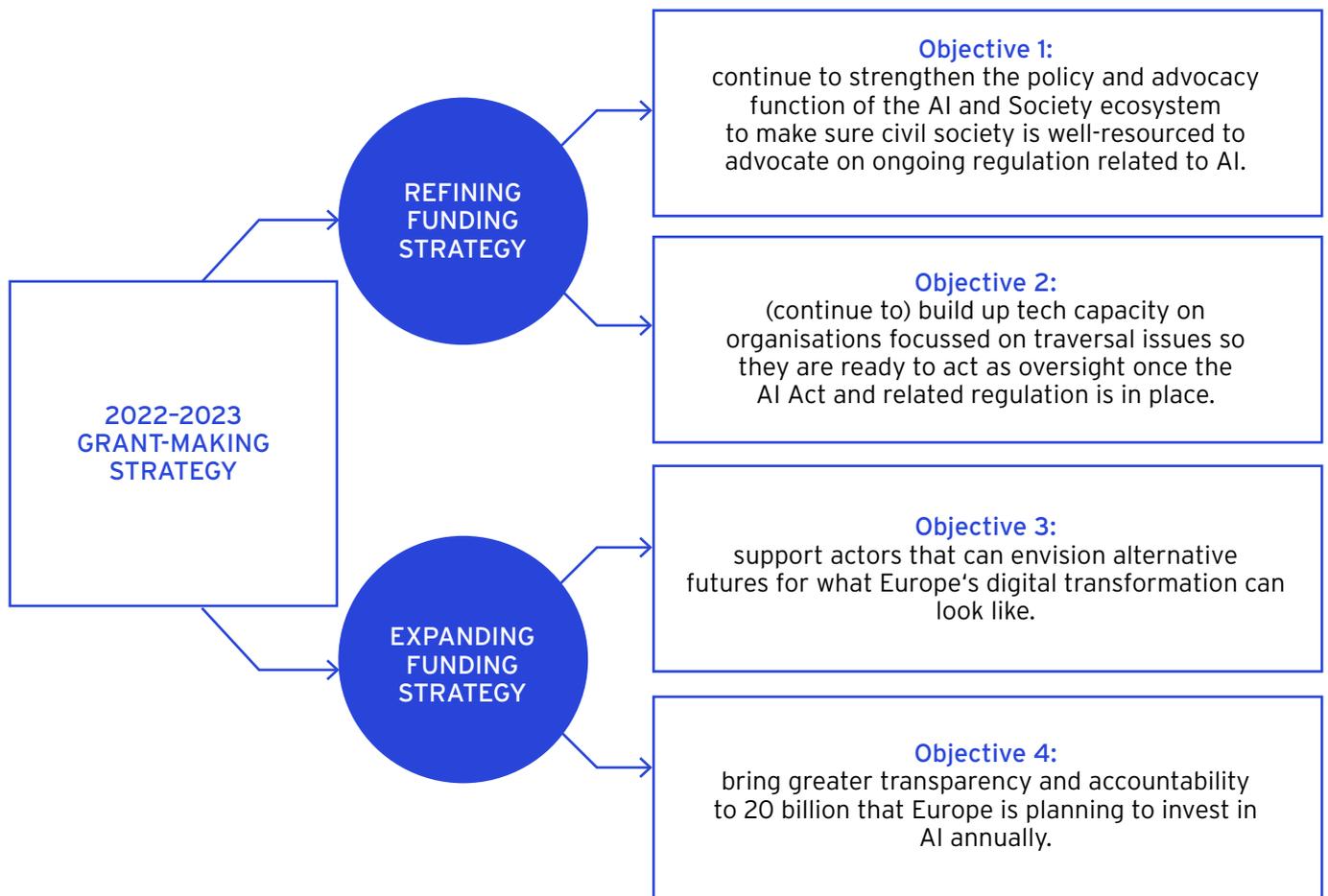
⁹ <https://fragilefamilies.princeton.edu/>

This has two potential consequences. First, it leads to the risk that already-established groups are prioritised for funding over new groups, given that they are more likely to be able to respond rapidly. Second (and directly related), this may narrow the potential for investing in a future that could genuinely be different and more equitable. In summary, acting swiftly risks an overbroad acceptance that AI will inevitably be widely deployed, and could confine responses to how to improve AI deployment rather than more fundamentally exploring the role of AI in society. This latter point includes interrogating whether AI is the right tool for the task at hand or should be used in certain contexts at all.

