


RESEARCH ARTICLE

Fundraising strategies of European political parties and foundations: a demand and supply model for political donations

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Abstract

Fundraising is an essential part of the political enterprise. In almost all countries, parties and candidates rely on donations in order to collect sufficient resources to finance their political activities. While most of the existing research in the past has focused on the motivation of donors to contribute to parties and candidates, this article starts from the premise that the level of donations can best be explained by an interplay of supply-side factors (donors) and demand-side factors (political actors). This article specifically focuses on the demand-side: which policy and strategies do political actors develop to seek donations from various sources? To this end, explanatory factors on three main dimensions – institutional, inter-party, intra-party – were examined with regards to the fundraising strategies of European political parties and foundations. Based on a combination of a document analysis and semi-structured interviews, the article will show how the regulatory framework, the possibility of a public backlash, party ideology and the general income structure of political parties influence their donation policy.

Keywords: donations; European political parties; European Union; fundraising; political finance

Introduction

In almost all countries, parties and candidates rely on donations in order to collect sufficient resources to finance their political activities. From a normative perspective, this can be considered positive, since donating to political actors can be considered as a genuine form of political participation. Similarly, parties and candidates that rely on an extensive donor base demonstrate a strong (financial) connect- edness in society. At the same time, donations entail the risk that parties and candidates are more open to the opinions and wishes of their donors (Scarrow, 2007: 207), which has given rise to warnings of possible influence buying and undue interference in the policy-making process.

This is also the case for political parties at the level of the European Union (EU). These “Europarties” can largely be considered as umbrella organisations of national parties, although they are also actors in their own right in the political system of the EU. They have their own separate staff and party leadership, develop their own party platforms, select a lead candidate for the European elections and hold coordination meetings for their affiliated Members of European Parliament, national (prime) ministers and national party leaders. These Europarties also receive donations from a variety of sources (Katsaitis, 2020, 2023a, 2023b).

Despite the widespread presence of donations in political systems all over the world, important gaps in our knowledge remain, both regarding private fundraising in general and donations to

European political parties in particular. The bulk of the studies on the topic has focused on the United States and other countries in the Anglosphere. Research on other countries – including Europe – is a lot more scarce. In addition, most research tends to focus primarily on the motives of donors. The studies on private funding of Europarties have also focused mainly on the profile and motivation of their donors (Katsaitis, 2020, 2023a, 2023b). A certain myopia exists towards the fundraising activities of the parties (and candidates) themselves. Research indeed indicates that not all parties are aimed at maximising their overall private revenue, and that factors – like possible public backlash – could restrain political actors’ from seeking (large) donations (see e.g. Scarrow, 2004; Koß, 2008; Weekers *et al.*, 2009; Mcmenamin, 2012). Yet, the question on why political actors differ in the use of donations and the intensity of their fundraising efforts remains largely unexplored.

The central premise of this article is that the relations between political parties and their donors can best be understood as a “supply and demand nexus”, in which the level of donations can be explained by a *combination* of the motivation of donors to make financial contributions and the attitude and efforts of political actors to engage in fundraising activities. In other words, I argue that a comprehensive explanation of donation patterns should be based on an analysis of both “supply-side factors” that influence the donor’s willingness and ability to make political donations, *and* “demand-side factors” that affect the fundraising capabilities and motivation of political parties.

Since most previous studies on the private financing of European political parties have focused on the characteristics and possible motivations of their donors (the supply-side), this article specifically focuses on the demand-side, that is, those factors that can explain the differences in the fundraising policies of the European political parties and their corresponding political foundations at the European level. As such, this article fills an important gap in the literature regarding the considerations of the Europarties and foundations on their political fundraising activities and contributes to a more comprehensive explanation of political donations at the European level.

More specifically, the analysis shows that (1) the regulatory framework affects the fundraising efforts: while the many regulatory restrictions and administrative requirements discourage Europarties and foundations to seek donors, the co-financing obligation creates an important budgetary pressure that pushes them to at least consider donations as a source of revenue; (2) negative public attention to (corporate) donations has had a strong discouraging effect on fundraising; (3) Europarties and foundations with a high revenue from membership fees are less inclined to invest in fundraising through donations, and right-wing parties engage more strongly in seeking (corporate) donations, and (4) for many parties and foundations, donations have an added value that goes beyond the mere generation of revenue, for example as an instrument for network-building or to collect policy input.

