

Investing in the EU Sovereign Tech Fund

**OPEN SOURCE MAINTENANCE AS A 21ST CENTURY
DIGITAL INFRASTRUCTURE RESPONSIBILITY FOR
THE EUROPEAN UNION.**

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I. Initial Situation

Modern software stacks – across public services, industry, and critical infrastructure – rely pervasively on open-source software (OSS) components.

+70% of software depends on OSS somewhere in its stack, making these components the “invisible backbone” of digital innovation

Despite this, foundational libraries often lack **stable funding** and **professional maintenance**, creating systemic risks (security, supply-chain fragility, strategic dependency) that now carry clear public-interest and geopolitical dimensions.

Policymakers need to treat OSS as open digital infrastructure and understand why and how market/system failures lead to chronic under-investment in the maintenance of critical open source software libraries, applications, and packages that underpin society-wide digital infrastructure, with implications for Europe and the rest of the world.

II. Solution Approach

The EU-STF is a scaled, pan-European, mission-driven evolution of Germany's Sovereign Tech Fund to invest in the maintenance, security, and improvement of strategically important OSS globally.



GOAL

Improving European digital sovereignty, cybersecurity/cyber resilience, and competitiveness

DESIGN CRITERIA:

- Pooled Financing & Coordination
- Low Bureaucracy
- Political Independence
- Flexible
- Developer-friendly
- Community focus
- Strategic alignment with EU goals
- Transparency

€350M

proposed investment over seven years

(as a lower-bound EU contribution, complemented by Member State and industry co-financing)

Investment scaling based from the German experience. This vision for an EU-STF must include support for maintenance, security, and improvement work and be underpinned by dependency mapping and ecosystem-strengthening activities.

III. Implementation Approach

Two active budgetary scenarios are worth considering for the implementation of the EU-STF.

1 STANDALONE AND CENTRALISED FUND

A new **funding body** created by legislation and set aside via the MFF negotiations.

2 HYBRID/SHARED MANAGEMENT STRUCTURE

Leveraging established EU institutional frameworks like the EDIC that allow for **pooled contributions** of Member States alongside EU funding, and even industry co-financing).

These two categories have been considered and have resulted in detailed consideration of the following approaches.

(Please note that these approaches are not necessarily mutually exclusive.)



Moonshot Model

Standalone, centralised fund via HaDEA/DG-CNECT

Maximises political visibility, clear mandate, and budget earmarking; risks higher bureaucracy unless tailored for lightweight, flexible disbursal (e.g., microgrants, cascade funding) and strong community input.



Pragmatic Model

EDIC-based shared management

Designed for pooled EU/Member State/industry contributions; culturally closer to OSS; faster to launch; flexible statutes can embed community roles and distributed delivery—though long-term under-financing and visibility are risks unless centrally coordinated.

RECOMMENDATION:

Start via an EDIC to launch quickly and federate contributions, while earmarking MFF resources for open digital infrastructure and keeping a moonshot centralised option in view. Coordinate closely with the German STF/Sovereign Tech Agency (e.g., MoU/observer role/joint mechanisms) for early project identification and disbursal.

IV. Call-to-Action

We issue a call-to-action to the EU and its Member States to act with urgency in considering these two approaches, recognising that fragmented, uncoordinated, or siloed efforts will not be sufficient to unlock funding for open digital infrastructure.

We call on the EU and Member States to:

- 1** Decide between (and sequence) the two models with urgency.
- 2** Earmark a baseline EU contribution of at least €350m in the next MFF, complemented by Member State and industry co-financing.
- 3** Operationalise the fund to procure maintenance/security upstream rather than rely on fragmented, episodic efforts that cannot meet Europe's strategic needs.

V. High-Level Recommendations to Policymakers

To translate the case for a European Sovereign Tech Fund into practice, the following recommendations outline **the most immediate high-level recommendations** for making the EU-STF a reality, as well as recommendations for specific sets of stakeholders.

These recommendations focus on establishing the fund as a **strategic, long-term instrument** for sustaining Europe's open digital infrastructure, while ensuring that its design reflects the **realities of the open source ecosystem**. These headline recommendations are complemented by **a more detailed set of design and implementation recommendations**, which can be found towards the end of this policy brief.

HIGH-LEVEL RECOMMENDATIONS

1 Create the instrument

Establish the EU-STF as a strategic, long-term funding vehicle for open digital infrastructure; launch via an EDIC with clear paths to scale and potential centralisation later.

2 Resource it adequately

Commit a minimum €350m over seven years from the EU level as a lower bound, either to a central fund or an EDIC (there must be some flexibility in the allocation), with structured Member State and industry co-financing.

3 Design for developers

Keep low administrative burden and flexible, responsive grantmaking (microgrants, emergency response, core maintenance) with proportionate oversight; embed structured community-informed governance.

4 Align with EU policy & law

Tie priorities to digital sovereignty, cybersecurity/cyber-resilience, and competitiveness; ensure coherence with NIS2, CRA (incl. OSS steward dynamics), AIA, and the forthcoming Cloud & AI Development Act.

