AI & Data Centres

Funders' briefing

June 2026

This briefing paper looks at the issues raised by Europe's data centre expansion, how public interest groups are responding and outlines how funders can intervene.

European
Artificial Intelligence
& Society Fund

Executive Summary

- Amid a push for Artificial Intelligence adoption, data centres that provide the computing infrastructure for AI have mushroomed across Europe. And the EU aims to triple their number in the next 5-7 years.

- Data centres have direct impacts on the communities where they are sited – often in the poorest neighbourhoods. They take up large amounts of space, divert water to cool servers, and demand vast quantities of electricity to run. Globally electricity demand for data centres is contributing to an anticipated 10% increase in global power sector emissions. This energy demand cancels out gains from transition to renewables and extends reliance on fossil fuels.

- But the tech industry obscures this with a greenwashing narrative that AI will help tackle climate change. Data centre expansion is driven by generative AI, yet it scarcely has any use in addressing climate issues. In practice, AI used for applications such as energy efficiency don't require large digital infrastructure.

- Across Europe, communities and activists are already successfully challenging data centre expansion – demanding oversight and environmental responsibility and challenging corporate capture in policymaking. But the field remains under resourced, with only 2% of grantmaking around tech and society issues channelled towards technology's environmental impacts.

- There are immediate opportunities for funders to support the emergent movement working to ensure digital infrastructure serves people, society and the planet by:

    - Supporting local communities with small grants and legal aid to challenge data centre expansion.

    - Funding independent academic and journalistic research to gather evidence about data centre ownership, capacity, and harms.

    - Developing strategic narratives that imagine how data centre infrastructure can be sustainable, rather than built at speed and accelerating climate collapse.

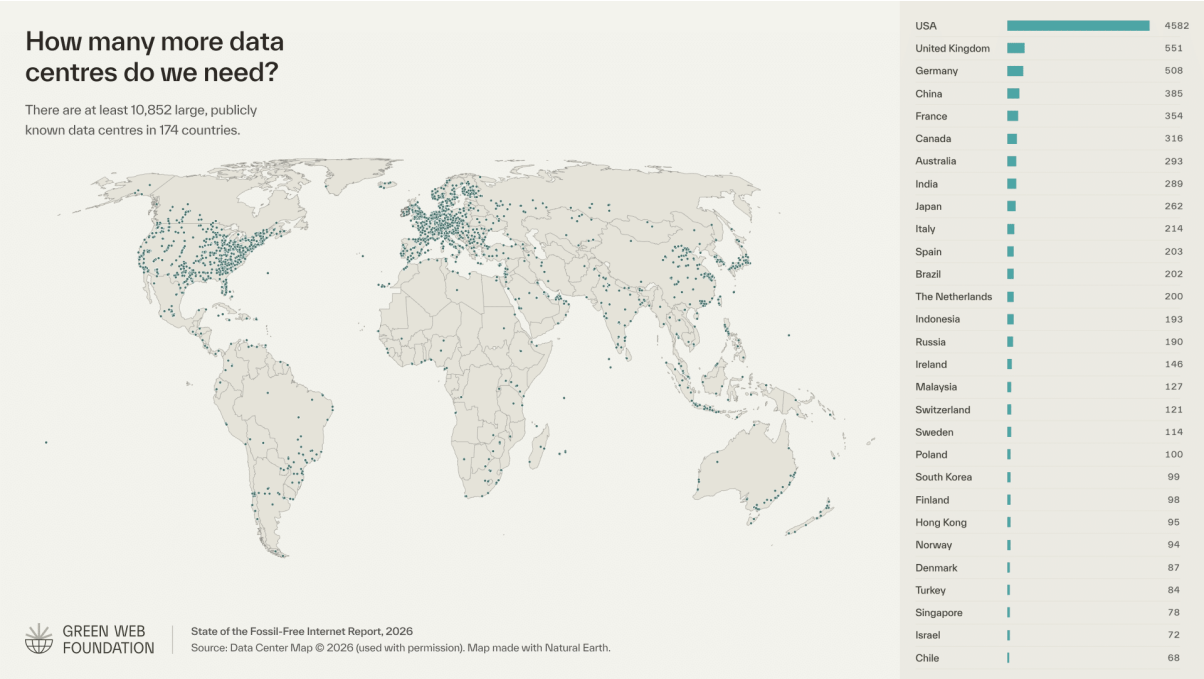
    - Giving civil society time and space to articulate a public interest vision for AI and the digital infrastructure needed to support it.