State-of-the-art: research on donations to European political parties and foundations

The study of the (private) financing of political parties can fall back on a long scholarly tradition. However, the body of research is characterised by a certain asymmetry, with the bulk of the work dealing with the finance regimes of the United States or the United Kingdom and mainly focusing on the drivers of donors to contribute to politics. Studies on other cases and other aspects of the parties’ fundraising activities are more scarce.

Yet, the private funding of European political parties and foundations has also been the object of academic research. In this respect, some studies have provided a mere descriptive analysis of the public and private funding provided to European political parties (Wolfs and Smulders, 2018; Anglmayer, 2021; Wolfs, 2022). In line with the dominant trend in other cases, some authors have specifically examined the motivation of donors to make contributions to these European political parties. Research of Katsaitis (2020) found evidence of the importance of ideological congruence for donors. He argued that business donors have followed a selective donation

strategy targeting right-wing Europarties, which are closer to their ideological position. Yet, he also speculates that left-wing parties might be less inclined to accept corporate donations due to reputational considerations and/or due to different political agendas. He also found that business donors are more likely to donate to Eurosceptic parties than pro-integration parties, and hypothesises that this could be explained because business donors want to ensure that these parties maintain support of the single market and limited business regulation (Katsaitis, 2020: 1347–1348).

An analysis of a broader dataset of donations to Europarties and foundations showed that international business donates primarily to pro-integration parties, while Eurosceptic parties receive most donations from citizens (Katsaitis, 2023a). The former can again possibly be explained by ideological congruence: corporations donate to actors that are closer to their interests. Individual donations to Eurosceptic parties are motivated by the hypothesis that these parties have a greater incentive to seek financial support to maintain an aggressive expansive campaign (Katsaitis, 2023a: 2456–2460). The analysis also showed that the largest Europarties – the European People’s Party (EPP) and the Party of European Socialists (PES) – barely receive any donations, which was attributed to the fact that the broader policy agenda makes it harder for donors to identify and support them, and their smaller need to search for external private funding because of substantial public subsidies (Katsaitis, 2023a: 2456).

In other work, Katsaitis (2023b: 791) examined the geographic origin of donations and concluded that most donors originate from Central and Eastern Europe, which indicates “the use of financial resources as a political tool from players that are relative outsiders to EU politics”.

In sum, existing research has provided a comprehensive picture of the private contributions to European political parties and foundations. The financial transfers are largely explained by focusing on the possible motivations of donors (in particular ideological congruence), although it is also hypothesised that differences in fundraising strategies by the European political parties can be part of the explanation. This article will complement these findings by examining the other side of the equation. While acknowledging that the motivation of *donors* is important to explain donation patterns and practices, we argue that the considerations and strategies of the *European political parties* regarding private financing should also be taken into consideration. By shedding light on their motivations (not) to seek private donations, this article contributes to the previous studies that have mainly dealt with the characteristics and possible drivers of donors to Europarties.

A supply–demand model for political party fundraising

In order to examine the demand-side of private fundraising by European political parties, we rely on insights from studies on national political parties to identify possible explanatory factors. These factors are structured in an analytical framework that serves as a heuristic tool to guide the empirical analysis. While Europarties show differences in organisational terms compared to their national counterparts, a growing number of studies has applied frameworks and insights from national party research to European political parties (see e.g. Bressanelli, 2014; Kùlahci and Lightfoot, 2014; Put *et al.*, 2016; Wolfs *et al.*, 2021). Since this framework is used in an instrumental sense as a heuristic device to capture the broadest range of political circumstances possible while disentangling the various components of private fundraising, and not as a tool to generate hypotheses, the methodological reservations for relying on insights from national party politics remain limited.

Based on the findings from existing studies, we can identify possible explanatory factors on three different dimensions (Table 1): (1) the *institutional dimension* focuses on elements from the regulatory and institutional context that influence the motivation of political actors; (2) the *inter-party dimension* has to do with factors related to political competition that affect donation practices and fundraising activities and (3) the *intra-party dimension* is related to elements that are specific for a particular party.