5 Operate beyond grants

Where appropriate, procure maintenance work; fund security audits via trusted intermediaries; support dependency mapping and ecosystem capacity-building.

6 Coordinate with existing efforts

Work with the German Sovereign Tech Agency, European Commission OSPO, and the forthcoming Digital Commons EDIC to avoid duplication and accelerate delivery.

7 Staff for success

Build a dedicated core team with strong OSS expertise and community ties, not solely career officials, to ensure credible, developer-centric execution.

STAKEHOLDER RECOMMENDATIONS

EUROPEAN COMMISSION

- Propose the **creation** of an *EU Sovereign Tech Fund* as a strategic funding instrument for open digital infrastructure
- Recommend an **earmark/allocation** of at least €350 million in the next Multiannual Financial Framework (MFF) – possibly via the European Competitiveness Fund – as a lower bound for EU contributions.
- Ensure the fund's alignment with **key EU legislation** (NIS2, CRA, AIA, forthcoming Cloud & AI Development Act).
- Enable **procurement** of OSS maintenance, dependency mapping, and ecosystem-strengthening activities, *not just grants*.

EUROPEAN PARLIAMENT AND EUROPEAN COUNCIL

- Help secure **political backing** for the EU-STF in the MFF negotiations, insisting on long-term, strategic funding lines.
- Guarantee **political independence** of the fund while embedding *multistakeholder governance* with strong community input.
- Ensure reporting and oversight requirements remain **proportionate and lightweight** to keep the fund accessible to developers.

STAKEHOLDER RECOMMENDATIONS

EU MEMBER STATES

- **Identify high-level champion Member States** for the EU-STF and work closely in collaboration with Germany and the European Commission.
- **Co-finance the EU-STF** through voluntary contributions, via an EDIC structure and in coordination with other national instruments and the European Commission.
- **Support the establishment of the EU-STF EDIC statutes** in line with open source community practices and propose them to the European Commission, as well as **involve national cybersecurity/digital agencies** and open source community actors in their design and implementation.
- **Engage early with the German Sovereign Tech Agency** and its Sovereign Tech Fund to align disbursal mechanisms and share expertise.

EUROPEAN INDUSTRY

- When possible, **participate in co-financing mechanisms alongside the EU and Member States**, with clear incentives for contributing to shared infrastructure.
- **Collaborate with the EU-STF** in dependency mapping, security audits, and ecosystem capacity-building.
- **Engage in advisory or governance roles** to ensure industry needs are balanced with community priorities.

The Case for Why to Build an EU Sovereign Tech Fund

The following policy brief presents a condensed, high-level case for an EU Sovereign Tech Fund (EU-STF). The findings and insights are a condensed version of a report released in July 2025, entitled "[Funding Europe's Open Digital Infrastructure: A Study on the Economic, Legal, and Political Feasibility of an EU Sovereign Tech Fund \(EU-STF\)](#)".

Unless otherwise cited, all understanding presented in this brief is directly drawn from and attributed to this longer report.

I. Initial Situation

1.1. CONTEXT

- **Software is a set of instructions that tells a computer what to do.** These instructions are written in programming languages and are often bundled into libraries, packages, or applications so developers do not have to rebuild the same functionality over and over.
- **Virtually all modern software – whether powering websites, smartphones, cloud platforms, or critical public infrastructure – relies on open source software (OSS) or OSS components – the source code for which is free to run, edit, modify, and share – somewhere in its stack.** Since OSS components and the libraries, packages, and applications that are built on them are freely available, collaboratively developed, and legally reusable, they are the invisible backbone of nearly all digital innovation.
- **More than 70% of modern software depends on OSS and OSS components.** The security and sustainability of society's open source dependencies are no longer just technical issues – they have become a matter of acute public interest, with strategic and geopolitical dimensions.
- **When foundational open source components are outdated, insecure, or abandoned, they can compromise the stability of entire systems that depend on them.** This can happen for many reasons, including a lack of time, a decline in interest, or even burnout of contributors.

1.2. CHALLENGE

Convincing policymakers and industry to invest in the maintenance of open source technologies is a problem of persuasion.

Open source software is broadly under-invested in and plagued by a complicated tragedy of the commons, leading to it being undervalued and under-invested.

This complacency with the status quo is a political challenge, and the failure to address it has been a matter of public policy, not a fault of the open source ecosystem.

“

“... although we do not often see or think about the apps and software we use on a daily basis, all of them rely upon free and public code to function. Together, in an increasingly digital society, these open source projects make up our digital infrastructure.”

– Nadia Eghbal, [Roads and Bridges: The Unseen Labor Behind Our Digital Infrastructure](#)

Policymakers must ground their understanding of open digital infrastructure in real-world precedents for physical infrastructure, which many have an easier time grasping due to their more visible and non-technical nature, such as:

70%
of modern software
uses OSS

\$8.8T
demand-side value of
OSS

86%
of codebases contain OSS vulnerabilities
due to being underfunded

Water Management

OSS and OSS components are vital to digital ecosystems, much like water is to physical ones.