The challenge is therefore to provide funding in ways that simultaneously build capacity quickly and give opportunities to new entrants while asking big, foundational questions about AI, its real and supposed effectiveness, and when and how it should be deployed.

THE PLANNING WORKING GROUP'S ROUTE AHEAD

Based on the recommendations, we propose a two-tier funding strategy for the next 18 months, starting in January 2022.



OUR BROAD STRATEGIC GOALS

- Refining our current funding strategy by filling gaps and adding bridge-building organisations to our existing open call cohort.
- Expanding our current funding strategy to cover additional functions of the AI and Society ecosystem around research, as well as developing alternative visions for Europe's digital transformation.

Our envisaged approach

A combination of shoulder-tapping and an open call. The fund will also rely on the expertise of its forthcoming director to translate this vision into robust calls and activities.

The principles of our approach

Strategic risk-taking: Taking more risks with regards to who we fund has consistently been a key recommendation by the external consultants.

Funding fresh and different thinking may be riskier from a funder perspective but could also prove to be more impactful where it provides surprising or well-timed interventions. If the intention is not only to fund well-established groups who are a "safe" investment but also to provide resources for new groups looking to try out innovative strategies and approaches, risk-taking is both inevitable and necessary. This doubles as a "de-risking" strategy for emerging - especially intersectional- actors by shifting existential (career and organisational) risks from founders to funders, which is essential in emergent fields. Many exciting and important ideas emerge from experts who do not have an institutional home. There is a need to support these individuals and emerging organisations who can set the agenda and steer the conversation. Moving beyond merely mitigating harm to building alternative futures requires an interdisciplinary approach that centres on community, and social, environmental and racial justice. We aim to take this type of investment seriously. It's the fund's unique selling point and an opportunity to build up institutional knowledge as well as credibility in the larger ecosystem.

Focus on bridge-building: In trying to build an ecosystem, the fund requires collaboration between different actors. While we have convened organisations around specific issues and are also proactive in making introductions, there is a need to support organisation who can act as bridge-builders.

FLESHING OUT FOUR OBJECTIVES

Refining our current funding strategy: sustainable field-building

Objective 1: Continue to strengthen the policy and advocacy function of the AI and Society ecosystem to make sure civil society is well-resourced to advocate on the AI Act and related regulations, and have far-reaching implications on AI.

Objective 2: Make sure other crucial ecosystem functions, especially on transversal issues, (continue to) build up tech capacity so organisations are ready to act as oversight once the AI Act and related regulation is in place.

Rationale

Given the fund's long-term vision, it is crucial that the EU adopt a strong AI Act that protects both fundamental rights and enables society to make use of technology in ways that benefit everyone equally.

At the same time, the inclusion of equity and anti-discrimination measures in the public and policy debate on AI harms shows just how important it is to support new voices that bring broader human rights and social justice perspectives to the table. Connecting top-level policy debates to the lived experience of those negatively impacted by AI ensures that fundamental critiques do not fade away in the rhythm of political discussion.

Further cross-sectoral cooperation can be seen on topics such as AI's impact on access to justice, environment and sustainability, and labour rights. These contributions by social and racial justice organisations show that key transversal topics emerge through collaboration between existing and new voices in the AI debate that hold agenda setting, watchdog, research and bridge-building expertise.

Our current cohort needs to be refined and expanded to meet these objectives, while mainstreaming all the contextual developments and lessons learnt that have been outlined in the previous sections. Our current strategy intentionally does not specify or prioritise "core sector functions", except for organisations who represent communities that are disproportionately affected by risks and harms. As a result of this, we are able to support a wide range of organisations working on issues ranging from standardisation to consumer protection, health and the environment.

While the fund can convene grantees, the consultants have emphasised that building bridges is a separate ecosystem function that needs to be fulfilled by civil society. Our current funding to organisations also does not cover coordination, and we should change that.

Expanding our current funding strategy: smaller-scale and closer links to existing cohort

Objective 3: Support actors that can envision alternative futures for what Europe's digital transformation can look like.