Table 1. Analytical framework of demand-side factors

Institutional dimension
Availability of public funding
Income restrictions
Transparency requirements
Spending restrictions
Inter-party dimension (political competition)
Financial scandals
Proximity of elections
Intra-party dimension
Overall income structure
Party ideology
Administrative capacity

Institutional dimension

The institutional context can provide a number of incentives and constraints for parties’ fundraising activities. On a more general level, in countries where parties are generously funded with public subsidies, they will be less likely to engage in intense private fundraising or vice versa. For example, when public funding was abolished in Italy, parties were forced to engage in private fundraising efforts (Fiorelli, 2021). In addition, there are many rules that directly affect the financial room for manoeuvre: certain donations can be banned – particularly those coming from corporate businesses, unions, foreign interests and anonymous donors – or thresholds can be put in place to preserve a political level-playing-field and to avoid undue external influence (Fiorelli, 2021: 34). Research in the United States has indeed documented how changes in campaign finance laws – such as raising maximum thresholds and federal matching of small donations – have affected the incentives for political actors to target more individual donors (Magleby *et al.*, 2018). Similarly, transparency thresholds can play a role: for example, McMenamin (2013) observed how Fine Gail in Ireland seemed to have pursued a policy of only accepting donations that fell below the publication threshold of €5000. Limitations in terms of spending – applied in many countries in Europe (Fiorelli, 2021) – and in particular electoral expenses can ease a party’s impetus to collect more financial resources. As theorised by Scarrow (2004: 656), in political systems with *de jure* and *de facto* spending limits, it is logical that (at least some) parties might not invest in attempting to maximise their revenue. Based on these findings, our general expectation is that the availability of (substantial) public funding and a high level of regulations create disincentives for parties to seek donations.

Inter-party dimension

With regards to inter-party factors, the typology of Scarrow (2004) of “revenue-maximizing” and “electoral economy parties” can again provide insight. While the former category of parties is focused on maximising its own financial resources regardless of the situation of its political opponents and public opinion, the latter category also takes into consideration the political circumstances and public attitudes. For example, political finance scandals or public outrage can lead parties to limit their fundraising efforts, in particular towards large or corporate donors. A related element is the proximity of elections: since electoral-economy parties are mainly concerned with collecting sufficient resources to conduct a proper electoral campaign, it can be argued that their motivation to fundraise will be lower in years without elections. In line with this reasoning, we expect that a high level of negative public attention for donations will have a dissuasive effect on parties to collect donations, while the proximity of elections will encourage them to do so.

Intra-party dimension

With regards to the intra-party dimension, the private fundraising activities of parties will be influenced by their entire income structure, and in particular whether or not there are other

sources of income – such as membership contributions or public subsidies. Scholars have indeed often categorised parties depending on their dominant source of income: membership fees or small donations from members, large donations from firms and business persons and public funding (see e.g. Hopkin, 2004; Nassmacher, 2009). Parties might be inclined to compensate for decreasing revenue in one category by raising their efforts in collecting more income from a different category. Similarly, Ponce and Scarrow (2011) posited that a possible explanation could be that parties can fall back on a limited number of wealthy donors, which decreases their incentives to attempt to collect funding from small donors. In this respect, our expectation is that Europarties and foundations that have a high revenue from membership fees will be less inclined to invest in private fundraising.

In terms of party ideology, there is some evidence that left-wing parties in Europe receive fewer donations in comparison to centre- and particularly right-wing parties – especially from corporate donors – although it also depends on party incumbency or country-specific factors (McMenamin, 2012; Goerres and Höpner, 2014; Fiorelli, 2017). As already mentioned, studies focusing on the European political parties also observed more business donations to right-wing (and pro-integrationist) parties (Katsaitis, 2020, 2023a). To explain these patterns, most authors – including those examining Europarties – point primarily to the motivations of donors. However, it is possible that demand-side factors also play a role, that is, that right-wing parties put more efforts in seeking (corporate) donations. Party size could also play a role, at least is an indicator for administrative capacity. McMenamin (2013) for example observed how individual MPs did not have the time or the staff to concentrate on raising small donations. In this vein, we expect that larger parties are more inclined to engage in active fundraising.