Just as the EU invests €65–130 million annually in water quality monitoring and calibration, a comparable, structured investment is needed to maintain the health of the OSS ecosystem, which underpins more than 70% of modern software.

Capital Markets

Both capital markets and OSS create systemic risk through leverage and dependency. The EU funds financial infrastructure with dedicated institutions like the European Securities and Markets Authority, which has an annual budget of €65–85 million.

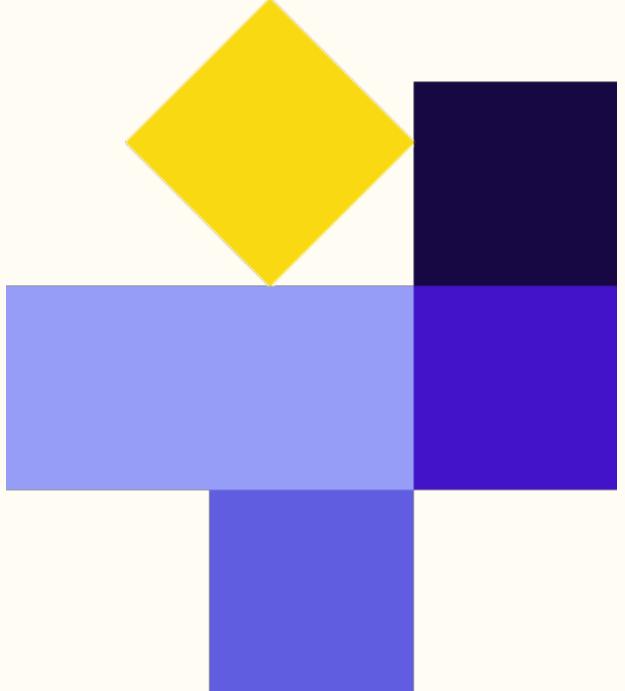
OSS similarly enables essentially all areas of economic and social activity, with a demand-side value of up to USD \$8.8 trillion globally, underscoring the need for transparency and targeted support.

Roads and Bridges

Like roads and bridges, OSS requires maintenance that correlates with criticality and usage. The EU allocates large-scale, long-term funding to physical infrastructure through instruments like the Connecting Europe Facility and the Cohesion Fund, which together mobilise tens of billions of euros.

By contrast, foundational OSS libraries – used in everything from healthcare to finance – remain chronically underfunded, even though an estimated 86% of codebases contain known OSS vulnerabilities. Investment by a few benefits many, and neglect can trigger catastrophic failures across Europe's digital supply chains.

1.3. GERMAN SOVEREIGN TECH FUND



The German Sovereign Tech Fund (STF) was launched in October 2022 by the German federal government. Its goal is to provide structured funding for the open source ecosystem and invest in this open digital infrastructure.

Sovereign Tech Agency

The STF was given a permanent home at the newly established Sovereign Tech Agency, a new body owned by the German government, itself a permanent institution tasked with stewarding these investments over the long term.



1.4. APPROACH

The establishment of the EU-STF should be modeled closely on the German STF – with only small differences in terms of points of emphasis and strategic positioning.



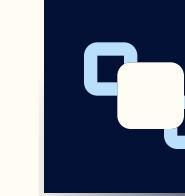
The EU-STF will increase the **scale** and **mandate** of the German STF's investments while extending the benefits.



The EU-STF would **invite** greater contributions from other public sector actors, industrial players, and small and medium enterprises.



The EU-STF should **support** and **demonstrate** direct application to key *European digital policy* ambitions like digital sovereignty, cybersecurity/cyber resilience, and competitiveness.



The EU-STF would also **invest** in corresponding activities, such as identifying/mapping dependencies and investing in ecosystem-strengthening activities.

II. Solution Approach

2.1. POLICY CASE

Mission-driven investment in open source technologies addresses **core policy goals of autonomy and resilience**, which underpin digital sovereignty, cybersecurity/cyber resilience, and competitiveness.

These two objectives uniquely advance by creating secure and sustainable open assets that are neither influenced in large part by external actors nor vulnerable to single points of failure.

This dual benefit makes open source maintenance investment a strategic multiplier for digital sovereignty goals.

1 AUTONOMY

The ability to act independently without being constrained by external dependencies. In the digital context, this refers to Europe's capacity to shape, develop, and control its digital infrastructure and technologies, particularly through investment in open source and digital commons.

2 RESILIENCE

The robustness and adaptability of digital systems in the face of disruptions, whether technical, political, or economic. It includes the ability to sustain core functions under stress and is a key objective of the EU-STF's support for long-term OSS maintenance and community sustainability.

3 DIGITAL SOVEREIGNTY

The ability of the EU to ensure that it can make independent choices in the digital realm, based on its own values and strategic interests. This involves reducing dependencies, securing control over critical digital technologies, and ensuring regulatory alignment across infrastructure, platforms, and services. The EU-STF supports autonomy and resilience, which are considered preconditions for making policies and investing in projects that support digital sovereignty.