Rationale

We found that although demonstrating harm is important, it is insufficient by itself to enact change. Civil society also needs to offer alternative, more desirable approaches and visions. This should not be limited to thinking about public interest technology but should also focus on alternatives to the dominant logic that AI's main use is in streamlining processes, increasing efficiency and reducing costs. Not only is it far from clear that AI delivers these results, for failing to consider societal and human aspects, this mental model is also problematic and too narrow.

As was said in one interview, "we really need big thinking on a new management theory that challenges the logic and model of AI streamlining processes, making things more efficient and cheaper." We also need alternative, desirable visions to challenge other problematic and harmful narratives, such as the narrative of an "AI arms race" between Europe, China and the US. Supporting explorations of where AI is successfully not used can also help generate insights and establish a more robust baseline for comparisons.

Our current funding strategy needs to be expanded to meet this objective. Through a closed call, modelled on the Tech and Covid-19 grant, we should openly embrace experimentation and strategic risk.

Objective 4: Bring greater transparency and accountability to the 20 billion Euros that Europe is planning to invest in AI annually.

Rationale

So far, our funding has primarily focussed on strengthening the policy and advocacy function of the AI and society ecosystem. While other functions will be needed once the AI regulation is in place, there is already an urgent need for civil society to act as a watchdog for the money that is being invested in Europe on AI, particularly public sector use, consumer AI, industrial AI and AI infrastructure.

Investigations by journalists and civil society into how technology works and the harms it creates or leads to are essential to building strong community ties and empowering affected communities. Likewise, storytelling can bring to life the potential consequences and opportunities for individuals and communities.

PRIORITIES FOR 2022

Our priorities for 2022 include the following:

- Manage the transition to the permanent Fund Director
- Finalise the revision of the fund's governance structure
- Implement the fund's next stage grant-making strategy

Further fine-tune and operationalise the M&E framework into reporting stream

FINANCIAL REPORTING

BUDGET EUROPEAN AI FUND AT 31/12/2021

AI Expenses 2020 2023	Expenses		Forecast		TOTAL EXPENDITURES 2020/2023
Operations Costs	Mid 2020- Mid 2021	Expenses July-Dec 21	Expenses 2022	Forecast Expenses Jan-June 23	
Signed grants	€ 863.864,92	€ 120.450,00	€ 1.004.914,93	€ 0,00	€ 1.989.229,85
Available grants	€ 0,00	€ 0,00	€ 1.412.854,92	€ 645.520,94	€ 2.058.375,86
Convenings of grantees partners	€ 0,00	€ 662,47	€ 45.000,00	€ 25.000,00	€ 70.662,47
Consultancy/Research (mapping)	€ 2.595,00	€ 42.513,00	€ 17.000,00	€ 5.000,00	€ 67.108,00
Funding+		€ 0,00	€ 60.000,00	€ 10.000,00	€ 70.000,00
Communication	€ 12.835,67	€ 6.091,83	€ 33.000,00	€ 15.000,00	€ 66.927,50
Evaluation	€ 0,00	€ 0,00	€ 18.000,00	€ 34.000,00	€ 52.000,00
Total Operation Costs	€ 879.295,59	€ 169.717,30	€ 2.590.769,85	€ 734.520,94	€ 4.374.303,68
Coordination Costs					
AI Fund Staff (director and officer)	€ 99.064,51	€ 97.412,95	€ 189.000,00	€ 90.890,00	€ 476.367,46
Coordination meetings	€ 0,00	€ 546,61	€ 3.500,00	€ 1.500,00	€ 5.546,61
Travelling Secretariat	€ 249,31	€ 261,35	€ 6.500,00	€ 2.500,00	€ 9.510,66
NEF - cost contribution	€ 40.000,00	€ 0,00	€ 40.000,00	€ 40.000,00	€ 120.000,00
Unforeseen	€ 7.512,93	€ 9.338,49	€ 7.066,01	€ 5.000,00	€ 28.917,43
Total Coordination Costs	€ 146.826,75	€ 107.559,40	€ 246.066,01	€ 139.890,00	€ 640.342,16
TOTAL	€ 1.026.122,34	€ 277.276,70	€ 2.836.835,86	€ 874.410,94	€ 5.014.645,84