    - Coordinating legal strategies across sectors and geographies to hold tech corporations, governments and data centre developers accountable.

What's happening and why does it matter?

The current wave of Artificial Intelligence requires huge amounts of computing power. As the AI boom takes off, data centres - giant warehouses housing servers that process and store data - have mushroomed, with a further €176bn investment in Europe anticipated in the next 5 years.

Although there are currently no verified records for the numbers of data centres in Europe, it's reported that the UK and Germany are respectively the world's second and third largest data centre hosts, each with at least 500, while France, Spain, Italy, the Netherlands and Ireland also have significant clusters.



Amazon Microsoft and Google together control two-thirds of the global cloud compute market share, creating the bedrock of their monopolistic control of AI's trajectory, and Europe is dependent on foreign providers for 80% of its digital infrastructure.

Amid anxiety about technological sovereignty and an ambition to catch up in a supposed AI 'race', in June the European Commission announced the Cloud and AI Development Act with a goal to triple Europe's data centre capacity over the next five to seven years.

Commission President, Ursula von der Leyen said: "We cannot afford to depend on others for the technologies that keep our hospitals running, our energy grids stable and

our services secure. This is about protecting our citizens, defending our interests and making our own choices. Europe has the talent, the research excellence, the industrial base and the Single Market. Together, we must turn these strengths into technological sovereignty."

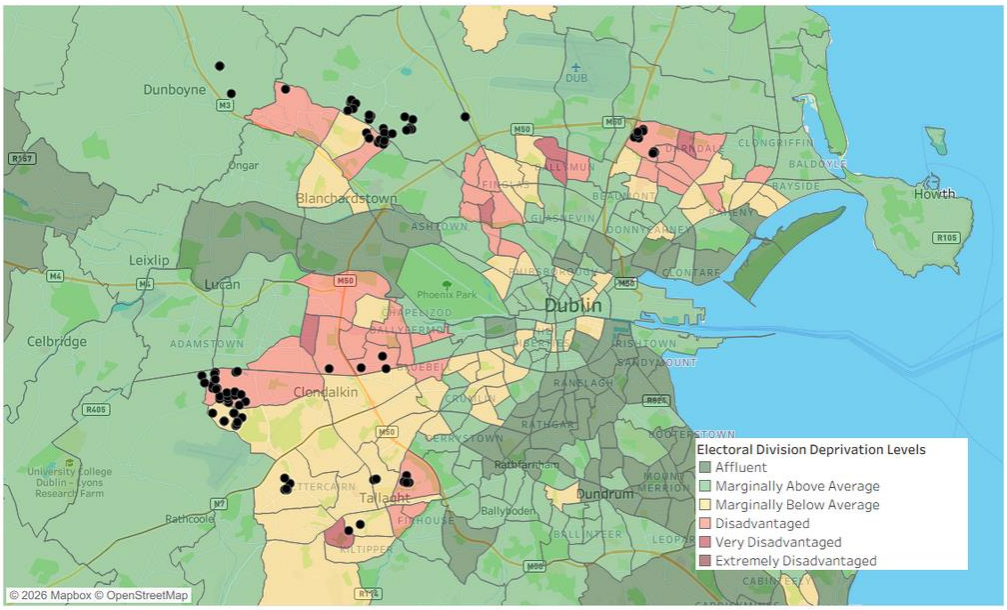
The proposal includes plans for "data centre acceleration zones" with fast-tracked permitting processes and environmental reviews. But existing data centres are already meeting resistance as communities object to the local impacts of their construction. And the new plans could in fact run counter to Europe's goals of independence, while undermining the energy transition at a critical moment in the climate crisis.

Local impacts

Data centres immediately affect communities where they are sited. They take up large amounts of space, require water to cool the servers, and demand vast quantities of electricity to run.

The consequences of this are clearly seen in Ireland. The country has 10 times more data centres per capita than the European average, due to its importance as a European headquarters for many US big tech companies and its proximity to transatlantic undersea cables.