4 CYBERSECURITY/ CYBER RESILIENCE

Measures, practices, and technologies used to protect digital systems, networks, and data from unauthorised access, attacks, or damage. The capacity of digital systems and infrastructure to anticipate, withstand, recover from, and adapt to cyber threats and incidents. The EU-STF is envisioned as enhancing cyber resilience by supporting the maintenance and security of open source components within Europe's digital infrastructure.

5 COMPETITIVENESS

Europe's ability to innovate, produce, and scale digital technologies and services in ways that are economically viable and globally relevant. The EU-STF contributes to competitiveness by strengthening Europe's open digital base, reducing reliance on single vendors, and supporting strategic technological capabilities.

2.2. ECONOMIC CASE

The EU-STF offers the right vehicle for internalising and guiding the positive spill-overs of the public goods produced through OSS activity.

**€65–95
billion**

estimated annual contribution to EU GDP

**up to \$8.8
trillion**

assessed demand-side value of OSS globally

A viable open source ecosystem not only provides OSS as a public good but also serves as a strategic asset for Europe. Studies have shown that OSS contributes significantly to economic performance: the European Commission has estimated that it already adds between €65–95 billion annually to the EU's Gross Domestic Product.

Even relatively modest increases in capital injections or state funding for OSS activities can generate growth effects on par with large-scale European investment or research programmes, while simultaneously strengthening resilience, competitiveness, and innovation capacity.

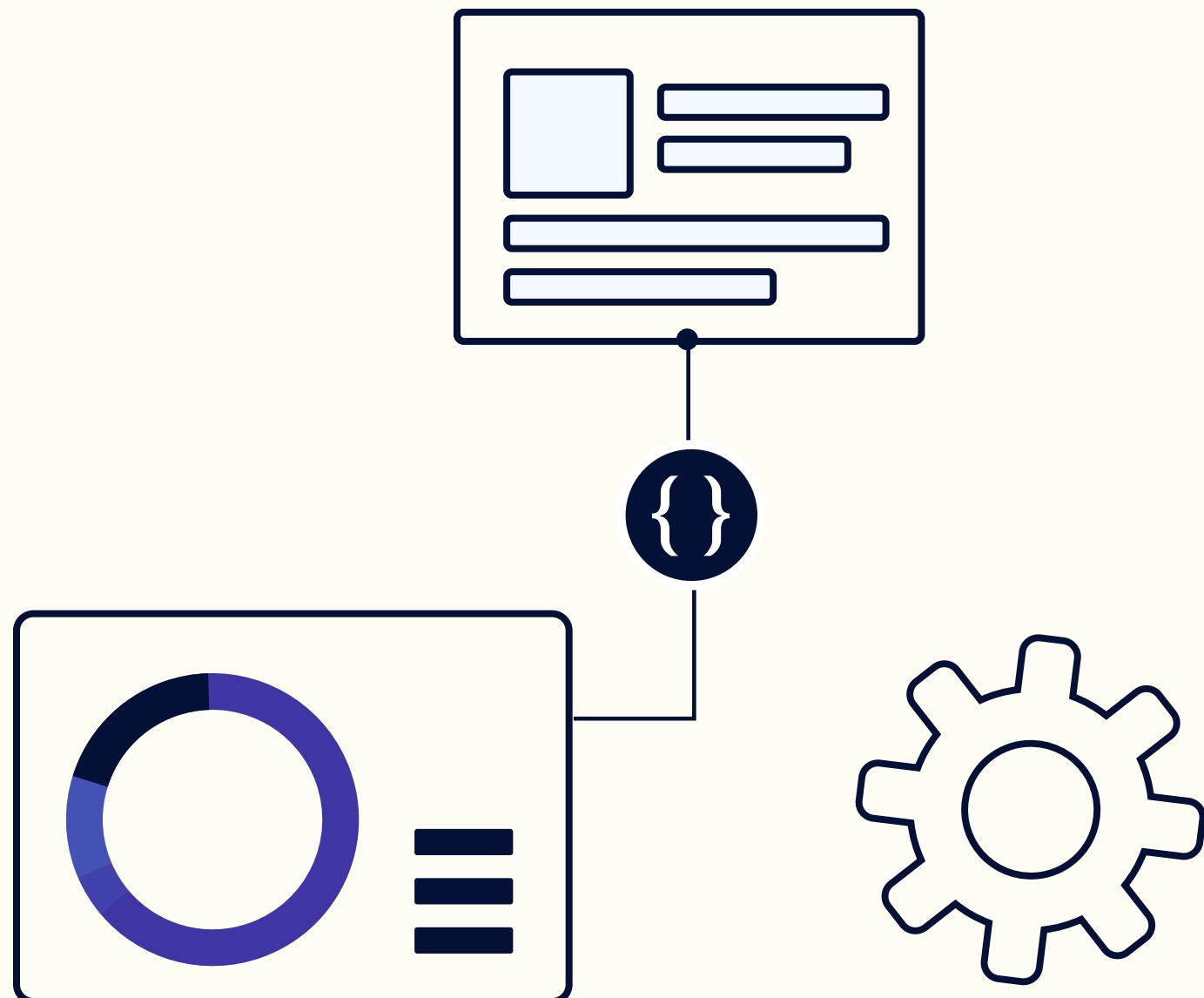
PRECEDENTS FOR THE EU-STF

Template for the EU-STF

Launched by the German government in 2022, it follows similar goals and has already invested over €23.5 million into more than 60 open source projects.

