D1.8

Mid term policy brief. Forging successfull AI in Europe: key challenges and the path forward

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Forging Successful AI Applications for European Economy and Society

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Executive Summary

AI governance within the EU lacks a clear understanding of what constitutes "success" in development and deployment. Different stakeholders across the AI life-cycle hold different positions and perspectives on what "successful AI" entails and which goals it should serve.

To address this regulatory gap, FORSEE engages with different stakeholders to research and develop comprehensive and balanced understandings of success, moving beyond narrow perspectives.

Findings indicate:

1. **Divergence, convergence and omissions across stakeholders and broader debates**

Divergence. Findings indicate a significant divergence across stakeholders on
- what constitutes "successful AI"
- the importance of and also the approach to digital sovereignty
- how to address AI-related gender and other forms of bias

Convergence. At the same time, convergence was captured on
- shift towards hard-law regulation that reins in actors
- strengthening the EU AI industry, managing disruption and protecting jobs
- the importance of addressing the risks posed by Generative AI

Omissions. Sustainability was consistently overlooked across stakeholders.

2. Existing regulation is welcome. Contrary to narratives of deregulation, fragmentation or overcomplexity, all stakeholders, including SMEs, welcome regulation and the shift from AI ethics principles to binding rules based on risk-classification, as is the case with the AI Act. Variations are centred on how regulation should be implemented and improved.

Recommendations to the European Commission
Our recommendations focus on eight areas that promote a comprehensive understanding of success in AI applications across stakeholders, combining technical excellence with a wide range of societal and environmental goals.

Three key ideas run through them:
- Strengthen the EU's strategic self-determination in AI as a strong regulatory framework prerequisite.
- Multistakeholderism must be substantively deployed, beyond industrial stakeholders dominance, to effectively foster consultation and AI governance engagement.
- Integrate societal goals of sustainable development, bias and discrimination mitigation, and civil society empowerment into funding and awards schemes.

1. Introduction

FORSEE argues that advancing AI capabilities demands a clearer understanding of what constitutes "success" for society. It seeks to answer under what conditions this success is possible. Given that different stakeholders define success differently, gaps in AI development, deployment and governance surface. Such gaps translate into concrete industrial, regulatory, and societal challenges that mandate targeted policy interventions.

To inform policy recommendations, FORSEE engages perspectives of institutional actors[1], lifeworld stakeholders (CSOs and SMEs), and the broader debate around AI as expressed in news coverage of AI and social media discourse on the subject. The goal is to assess AI's societal, economic, and sustainability impacts and their alignment with EU values. This policy brief synthesises preliminary findings from months 1-13 of our three-year EU Horizon research project[2].

2. Different perceptions of AI success: Growth versus democratic harms

Figure 1 - Mapping actors on AI Success (Mikkonen, 2026)

[1] Institutional actors are detailed in Appendix 1 and include supranational bodies, technical standardisation organisations, ICT professional bodies (including the Association for Computing Machinery [ACM] and the Institute of Electrical and Electronics Engineers [IEEE]), sectorial non-technology professional bodies and courts

[2] Appendix 1 provides a brief overview of the sample included in our research

Our research considers primarily how different groups in society consider success in terms of AI development and deployment. Relevant findings come from:

Institutional and industry actors

EU legal actors, policy and institutional stakeholders (Golpayegani et al., 2026)[3], technical experts (Lasek-Markey et al., 2026)[4], industrial actors such as SMEs[5] (Minotakis et al., 2026a), and innovation award organisations[6] (Newell et al., 2026) have different mandates and priorities given their distinct public and private sector roles. However, FORSEE reveals that these groups all:

- prioritise technical efficiency and reduction of operational costs
- strongly emphasise growth, scalability, competitiveness, and investment readiness

Media

While there are some differences across news sections, and national contexts, EU daily newspapers (Papaevangelou et al., 2026a)[7] and social media AI coverage (Papaevangelou et al., 2026b)[8] indicate public expectations of

- efficiency and productivity increases
- protecting fundamental rights and safeguarding European values
- combining technical efficiency with a strong accountability framework

Accountability frameworks in media discourses are directed primarily to “Big Tech” companies, with an emphasis on the prohibition of AI-enabled warfare.