Case selection and methodology

This article will use this analytical framework to examine the fundraising strategies of all existing European political parties and foundations anno 2023: there are 10 such parties and 10 Eurofoundations officially registered with the European Parliament (Table 2).

The application of the analytical framework to Europarties is particularly suited for four reasons. First, the finance regime includes an important incentive for Europarties to seek private funding, including donations: they can only receive public subsidies if they are able to “match” these subsidies with revenue collected from society. Second, the finance rules set clear limitations and obligations in terms of donations, but offer sufficient leeway for the Europarties and foundations to develop their own fundraising policy (see the Annex). As described above, previous research has indeed shown that there are substantial differences in the size and number of donations that Europarties and foundations receive. Third, the recognisability and visibility of

Table 2. Registered European political parties and European political foundations

Europarty	Abbreviation	Affiliated Eurofoundation	Abbreviation
European People's Party	EPP	Wilfried Martens Centre for European Studies	WMCES
Party of European Socialists	PES	Foundation for European Progressive Studies	FEPS
Alliance of Liberals and Democrats for Europe Party	ALDE	European Liberal Forum	ELF
European Green Party	EGP	Green European Foundation	GEF
European Democratic Party	EDP	Institute of European Democrats	IEF
European Free Alliance	EFA	Coppieters Foundation	CF
Party of the European Left	PEL	Transform Europe	TE
European Conservatives and Reformists Party	ECRP	New Direction – Foundation for European Reform	ND
European Christian Political Movement	ECPM	Sallux	Sallux
Identity and Democracy Party	IDP	Identity and Democracy Foundation	IDF

Europarties among the general public is relatively limited, meaning that it can be expected that they have to conduct pro-active efforts to attract donations. At the same time, they offer an interesting point of access to EU policy-makers, which can create the necessary stimulus for citizens or business to make a financial contribution. Fourth, the Europarties and foundations show important differences in terms of ideology, size and internal organisation, which can be conducive to identify how the various demand-side factors affect the fundraising policy.

The analysis is based on a combination of desk research and semi-structured interviews. In order to map and examine the income structure of Europarties and foundations, I have most heavily relied on their financial accounts.¹ These were taken from their websites or the website of the European Parliament. Missing documents were requested directly. All reports are scrutinised by an external auditor, which improves the reliability of the reports. Because the accounts are only made available as non-machine readable scanned pdf-files, they were manually analysed and coded. Illegible information or inconsistencies were to the largest extent possible solved through direct communication with either the Europarty or foundation in question, or with the Authority for European political parties and foundations. Since the categorisation of different sources of income is not entirely standardised, and parties and foundations hold different practices and methods, all sources of income were manually coded to increase consistency. Specifically with regards to donations, all transactions coming from member parties or member organisations that were listed as donations were recategorised as member contributions.

In order to gain insight into the fundraising strategies of the European political parties and foundations, 21 semi-structured interviews were conducted with members of the executive bodies, (deputy) Secretaries-General or policy officers responsible for financial management (list of interviews in the Annex; only the identity of the respondents with a public mandate are disclosed). Because of the relatively limited size in terms of staff of these organisations, it was often not possible to interview more than one person per Europarty or foundation. In order to increase the validity of the information, the statements of the respondents were as much as possible checked with information from internal or public party documents, such as the annual reports, financial accounts, work programmes, statutes and internal regulations, lists of contracts, news media or public websites.

Exploratory analysis of the fundraising strategies of European political parties and foundations

Fundraising strategies of European political parties and foundations

Several Europarties and foundations do not or barely receive any donations (Table 3), and do not undertake specific fundraising efforts to collect them. This is the case for EPP, European Democratic Party (EDP), Identity and Democracy Party (IDP) and the Institute for European Democrats (IED) for various reasons, as the analysis below will show. These observations already indicate that size and – linked to this – administrative capacity does not provide a strong explanation for fundraising behaviour. Some of the largest Europarties (EPP and PES) and foundations (Foundation for European Progressive Studies [FEPS]) barely receive any donations, and some smaller parties and foundations (European Christian Political Movement [ECPM], European Conservatives and Reformists Party [ECRP], New Direction [ND], Sallux) heavily rely on donations.