It has been given a permanent home at the newly established Sovereign Tech Agency, itself a permanent institution tasked with stewarding these investments over the long term.

SOVEREIGN TECH FUND



EU-STF INSPIRATIONS

1 Next Generation Internet (NGI):

The NGI Initiative distributed over €140 million via cascade funding to support experimentation and decentralised open internet technologies, serving as a precedent for distributed grant-making but with a focus on innovation rather than long-term infrastructure maintenance.

2 EU Free and Open Source Software Auditing (EU-FOSSA) and European Commission OSPO (EC-OSPO):

The EU funded early open source security initiatives like EU-FOSSA and the EC-OSPO bug bounty programs, but their limited scope underscores the need for more comprehensive maintenance and security funding models like the EU-STF.

3 Joint European Disruptive Initiative (JEDI):

JEDI funds high-risk, cross-sector technological breakthroughs to boost EU competitiveness, offering a mission-driven precedent focused on innovation, whereas the EU-STF would focus on maintaining and securing existing foundational infrastructure.

4 European Digital Infrastructure Consortia (EDIC):

The EDIC legal structure allows pooled Member State contributions for digital infrastructure, and its upcoming Digital Commons EDIC may serve as a governance model for funding shared open technologies.

5 Open Technology Fund (OTF):

The U.S.-based OTF shows how lightweight, trust-based public funding mechanisms can support small OSS projects effectively, most notably through a developer-friendly, unbureaucratic application process.

6 Open Source Technology Improvement Fund (OSTIF):

OSTIF demonstrates how targeted security funding, when paired with independent expert audits, can tangibly improve the security and maintenance of critical open source projects – a model the EU-STF could directly support.

2.4. CORE ACTIVITIES

The EU-STF must preserve the core features of the German STF while embracing the distinguishing aspects of its EU-wide scale.

1 Mapping and Identifying OSS Dependencies and Projects of Strategic Interest:

The EU-STF should begin by mapping software dependencies across critical infrastructure to identify under-maintained, vulnerable, or strategically important open source components.

2 Investing in Maintenance:

The EU-STF should procure maintainers to carry out essential maintenance work on their projects identified as strategically important.

3 Investing in Security:

The EU-STF should fund security audits and expert-driven interventions by trusted intermediaries to help maintainers assess and improve their projects' cybersecurity posture.

4 Investing in Improvement:

Improvement should be a distinct funding category to help widely used projects scale and evolve, with priorities guided by strategic dependency mapping.

5 Investing in Ecosystem-Strengthening Activities:

The EU-STF should coordinate with stakeholders across the open source ecosystem to align efforts, build capacity, support collaboration, and provide training and peer-support programmes.

2.5. FUND SIZE

€350M

initial estimation of an initial EU-STF fund size
based on scaling up the funding amount of the German STF

This is the level of investment the German government has already made, rather than the actual funding needed. It can be understood as a minimum EC contribution to either a centralised or decentralised fund, with potential for higher Member State and industry co-financing in a decentralised model.

We propose a base EU contribution of EUR €350 million from the next MFF to consider not only inflation, but also to suggest a round number for the EU-STF funding.

This should be understood as a lower bound, given that EUR €50 million per year would not even cover the unsolicited funding requests the STF receives today. The total amount should be further increased through Member State and industry co-financing. That said, based on the experience of the German STF, an EU-STF will do more than just funding, following a mission-driven approach.

2.6. DESIGN CRITERIA

The EU-STF should be developed based on the following seven design criteria:

1 Pooled Financing and Coordination:

The EU-STF should enable joint investment from the EU, Member States, and industry to consolidate fragmented efforts and ensure strategic alignment across borders.

2 Low Bureaucracy:

To remain attractive and accessible to open source communities, the EU-STF must minimise bureaucratic overhead and simplify compliance processes.

3 Political Independence:

The fund should operate with institutional autonomy and multistakeholder input to ensure decisions reflect both public priorities and the needs of the open source ecosystem.

4 Flexible Funding:

It must support a range of funding models – including microgrants, emergency response, and long-term core maintenance – while maintaining proportionate oversight mechanisms and ensuring flexibility in funding recipients.

5 Community Focus:

The EU-STF should embed structured collaboration with open source communities, foundations, and industry to co-define funding priorities and respond to evolving needs.