Civil Society Organisations

CSO workers and affiliated activists (Farries et al., 2026)[9], while noting some potential technical gains of AI, are significantly more inclined to discuss AI through a prism of negative expectations. They fear:

- the erosion of democracy
- intensified surveillance, both politically and commercially
- a lack of actionable accountability requirements including transparency
- the limited visibility of their own online presence due to algorithmic content moderation that marginalises anything considered too "political"

CSOs in particular highlight concerns regarding AI bias and the environmental impact of AI.

[3] D2.2 Evolution of Supranational Institutional Success Criteria in Post-2018 AI Guidelines
[4] D2.1 AI Success Criteria by National Standards and ISO Regulatory Bodies and D2.4 Success Criteria by Professional Associations in the EU
[5] D3.1 Narrative Framework on Success Among SME Representatives
[6] D3.3 Typology of Success Criteria for Innovative SME Awards
[7] D4.2 Media Discourse Analysis
[8] D4.1 Social Media Analysis of AI Applications
[9] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance

3. Generative AI - Shared concerns about reliability and risk

A point of convergence across stakeholders is the significance of AI's output reliability. SMEs (Minotakis et al., 2026a)[10], CSOs (Farries et al., 2026)[11], social media users (Papaevangelou et al., 2026b)[12] and daily newspapers (Papaevangelou et al., 2026a)[13] all highlight the risks of unreliable Generative AI systems. In particular, emerging are shared concerns around

- the phenomenon of AI "hallucinations"
- the political and societal implications of deepfakes

Expectedly, these shared concerns are also coloured by the position of each stakeholder:

- SMEs (Minotakis et al., 2026a)[14] are concerned about reputational risks as they integrate Generative AI
- CSOs (Farries et al., 2026)[15] highlight the erosion of democratic debate
- social media users (Papaevangelou et al, 2026b)[16] focus more on user manipulation

4. Governance shifts: From ethics to risk management

FORSEE reveals a shift in regulatory and governance discussions **away from AI ethics principles that dominated regulatory discussions in the previous decade and towards regulatory compliance built around risk management** that is encoded into **hard law.** This shift is present across different stakeholders, particularly institutional actors, although ethics remains a focus in ICT professional documents (i.e. ACM and IEEE, Wiegand et al., 2026[17]). The shift towards mitigating risk seems to form grounds for a common understanding of the challenges of AI governance, while simultaneously reflecting the impact of the AI Act and its risk-based approach.

The impact of this transformation from ethics to risk is complex. On the one hand, it indicates a preference towards binding regulation that translates abstract principles into actionable rules. On the other hand, it may point towards a prioritisation of legal conformity

[10] D3.1 Narrative Framework on Success Among SME Representatives
[11] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance
[12] D4.1 Social Media Analysis of AI Applications
[13] D4.2 Media Discourse Analysis
[14] D3.1 Narrative Framework on Success Among SME Representatives
[15] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance
[16] D4.1 Social Media Analysis of AI Applications
[17] D2.3 AI Success Criteria Set by ACM and IEEE

over broader ethical or societal reflection, a tendency that may encourage 'tick-box' compliance.

5. Stakeholders support EU regulation - with caveats

Institutional actors seek rights protection and stakeholder engagement but lack procedural clarity

Through its regulatory, legal and technical documents (Golpayegani et al., 2026; Lasek-Markey et al., 2026)[18], this cohort provides:

- little differentiation between rights conceptually as it does not move beyond broad references to data protection, non-discrimination and intellectual property rights
- low clarity on how many risk and governance issues should be attended to
- an expectation suggestive of cooperative responsibility and multi-stakeholder engagement, but with few specifics provided on how these should be guaranteed.