A closer look into the fundraising strategies indeed shows a wide variety of practices. A number of other Europarties and foundations concentrate their donation strategy on *small donors* (mostly from party grassroots). This can be done, for example, through online fundraising: around half of the current Europarties and foundations call for donations on their websites (Table 4). Interestingly, several Europarties and foundations explicitly refer to the matching

¹Information on Europarties' and Eurofoundations' financial accounts is available in the Supplementary material.

Table 3. Share of donations in total own resources (2004–2020)

European parties	EPP	PES	ALDE	EGP	PEL	EDP	EFA	ECRP	ECPM	IDP
	0.00%	0.01%	7.67%	0.33%	0.01%	1.65%	1.75%	24.19%	48.38%	0.04%
European foundations	WMCES	FEPS	ELF	GEF	TE	IED	CF	ND	Sallux	IDF
	11.10%	1.12%	4.72%	2.46%	5.47%	0.00%	2.23%	83.99%	46.31%	10.45%

Table 4. Dedicated donation tool on website

European parties	EPP	PES	ALDE	EGP	PEL	EDP	EFA	ECRP	ECPM	IDP
	No	No	Yes	Yes	Yes	No	Yes	No	Yes	Yes
European foundations	WMCES	FEPS	ELF	GEF	TE	IED	CF	ND	Sallux	IDF
	No	No	No ^a	No	Yes	No	Yes	No	Yes	No

^aELF does advertise its corporate partnership on its website, aimed at gathering financial support from companies.

principle in their fundraising communication. Sallux states on its donation webpage that “every euro donated to Sallux will result in an additional 6-euro subsidy from the European Parliament”.² Similarly, the European Green Party (EGP) argues that “[f]or every 1 EUR you donate, the European Parliament will match it with 9 EUR. That’s why the impact of your donation is huge”.³ On the website of ECPM can be read that the Europarty is “partly subsidized by the European Parliament, [but] [they] need to independently raise 10% of the budget”.⁴

The effectiveness of these webpages overall seems limited: the EFA and its affiliated foundation Coppieters Foundation (CF) have dedicated webpages to collect donations,⁵ but this generates little revenue: the CF has registered almost no (small) donations at all. Apart from the website, no additional fundraising activities were conducted by the CF (Interview K). The Party of the European Left (PEL) and its foundation Transform Europe (TE) also accept small donations from citizens and have developed a webpage for this purpose, but it is not used very often. Most small donations originate from conferences or other activities (Interviews Q, S).

Some Europarties have developed a more extensive fundraising strategy towards small donors. The EGP and Green European Foundation (GEF) focused on crowdfunding from people attending their events, such as national party delegates during Europarty meetings (Interviews H, I; GEF, 2019: 15). Party supporters are targeted through ambient fundraising (i.e. providing a donation page after a supporter goes through an action page), email campaigns and the TILT! Network of activists of green parties (EGP, 2018, 2021, 2022, 2023). Additionally, the GEF has targeted specific individual donors – such as Members of European Parliament (MEPs) and Members of Parliament (MPs) – in the framework of its crowdfunding campaign to contribute larger amounts. Because this strategy has not been very successful, the GEF shifted its strategy towards project donations from philanthropic organisations in more recent years (Interview I).

Although there is no joint coordinated fundraising strategy, both the ECPM and its affiliated organisation Sallux fall back on a combination of small donors and political-religious organisations. The ECPM actively recruits “friends of ECPM” during activities and events of its member parties – in particular the Netherlands – which are registered in the Europarty’s database

²Sallux, *Donate*: <https://sallux.eu/donate.html> (accessed on 15 January 2024).

³EGP, *Take charge of your future. Donate Green*: <https://europeangreens.eu/donations> (accessed on 15 January 2024).

⁴ECPM, *Donate*: <https://www.ecpm.info/donate.html> (accessed on 15 January 2024).

⁵European Free Alliance: <https://e-f-a.org/donate/> (accessed on 15 January 2024); Coppieters Foundation: <https://ideasforeurope.eu/get-involved/donations/> (accessed on 15 January 2024).