6 Strategic Alignment:

All funding decisions must be grounded in EU policy goals – such as digital sovereignty, cybersecurity/cyber resilience, and competitiveness – and compliant with state aid and procurement rules.

7 Transparency:

The fund must uphold transparency in governance, funding allocations, and evaluation metrics to foster trust and legitimacy across stakeholders.

III. Implementation Approach

3.1 GOVERNANCE SETUP EVALUATION

There are two potential models most worthy of consideration.

The Moonshot Model: A new funding body created by legislation.

 **Recommended implementation:** Standalone Fund via HaDEA – Likely managed under DG-CNECT; executive implementation could be delegated to HaDEA, given its experience with Horizon Europe, DIGITAL, and CEF Digital.

Pragmatic Model (EDIC-based shared management): Designed for pooled EU/Member State/industry contributions; culturally closer to OSS; faster to launch; flexible statutes can embed community roles and distributed delivery

 **Recommended implementation:** European Digital Infrastructure Consortium (EDIC) – Governed by EU law, Host Member State's law, and EDIC statutes and implementing rules.

CRITERIA	MOONSHOT MODEL (STANDALONE FUND VIA HADEA / DG-CNECT)
POOLED FINANCING & COORDINATION	Relies on EU budget allocations via MFF; stable but risks excluding Member State/industry co-financing in the short term.
LOW BUREAUCRACY	Risks high bureaucracy if modeled on Horizon Europe; would need tailored simplification (cascade funding, micro-grants).
POLITICAL INDEPENDENCE	Strong EC control via DG-CNECT; independence depends on legislative design and agency delegation; risk of politicisation.
FLEXIBLE FUNDING	Could support flexible calls and emergency/cascade funding, but only if new mechanisms are built into the HaDEA/EDIEA mandate.
COMMUNITY FOCUS	Risk of cultural mismatch; HaDEA has limited OSS experience, and community input would need to be embedded from scratch.
STRATEGIC ALIGNMENT	High visibility and strong alignment with EU digital sovereignty goals; clear legal mandate and policy coherence.
TRANSPARENCY	Transparency is ensured through EU financial regulations and agency rules, but risk of opacity in political oversight.

CRITERIA**POOLED FINANCING & COORDINATION****LOW BUREAUCRACY****POLITICAL INDEPENDENCE****FLEXIBLE FUNDING****COMMUNITY FOCUS****STRATEGIC ALIGNMENT****TRANSPARENCY****PRAGMATIC MODEL (EDIC: MEMBER STATES + EU + INDUSTRY)**

Designed for pooled contributions from the EU, Member States, and industry; flexible but dependent on political will and Member State uptake.

Lighter, modular governance; can design low-burden reporting and cascade funding; risk of uneven processes across Member States.

Shared governance with Member States, which mitigates over-centralisation but may dilute independence if dominated by national agendas.

Inherently flexible, statutes can allow microgrants, emergency support, in-kind contributions, and distributed delivery.

Closer fit with open source culture; EDIC statutes can embed community roles, advisory boards, and participation of trusted intermediaries.

Flexible to align with EU policies (CRA, NIS2, Digital Decade), but risks fragmentation if not coordinated centrally.

EDIC can host open governance with rotating stakeholder representation; transparency depends on statutes and Member State design.

3.2 GOVERNANCE SETUP RECOMMENDATION

RECOMMENDATION: START VIA AN EDIC

- The EDIC model is the most appropriate for launching and scaling the EU-STF through a federated hybrid model.
- But: It will be important to allocate funding for open digital infrastructure via the MFF that the EDIC could tap into, with a moonshot goal of creating a centralised fund.
- The fund must go beyond grants to procure maintenance work, coordinate ecosystems, and align EU and national priorities.

CENTRALISED VS. EDIC MODELS

- A centralised EU-managed fund would ensure clear budget earmarking and political visibility.
- An EDIC is less high-profile but better reflects the decentralised, community-driven nature of open source and could start operating sooner.

3.3 CONSIDERATIONS FOR THE EDIC

KEY ADVANTAGES OF THE EDIC MODEL

- Legal and operational flexibility allows for rapid setup and direct engagement with OSS communities.
- EDICs can scale dynamically and involve Member States, industry, and civil society, while retaining public sector control.

FEASIBILITY AND SETUP

- An EDIC can be jointly initiated by a core group of Member States and the EC, with at least EUR €350 million from the EU budget.
- A coordinating entity could manage funding distribution, dependency mapping, audits, and community participation.

STRATEGIC ROLE

- An EDIC can embed CRA and NIS2 objectives, link with cybersecurity agencies, and support values-driven digital infrastructure.
- It enables regional participation, gradual scaling, and leaves the door open for future institutionalisation.

RISKS AND MITIGATIONS

- Risks include being under-resourced or becoming bureaucratically ineffective.
- Mitigations include creating a stakeholder advisory board and using lightweight reporting standards.

FINANCING NEEDS

- The EDIC should be able to access funding for open digital infrastructure through the next MFF (e.g. European Competitiveness Fund) and allow industry and Member State co-funding.