"Dublin's most disadvantaged communities bear the spatial and environmental footprint of an industry whose economic benefits are distributed elsewhere". – Molly Newell, Think-tank for Action on Social Change



Distribution of data centres in Dublin, 2026. Source: Think-tank for Action on Social Change

As the Think-tank for Action on Social Change discovered, nearly 90% of Dublin's data centres are located in economically deprived areas, meaning some of the poorest communities "bear the spatial and environmental footprint of an industry whose economic benefits are distributed elsewhere".

Data centres now account for 22% of Ireland's electricity demand – more than all households in the country. New research by Friends of the Earth Ireland shows this has increased energy bills by an estimated €263 for the average household between 2021-23. Ireland's data centres have sucked up all the new renewable energy capacity that has been created, and prolonged reliance on gas-fired power stations. This is both expensive, particularly during a geopolitical energy crisis, and environmentally harmful.

Similar issues arise wherever data centres are located. In Frankfurt in Germany, for instance – where there are over 100 data centres – they use up over 40% of the city's power supply. While in London data centres risk stalling much needed housing projects as they get priority for access to the grid.

Europe's strategy

Although many welcome Europe's ambition to reduce dependence on US hyperscalers, the initial reaction to the Commission's newly announced approach to accelerate data centre expansion has been sceptical. Without reliable information about the existing number of data centres and indications that many of the current sites are not even using their full capacity, the proposal to triple Europe's data centres is being pushed out without evidence about what infrastructure is really needed.

Furthermore, the rush to 'streamline' data centre construction processes risks sidelining democratic oversight and disproportionately benefitting the hyperscalers the Cloud and AI Development Act aims to address.

"Without strong human rights foundations, more data centre capacity simply provides more facilities for current incumbents to control and coerce European politics, while at the same reducing trust in European institutions, at a time of growing conflict and political polarisation."

– Dr Corinne Cath, Article 19

Christiaan van Veen at the think-tank Leitmotiv criticises the Commission's unquestioning 'AI embrace' without considering how the technology will affect Europe's core values, while Article 19's Dr. Corinne Cath, states "Without strong human rights foundations, more data centre capacity simply provides more facilities for current incumbents to control and coerce European politics, while at the same reducing trust in European institutions, at a time of growing conflict and political polarisation."

AI's climate impacts

Globally, electricity demand for data centres is set to double from 2025-2030, contributing to an anticipated 10% increase in global power sector emissions.
In its new announcement, the European Commission promises the deployment of "energy-efficient cloud infrastructure", but previous initiatives to require compliance with sustainability standards are not encouraging.

In the Energy Efficiency Directive, the Commission adopted word-for-word an industry proposed confidentiality clause that keeps information on environmental impacts of data centre secret, preventing proper democratic oversight of the facilities.

And instead of recognising the increased energy demand data centres create, the Commission emphasises AI technologies' "role in ensuring the achievement of the Union's climate and environmental objectives through their contribution to improving energy efficiency, enabling clean energy integration, and providing the infrastructure needed for smarter grids, transport systems, and low-carbon technologies".

"The overstatement of the potential for AI to tackle climate change misdirects from the immediate costs of giant energy and water intensive data centres being imposed on communities worldwide".
– Ketan Joshi, author of The AI Climate Hoax

This perpetuates the greenwashing narrative of the AI industry, which Ketan Joshi unpacks in his report, the AI Climate Hoax. As he demonstrates, the kinds of AI applications that could be used to address climate challenges do not require major data centre capacity.

Meanwhile, the generative AI technologies that are driving data centre expansion have scarcely any use in addressing climate issues. He concludes that "the overstatement of the potential for AI to tackle climate change misdirects from the immediate costs of giant energy and water intensive data centres being imposed on communities worldwide".

How is civil society responding to the issue?

Civil society groups have helped raise public awareness of the issues around data centres through research and investigations that reveal the local and climate impacts.

There is now growing public disquiet about data centre expansion, with strong majorities across European countries in favour of increased regulation and sustainability conditions for data centres.

Grassroots resistance to data centres across Europe is increasingly well coordinated, mobilising local coalitions across the political spectrum. Despite a huge asymmetry of information and power between the tech giants and local communities, such initiatives have tangible impacts.

In the UK for instance the developer of a planned hyperscale data centre accepted that it must be subject to binding environmental conditions, following legal action by tech justice non-profit Foxglove and environmental charity Global Action Plan.