Courts follow a stage-based judicial logic

A level of uncertainty is also reflected in key legal cases. Courts have yet to build a body of clear precedential findings on how to regulate AI consistently across stages of its development. At present, decisions (Taylor et al., 2026)[19]:

- when early AI stages are concerned (design, data collection, training), are innovation-first oriented
- when the deployment stage is concerned, prioritise right protection

SMEs welcome EU regulation but seek compliance support and clarity

SMEs (Minotakis et al., 2026a)[20], overall, welcomed EU regulatory initiatives, conceptualising them as a way to counteract 'Big Tech' dominance and as a step towards strengthening the European AI industry. At the same, certain concerns emerged around the following issues:

- high compliance costs for SMEs as less resourced organisations
- increasing complexity of regulation, imposing disproportionate compliance burdens on SMEs
- the over-generalised approach of the AI Act that tends to summarily classify AI systems as high-risk

CSOs favour strong regulatory frameworks but feel excluded from its mechanisms

Workers and affiliated activists from this cohort (Farries et al., 2026)[21]:

- stressed the need for a strong regulatory framework

[18] D2.2 Evolution of Supranational Institutional Success Criteria in Post-2018 AI Guidelines and D2.1 AI Success Criteria by National Standards and ISO Regulatory Bodies
[19] D4.3 Legal Challenges Landscape
[20] D3.1 Narrative Framework on Success Among SME Representatives
[21] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance

- questioned whether the current framework, including the AI Act, is capable of delivering effective safeguards for accountability, democracy and against surveillance
- believe that CSOs are excluded from consultation and deliberation processes

Media organisations support regulation but also feature "overregulation" concerns

- As expected, news organisations have a non-uniform stance on regulation (Papaevangelou, 2026a)[22]
- The need for regulation and policy frameworks for AI is a recurring theme across daily newspapers in different media ecosystems and the EU is lauded as a global norm-setter advancing a human-centred model of AI
- Conversely, reports relying heavily on business representatives and corporate leaders repeat narratives that 'over-regulation' could stifle innovation in the EU.

6. Digital Sovereignty a key challenge with different solutions

While there is broad consensus among stakeholders that digital sovereignty is a key issue, different stakeholders attribute varying degrees of importance to the innovation gap with foreign jurisdictions and suggest different approaches. Noteworthy is the lower emphasis on digital sovereignty across institutional actors and regulatory and professional documents. In contrast, SMEs and CSOs both tend to emphasise the importance of digital sovereignty as a strategic goal for the EU. Nonetheless, different intonations exist:

- **Institutional actors** (Golpayegani et al., 2026)[23] highlight the need for European AI infrastructure and funding schemes for the AI industry
- **SMEs** (Minotakis et al., 2026a)[24] and CSOs (Farries et al., 2026)[25] are more concerned with the EU's capacity to implement its regulatory framework on Big Tech actors
- **Daily newspapers** (Papaevangelou et al., 2026a)[26] reflect SME and CSO concerns and also express a lack of trust in the capability of the EU to rein in foreign tech actors' power through enforcement of the AI Act[27]

[22] D4.2 Media Discourse Analysis
[23] D2.2 Evolution of Supranational Institutional Success Criteria in Post-2018 AI Guideline
[24] D3.1 Narrative Framework on Success Among SME Representatives
[25] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance
[26] D4.2 Media Discourse Analysis
[27] This perspective was stronger across Irish newspapers, reflecting Ireland's unique position as a host of Big Tech headquarters and a large segment of their infrastructure.

7. Everyone agrees on protecting jobs from AI disruption

A point of convergence across different stakeholders was the need to protect employment and avoid job losses while promoting AI development and deployment:

- **Social media users** (Papaevangelou et al., 2026b)[28], across different platforms, stress this point as a significant caveat for accepting adoption of AI
- **SMEs** (Minotakis et al., 2026a)[29] developing AI systems note that their goal is to augment humans and not replace them, while stressing that fully autonomous AI systems should not be pursued
- **CSOs** (Farries et al., 2026)[30] echo these concerns, while also noting that AI poses a risk of increased surveillance and deteriorating conditions in the workplace
- **Courts** (Taylor et al., 2026)[31] also appear aware that the deployment of AI may reinforce existing power imbalances in the workplace.