3.4 ALIGNMENT WITH EU LEGISLATION

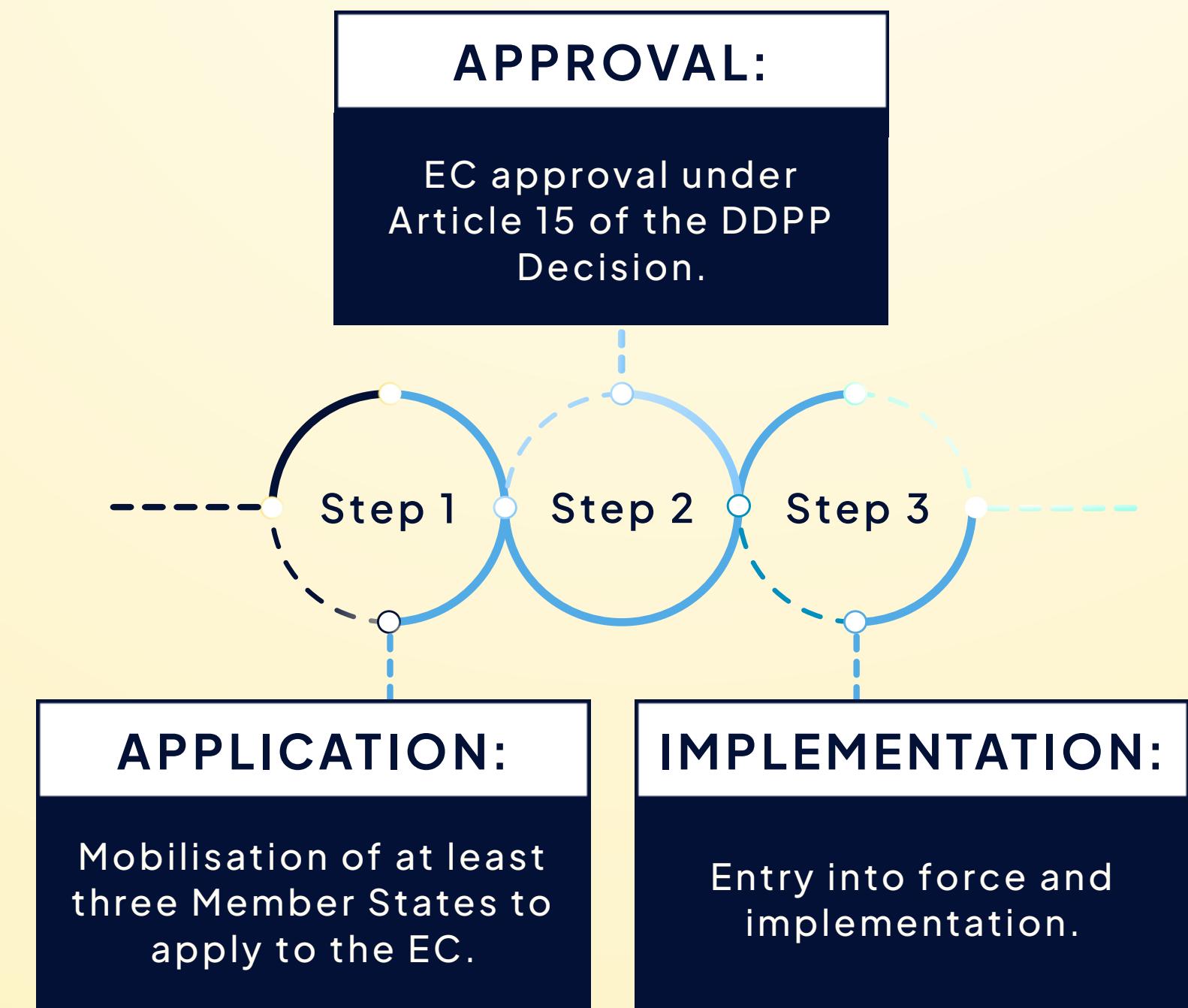
- 1 NIS2 DIRECTIVE:** EU-STF can fund OSS maintenance and risk management to enhance the cybersecurity of critical infrastructure providers and their software supply chains.
- 2 ARTIFICIAL INTELLIGENCE ACT (AIA):** Supports open, values-aligned AI development and reinforces transparency of open source GPAI models (Recital 102).
- 3 CYBER RESILIENCE ACT (CRA):** Contributes to cyber preparedness and coordinated incident response. Aligns with OSS steward obligations under Article 24. Enables vulnerability reporting and mitigation via cooperation with the EU-STF.
- 4 CLOUD AND AI DEVELOPMENT ACT (PROPOSED):** Potential role for EU-STF in developer support and coordination of open source infrastructure.

3.5 IMPLEMENTATION REQUIREMENTS

The EDIC statutes could provide for strategic collaboration with the German STF, including as a Member or Observer in the Assembly of Members, or via mechanisms such as a joint venture, memorandum of understanding, or strategic alliance – all compliant with EU law.