Equivalent actions in the US, where the public mood is now vehemently opposed to data centres, have seen $156bn worth of AI data centre projects stopped or stalled last year. Delaying buildout buys time for a more systemic challenge to the data centre trajectory to be developed and for alternative proposals to take hold.

A small number of groups are already working to represent the public interest in Europe's policy development. But it is a demanding landscape, with numerous initiatives that cut across different European Commission Directorates-General, while political clout sits in the key capitals, which themselves compete for AI preeminence. Meanwhile tech industry lobbying continues to grow at pace.

How can funders help?

The issue is urgent. Once ill-considered digital infrastructure is built, it will not be unbuilt, locking in both high energy demand and a harmful AI paradigm for generations.

Although there is an active funder conversation around data centres this has not yet translated into significant amounts of available funding, with the issue often falling between the cracks of grantmakers' missions around climate and technology. The establishment of the Green Screen Coalition as a catalyst in highlighting the climate impacts of technology is a welcome step, but its resources remain limited.

An analysis of grantmaking by 19 foundations found climate and environment accounted for just over 2% of all tech and society grants issued in 2024. In recent interviews with more than 15 civil society organisations active on data centres, the European AI & Society Fund found almost all have made the issue a strategic priority despite having no dedicated funding. Funders could capitalise on the appetite and readiness within the public interest field to shift Europe quickly towards a data centre approach that will serve people, society and planet.

Broadly there are five types of interventions where funders can support the public interest community to tackle the data centre challenge. Across all of them a willingness to work collaboratively and to cross philanthropic and movement silos will be essential for success.

1. Supporting frontline activists

Funders can offer quick and practical support to existing local activism and communities as the first line of defence, as well as hubs to connect local groups both within and across regions. Groups often need small amounts of money and benefit from access to legal and technical advice.

As other geographies such as Latin America have longstanding experience in resisting data centre expansion, funders can also help to foster an international community of practice to build on others' expertise.

2. Closing the information gap

The data centre debate is obscured by an absence of basic information – including the number of data centres in Europe, what companies they serve, the level of capacity they run at and the environmental impact they produce. This lack of transparency serves Big Tech, putting both policymakers and local communities at a disadvantage when they try to hold industry to account.

Funders can help to address this by resourcing independent academic and journalistic research, collating and sharing information through databases and observatories and cultivating knowledge sharing networks across geographies and movements.

3. Shifting the narratives

Big Tech and the data centre operators have effectively established a consensus among decisionmakers that data centre expansion is both essential and inevitable. Shifting this perception will be critical to changing the trajectory for digital infrastructure and enabling a more equitable and sustainable digital infrastructure.

Funders can help to address this through narratives and audience research, message development and testing, and building campaigns rooted in the experience of the communities affected by data centres.

4. Shaping new policies

With a flurry of new initiatives coming out of the European Commission as well as national governments, civil society needs to speak up for the public interest in policy forums. But it's not enough just to respond to initiatives – many of which already bear the fingerprints of industry lobbyists.

Europe's appetite for digital sovereignty creates an opportunity to go beyond critique. Funders can back work across movements to articulate a public interest vision for AI that enables fair, inclusive and sustainable societies – and describe the digital infrastructure needed to support it. Civil society groups need time and space to generate these ideas and help to disseminate them effectively to critical decisionmakers.

5. Leveraging the law

While litigation has brought some success in challenging data centre developments, it's important to ensure legal victories become systemic, using them as a springboard for campaigns, sharing the evidence they generate and coordinating legal strategies across networks. Funders can support this with funding and support for analysis, covering legal fees and cultivating learning between geographies and movements.

Next steps

With support from KR Foundation, the European AI & Society Fund is currently developing a strategy to mobilise funders to address the data centres challenge in Europe.

If you would like to be involved in shaping that work, please get in touch with Catherine catherine.miller@europeanaifund.org

At a global level, there is a group of funders interested in collaborations around work on data centres. To learn more, you can contact Juliana Camara jcamara@luminategroup.com

About the European AI & Society Fund

The European AI & Society Fund gives money and support to organisations around Europe working to ensure AI is safe and fair for everyone. Since 2020, we've pooled funding from 20 foundations to award €13.6 million to organisations across 27 countries. Together, we're shaping AI that serves people, society and planet.

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