8. Gender and other bias: Consistently acknowledged but inconsistently addressed

Our research focused on bias, primarily through the lens of gender. There is variance across stakeholders' perceptions:

- **Institutional actors**[32] (Golpayegani et al., 2026) make limited references to gender bias and it is absent from awards (Newell et al., 2026)[33] acknowledging excellence in AI applications
- **SMEs**[34] (Minotakis et al., 2026b) developing AI systems acknowledge the importance of mitigating gender bias; however, their efforts tend to focus primarily on identifying and correcting potentially biased datasets. At the same time, they reported limited engagement when it came to ensuring diversity within their own engineering teams. Overall, SMEs seem to conceptualise gender bias as a primarily technical issue.
- By contrast, **CSOs**[35] (Farries et al., 2026) approach AI-related gender bias as a systemic social problem. They express strong concern about its implications and demonstrate a clear commitment to collaborating across gendered, racialised and LGBTQ+ communities to address these challenges collectively. Nevertheless, their

[28] D4.1 Social Media Analysis of AI Applications
[29] D3.1 Narrative Framework on Success Among SME Representatives
[30] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance
[31] D4.3 Legal Challenges Landscape
[32] D2.2 Evolution of Supranational Institutional Success Criteria in Post-2018 AI Guideline
[33] D3.3 Typology of Success Criteria for Innovative SME Awards
[34] D3.4 Gendered Perspectives Among SME Representatives
[35] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance

ability to act is often constrained by limited organisational capacity and insufficient funding.

9. Sustainability overlooked by most stakeholders

Sustainability is emerging as a distinct issue of AI, yet it is still regarded as a secondary priority by most stakeholders.

- **Institutional actors**[36] (Golpayegani et al., 2026) acknowledge the environmental impact of AI though inconsistently across documents; actionable hard law on the subject seems limited or to weaken gradually.
- Sustainability concerns have limited presence in **media coverage**[37] (Papaevangelou et al., 2026a) **and social media discourse**[38] (Papaevangelou et al., 2026b), with the notable exception of Irish newspapers which reflects the country's position as a prominent host for data centres.
- **SMEs**[39] (Minotakis et al., 2026a) developing AI demonstrated moderate to low awareness of the issue; more importantly, they tended to view it as largely beyond their control, given their dependence on Big Tech infrastructure, as noted above.
- **CSOs**[40] (Farries et al., 2026), for their part, acknowledged the environmental risks associated with AI, yet limitations in organisational capacity impact responsiveness.

These findings point to a tangible risk that the EU AI ecosystem may become disconnected from the objectives of the EU's Twin Transition Strategy, potentially leading, among other consequences, to the further proliferation of resource-intensive AI systems.

[36] D2.2 Evolution of Supranational Institutional Success Criteria in Post-2018 AI Guideline
[37] D4.2 Media Discourse Analysis
[38] D4.1 Social Media Analysis of AI Applications
[39] D3.1 Narrative Framework on Success Among SME Representatives
[40] D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance

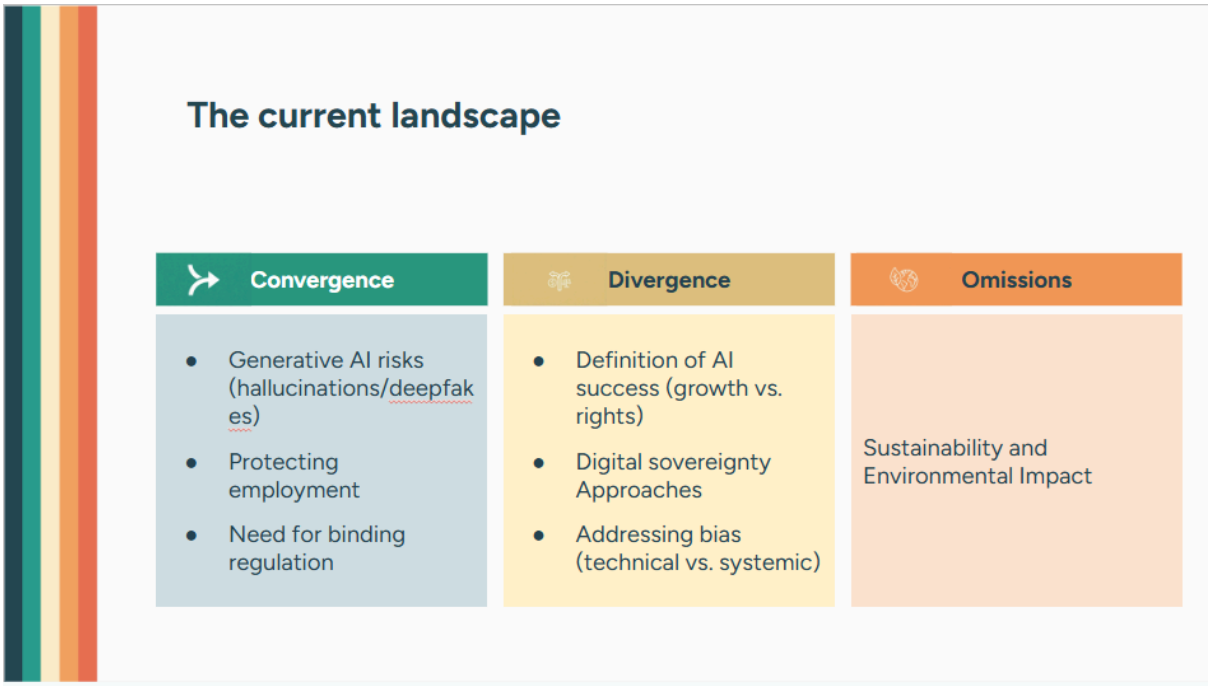

Figure 2 - Synopsis of convergence/divergence (Mikkonen, 2026)[41]

10. Tentative recommendations subject to further FORSEE research stages

These findings suggest that while common ground is being formed, within the current environment key aspects of the EU strategy on AI risks being undermined or sidestepped. Many of our initial FORSEE deliverables were **not written with the immediate goal of making policy recommendations but rather towards informing our next stages of research.** Given this, we propose areas of potential recommendations or considerations for the European Commission that we **aim to substantiate with further research in the next stages of FORSEE**.

Three key ideas run through all of the policy recommendations:

- Strengthening EU's strategic self-determination in AI as a prerequisite for a strong regulatory framework
- Multistakeholderism must be substantively deployed, beyond industrial actors, to effectively foster consultation and engagement in AI governance
- Societal goals, such as sustainable development, mitigation of bias and discrimination and empowerment of civil society, need to be integrated into funding and awards schemes

[41] The figure is indicative and will be updated after review.

1. Operationalise the shift from soft ethics to hard law

a. Integrating societal goals into standardisation procedures

- Ensure that social and environmental considerations are integrated into binding standards, rather than remaining confined to technical reports
- Ensure appropriate expertise on social and environmental issues is systematically included in standards development processes
- Increase transparency regarding the types of expertise involved in AI standard-setting and governance

b. Strengthening multi-stakeholder engagement in AI governance frameworks

- Adopt binding rules on balanced representation within advisory and standard-setting bodies
- Guarantee adequately resourced participation for non-industry stakeholders, including civil society organisations
- Reinforce collective complaint and representation mechanisms, particularly in response to systemic risks such as labour precarity and surveillance

2. Clarify the existing regulatory framework

- Clarify if and how all rights under the EU Charter of Fundamental Rights will be equally protected in the context of AI governance
- Define the role of Market Surveillance Authorities (MSAs) in identifying and remedying breaches of fundamental rights by AI systems
- Clarify the division of competences and enforcement powers between MSAs, notified bodies, and other national competent authorities
- Specify the role and legal weight of the Fundamental Rights Impact Assessment (FRIA) under Art 27 of the AI Act in enforcing fundamental rights protections
- Address how variations in Member States' fundamental rights protections will be accommodated within single market certification mechanisms

3. Support SMEs and the European AI industry with compliance

- Support the development of a dynamic register of AI-related harms, including:
  a) A structured methodology for identifying harms
  b) A mechanism for regular updates
  c) Further clarification of what constitutes individual and collective/social risk
- Develop SME-specific guidance materials for the AI Act
- Provide practical compliance tools for SMEs, including:
  a) Templates and model documentation
  b) Risk classification guides
  c) Example of conformity assessments tailored to small firms

4. Strengthen digital sovereignty in line with EU values

- Reduce SME dependency on Big Tech infrastructures through targeted industrial and infrastructural support.
- Establish a European AI compute voucher scheme that:
  a) Grants SMEs subsidised and priority access to high-performance computing, GPUs, and EU-hosted cloud resources.
  b) Ensures access to compute infrastructure located within the EU.
- Improve SME access to high-quality and trusted data, including:
  a) The development of sectoral European Data Spaces.
  b) Standardised licensing frameworks.
  c) Reduced transaction costs for AI training and deployment.
- Condition access to compute and data resources on demonstrable lawful and consensual data provenance, including protection for data subjects.

