Financing European AI Sovereignty: The SAIF Proposal

The Problem

Artificial intelligence will reshape the global balance of power. The United States and China are investing **hundreds of billions of dollars** into AI companies, infrastructure, and research — while Europe's largest AI company, Mistral, has raised just $3B, compared to OpenAI's $168B. **This is not a gap—it is a structural failure.** Europe has the talent, the industrial base, and the scientific tradition to lead — but it lacks the one thing its competitors have: **large-scale, concentrated strategic capital**. The window to act is open, but it is closing fast.

Our Proposal - Sovereign AI Investment Fund (SAIF)

- **A multi-state investment platform** that pools **€100–200B in public capital** to mobilise **€300–600B in total**, similar in scale to major EU initiatives.
- **Funding for companies** (AI, Quantum, Robotics, brain-computer interfaces, etc.), **infrastructure**, and a **CERN for AI research centre**.

SAIF Architecture: Public Anchor, Private Scale

The core design principle is **leverage**: public capital de-risks and anchors private investment, rather than replacing it. The structure operates across two layers.

Layer 1 — Sovereign AI Investment Platform (€100–200B public capital). The core public vehicle. Capitalised by member states, national development banks, and EU instruments. Functions as a strategic investor and cornerstone anchor for Layer 2 funds.

Layer 2 — AI Growth Funds (€200–400B private and institutional capital). The platform anchors multiple specialised funds, each with a strategic mandate but run by professional fund managers (e.g., EQT, Northzone). The sovereign platform provides ~one-third of each fund's capital:

Fund Type	Sovereign Anchor	Private & Institutional	Total per Fund	Funds	Category Total
AI Infrastructure	€20–80B	€40–160B	€60–240B	1–2	€120–240B
Companies	€20–60B	€40–120B	€60–180B	2–3	€180–360B
Total	**€100–200B**	**€200–400B**	—	—	**€300–600B**

This is the model Bpifrance and KfW already use domestically — scaled to the European level. The sovereign platform acts as a **cornerstone investor**, not as a day-to-day operator, preserving commercial discipline while guaranteeing strategic direction.

Participation and Funding

- **Voluntary participation** ("coalition of the willing"), **open to non-EU partners** (UK, CH, NO, CAN, AUS), and **expandable** without renegotiating the founding treaty.
- Member states **do not need to allocate the full €100–200B** from new national budgets.

Assembling the Public Capital

Source	Estimated Contribution	Mechanism
EIB Group	€20–40B	First-loss guarantees by member states and InvestEU
National Development Banks	€25–55B	KfW, Bpifrance, CDP, and others
RRF / NGEU Reallocation	€10–15B	Unspent RRF digital allocations
Defence Budgets	€5–10B	Dual-use AI infrastructure
Direct State Contributions	€40–80B	Phased capital calls, 50% in Year 1
Total	**€100–200B**	—

The Year 1 contribution would amount to **~0.1-0.3% of GDP for participating countries**.

Additional Potential Funding Mechanisms

Equity Returns and Infrastructure Revenue. 6-9% returns for comparable funds.

European Digital Tax (€5–15B/year). A 3–5% digital services levy could generate €5–10B/year. This should be evaluated in the context of the ongoing geopolitical landscape.

AI Sovereign Bonds (€15–30B per issuance). Similar to Italy's BTP Valore which raised €18B in a single issuance. A European AI Sovereign Bond (€500–1,000 units, 2–3% yield) taps into citizen demand for patriotic, tech-aligned investment while building democratic legitimacy.

Governance and Comparative Models

- **Built for profit**, governed by **independent investment professionals** under a **strategic public mandate**.
- **European sovereignty clauses:** minimum European HQ requirements, restrictions on exits to non-aligned foreign buyers, and priority access to SAIF-funded infrastructure.

Comparative Model	Similarities to SAIF	Key Differences
Bpifrance & KfW Capital	Public anchor investors	Operate only nationally
Norway SWF	Massive, long-term state capital pool	Entirely passive and global
Temasek (Singapore)	Takes active, concentrated equity stakes in deep-tech/VC	Operates globally
Mubadala (UAE)	Takes proactive stakes in strategic sectors (AI, chips)	Financed by petrodollars

Plugging Into EU Frameworks

The SAIF **does not compete with existing EU programmes** — it transforms them into a more coherent ecosystem:

EU Programme	SAIF Role
Chips Act	SAIF's €120–240B compute buildout **guarantees domestic demand** for European fabs — closing the demand-supply loop
InvestEU	First-loss guarantees (~€3–5B) on Layer 2 funds, backing €20–40B in fund capital — exactly how InvestEU was designed to work

NGEU / RRF	SAIF as **NGEU's strategic successor** — concentrated equity replaces dispersed grants; unspent digital funds redirected
ReArm Europe	Defence AI procurement sources from SAIF-backed companies; dual-use compute qualifies for defence budgets
InvestAI	€20B AI Gigafactories budget could be co-deployed alongside SAIF
EIF + TechEU	Feed the startup pipeline; SAIF invests at scale-up stage

CERN for AI

- **A Complementary Hub:** The SAIF acts as the financial engine, while the CERN for AI serves as the unified scientific hub for foundational research.
- **Goal:** To attract and retain top-tier global AI talent in Europe, fostering breakthroughs that feed directly back into the European industrial ecosystem.
- **Structure & Financing:** Modelled after CERN, providing world-class intellectual freedom independent of short-term corporate cycles. It is financed through direct member state contributions and relies entirely on SAIF-funded computing infrastructure.
- **Existing Momentum:** Built upon established proposals like the Manifesto for the creation of a European Centre for AI, promoted by Nobel Laureate Giorgio Parisi and AI pioneers.

The Risk of Inaction

If Europe does not act, the consequences are economic, industrial, and strategic:

- **Poorer.** AI is transforming industries, shifting job markets, and accelerating scientific research at a pace we cannot fully predict. We will miss out on the value created.
- **Dependent.** European industries will rely on US and Chinese platforms for their core operations. This is the energy dependency problem repeated in digital form.
- **Voiceless on AI safety.** There is a chance AI safety will become as important as atomic control. Europe must have a seat at the governance table.

Next Steps

- **Public Consensus** — Build support by highlighting the risks of inaction, the promise of a European-aligned AI ecosystem and the reduction of AI inequalities.
- **Political Coalition** — Endorsement from 3–5 founding states to form the initial coalition of the willing.
- **Engage the Private Equity Ecosystem** — Advance exploratory conversations with leading European fund managers (e.g., EQT, Northzone).
- **National Development Bank Alignment** — Draft letters of interest with national development banks (KfW, Bpifrance, CDP, and others).
- **InvestEU / EIB Structuring** — Guarantee sizing and first-loss structuring for Layer 2 funds.

Prepared by The AI Movement — a non-profit, grassroots, apolitical initiative of engineers, product managers, and founders based in Italy, France, and Switzerland.