As part of such a setup, the German STF could support the running of the EU-STF funding mechanism at first, by helping to channel funding towards developers while other modalities are built up in the EU and its Member States.

To implement an EU-STF EDIC, three steps are needed:



KEY CONSIDERATIONS

- **Member States Participation:** The EU-STF should permit participation of all Member States and potentially other actors to fulfil governance and implementation functions in ways aligned with the open-source model and challenge at hand.
 - **Industry Contribution:** Industry should be permitted and encouraged to contribute funding to the pool, for example, through a formal role within the EDIC setup.
 - **Disbursal Vehicles:** Pooled funding and disbursement could be decentralised via national hubs, specific partners, or a centralised mechanism, while maintaining eligibility for maintainers beyond EU/EEA borders, as their contributions are critical and ODBTs are commonly maintained by globally dispersed teams.
 - **Coordination:** The EDIC could also coordinate with other stakeholders like the EC-OSPO and Digital Commons EDIC.
 - **Flexibility in Statutes:** EDICs can offer governance flexibility, with statutes that may be amended by supermajority votes of Members, allowing evolution in structure, actors, or strategic aims. This flexibility is central to adapting the EU-STF over time in response to the ecosystem's needs.
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IV. Call-to-Action

4.1. BUDGET CATEGORIES



#1 - 'The Moonshot Model': Standalone and Centralised Fund

The most ambitious model is the creation of a standalone, centralised fund under a dedicated legal mandate with a budget of at least €350 million over seven years. It would represent a bold institutional step forward in treating open digital infrastructure as a strategic priority on par with energy, defence, or semiconductors, symbolising Europe's commitment to security, innovation, autonomy, resilience, and competitiveness.



#2 - 'The Pragmatic Model': EDIC (EC, Member State, and Industry Co-Financing)

This hybrid model centres the EU-STF around an EDIC funded through voluntary contributions from Member States, the EU budget, and private or philanthropic partners. It would do so without requiring new legislation to set up a fund (though funding for the EC contribution to the EDIC can be included in the next MFF). It preserves the collaborative and decentralised spirit of open source development, avoids legislative change, and can be launched quickly, even in parallel with other models.

OPTION 1: 'THE MOONSHOT MODEL'

PROS	CONS
Clarity of purpose and mission-driven	May become overly bureaucratic
More easily allows centralised governance	Less responsive to iterative software development
Alignment with EU digital policy priorities	Risks stifling bottom-up innovation
Centralisation of oversight and transparency	Potential for higher reporting requirements and administrative burden
High strategic clarity and easier political rationale	Operational rigidity – if not designed in a different way than other funds)

OPTION 2: 'THE PRAGMATIC MODEL'**PROS**

Modular governance from a diversity of actors

Politically feasible in the short-term

Strong cultural alignment with the OSS ecosystem

Enables industry co-financing for the vehicle

Governance is flexible and adaptive over time

CONS

Higher possibility for under-financing in the long term

Reliance on voluntary contributions and support

Alignment with EC policy goals might not be as immediately clear

Potential for less visibility of the effort

Harder to build up core governance and organisational culture

STRATEGIC DESIGN AND SETUP OF ‘THE MOONSHOT MODEL’

- 1** Policymakers should secure strong political buy-in and a clear legal mandate for the EU-STF in the upcoming MFF.
- 2** Policymakers should remove administrative hurdles that currently make it difficult for EU funding to reach open source developers.
- 3** Policymakers should guarantee a degree of fund independence from the EC, but with strong alignment with shared EC and Member State priorities.
- 4** Policymakers should directly involve the open source community in the design and oversight of the new agency.
- 5** Policymakers should earmark investments in the next MFF for mapping dependencies (via Horizon Europe and the next research framework programme) and ecosystem strengthening activities (via the EU Competitiveness Fund).
- 6** The EC should commission an initial mapping that can inform prioritisation of funding across the areas identified in this study for the first round.

STRATEGIC DESIGN AND SETUP OF ‘THE PRAGMATIC MODEL’

- 1** Policymakers should earmark investments in the next MFF for the activities of the EU-STF EDIC (via the next research framework programme and the EU Competitiveness Fund).
- 2** The founding members, partners, and supporters of the EU-STF should encourage Member States to set up their own vehicles to support the disbursal of funds and work closely with the German STF.
- 3** EC policymakers interested in the EDIC should work with Member States to identify significant upfront commitments to successfully implement this model.
- 4** The founding members, partners, and supporters of the EU-STF should ensure broad and representative buy-in for the EDIC from Member States from the beginning.
- 5** The founding members of the EU-STF should enable coordination of the EDIC with the German STF through the EDIC’s statutes.



THANK YOU!

Investing in the EU Sovereign Tech Fund

A 21ST CENTURY DIGITAL INFRASTRUCTURE RESPONSIBILITY
FOR THE EUROPEAN UNION

BY: NICHOLAS GATES