5. Build capacity for SMEs

- Expand EU-supported AI innovation awards by designing award criteria that elevate social, ethical, and environmental performance to the same level as commercial success.
- Prioritise SMEs in public AI procurement, including:
  a) Introducing AI-SME quotas or scoring advantages in public tenders.
  b) Enabling SMEs to pilot AI solutions in public services and critical sectors.
  c) Reducing excessive administrative burdens in procurement procedures.
- Improve SMEs' access to long-term growth capital by establishing EU funding instruments specifically targeted at AI SMEs.

6. Enable capacity for CSOs

- Establish dedicated funding streams for CSOs, enabling them to develop technical AI expertise, and to advocate for marginalised groups' rights.
- Strengthen oversight of platform governance practices that "silence" the online presence of CSOs.
- Include CSOs in the room: facilitate the full comprehensive participation of CSOs in governance - at the stage of regulatory consultation.

7. Expand gender bias and discrimination mitigation mechanisms

- Expand existing regulatory architectures and Fundamental Rights Impact Assessments (FRIAs) to explicitly address gender bias.
- Clarify the interaction between the AI Act, the GDPR and existing anti-discrimination regulation at national and supranational levels.

- Set requirements for AI governance frameworks and standards to explicitly include CSOs.
- For SMEs, as bias is intersectional, create incentives to include underrepresented groups, including people marginalised on the grounds of gender and race, to foster a more diverse and inclusive AI innovation ecosystem.

8. Highlight, centre and address AI's sustainability impact

- Integrate sustainability as a formal eligibility and evaluation criterion in
  a) EU AI funding programmes.
  b) Innovation awards and recognition schemes.
  c) Public procurement frameworks.
- Encourage disclosure obligations concerning the sustainability impact of AI-related data centres and infrastructure.
- Support the development of EU-wide metrics and standards to assess the "hidden costs" of AI systems.
- Integrate these metrics into AI standards, certification schemes, and conformity assessments.

Appendix 1 - Sources for actors, stakeholders and media discourses

February 2025 - January 2026 Research informing the present brief included institutional actors, lifeworld stakeholders and media discourse around AI. More specifically:

Institutional actors included understandings of successful AI applications as set forth by supranational bodies, technical standardisation organisations, ICT professional bodies (including the Association for Computing Machinery [ACM] and the Institute of Electrical and Electronics Engineers [IEEE]), sectorial non-technology professional bodies and courts (as expressed in key legal cases from national courts in France, Germany, Italy, Spain, Ireland, and the Court of Justice of the European Union).

Lifeworld stakeholders included Civil Society Organisations (CSOs), Small and Medium Enterprises (SMEs) in the EU area and awards and prizes organisations rewarding excellence in AI on an international level.

Media discourse was examined through daily newspapers in France, Germany, Ireland and Spain and social media content included findings from Facebook, TikTok, and YouTube in the same countries.

Appendix 2 - FORSEE research informing brief

The January 2026 extensive FORSEE research reports that inform present policy brief (can be found in the following reports (currently under review):

- D2.1 AI Success Criteria by National Standards and ISO Regulatory Bodies
- D2.2 Evolution of Supranational Institutional Success Criteria in Post-2018 AI Guidelines
- D2.3 AI Success Criteria Set by ACM and IEEE
- D2.4 Success Criteria by Professional Associations in the EU
- D3.1 Narrative Framework on Success Among SME Representatives
- D3.2 Analysis of Civil Society Organisations' Perspectives on AI Impact on Gender Imbalance
- D3.3 Typology of Success Criteria for Innovative SME Awards
- D3.4 Gendered Perspectives Among SME Representatives
- D4.1 Social Media Analysis of AI Applications
- D4.2 Media Discourse Analysis
- D4.3 Legal Challenges Landscape

As these reports are currently under review until mid 2026, this policy documentation may require revision pending any review decisions.