(Interviews L, M; ECPM, 2023). These “friends” receive a newsletter and some of them make a small donation, which is customary among religious supporters especially in the Netherlands (Interviews L, M). Sallux can fall back on fewer small donors: in particular in its early years, the Eurofoundation received particular support from individual members of the ChristenUnie – one of the ECPM’s member parties – in order to help start up the organisation. The larger donations mostly originate from political-religious organisations that are part of the network of the Europarty, its member parties, or the Eurofoundation, or from companies if a board member has specific ties to ECPM or Sallux (Interviews L, M).

Several European political parties and foundations specifically target companies to collect donations in the form of “project sponsorships”: in exchange for a financial contribution, the party or foundation co-organises an event or publication, or the company is given an interview or position in a panel or policy debate. This is the dominant approach for the ALDE Party (Interviews E, F; Vaudano, 2019). The respondent from the WMCES highlighted that while in the beginning they had to contact companies, donors now increasingly approach them proactively. The foundation presents them with a list of possible events or activities for collaboration, or the company makes a suggestion itself (Interview C; WMCES activity reports 2018–2021). Similarly, the ELF identifies strategic policy sectors and subsequently reaches out to potential companies with a suggestion to collaborate (Interview G).

The Europarty and foundation that have the most extensive donation policy are the ECRP and ND. They apply what can be described as a “decentralized donation policy”: when activities are organised in a member state and on the initiative of an MEP, the personal and political network of that MEP is used to fundraise donations (Interview N). For example, the ECRP has had a large number of donors linked to the UK Conservative Party over the years: these were probably approached in the framework of events and activities from British MEPs. This also explains why a large number of relatively small companies have made donations to the ECRP and ND (ECRP accounts 2010–2021; ND accounts 2010–2021): MEPs act as a go-between.

Explanatory factors of the fundraising strategies

The fundraising strategies of the European political parties and foundations thus differ widely. Based on the analytical model, we have identified a number of explanatory factors for these differences, grouped in the three dimensions (institutional, inter-party, intra-party). The results of this analysis are also found in Table 6 (Europarties) and Table 7 (Eurofoundations) in the Annex.

Institutional dimension

The most important institutional factor is the co-financing principle in the regulatory framework. Almost all respondents recognise that this has created internal budgetary pressures. Especially when the public subsidies were increased more own resources were required to match the grant (Interviews A, B, D, E, G, H, I, J, K, L, M, N, O, P, Q, S). As a consequence, several Europarties and foundations did not receive their entire grant amount, for a large part because they were unable to collect sufficient own funding (Wolfs, 2022: 80–85). This co-financing principle has really pushed the parties and foundations to look for private funding, including donations. One respondent even called the co-financing mechanism a “toxic system” that enables corporate interests to gain influence in EU political decision-making (Interview M).

The income restrictions also posed a challenge to collect sufficient own resources. The respondent from the GEF highlighted that before 2018, the foundation mostly made use of contributions in kind (Interview I; GEF accounts 2010–2020). This was a principled decision to highlight the importance of unpaid work, but also a financial necessity since most green member foundations were small organisations with limited financial capabilities. When contributions in kind were prohibited as a source of own revenue, the GEF had to develop a fundraising strategy, initially focused on crowdfunding among small donors and subsequently on project

donations from philanthropic organisations. Concerning the latter, the ban on non-EU donations also constitutes a constraint, since in particular US organisations are potential important project donors (Interview I). The ECRP and ND seem to be the only Europarty and foundation for which the ceiling of €18,000 per donor per year poses a limit to their fundraising activities (Interview N). Many of their donors could contribute more if the threshold was higher.

Specifically with regards to spending restrictions, only the respondent from the IDP and Identity and Democracy Foundation (IDF) mentioned that the ban on (in)direct support for national parties and foundations limits their possibilities to spend the EU funding, which results in lower expenditure and – consequently – a lower budgetary pressure to collect own resources (Interview R).

Finally, while the transparency requirements specifically do not seem to play an important role, the broader administrative requirements for the registration and verification of donations discourage parties from engaging in private fundraising. The respondent of the PES highlighted that the administrative burden is very high, and is not in proportion to the limited revenues that can be generated (Interview B). This was also mentioned by the respondent of the WMCES as an important reason why the foundation does not invest in small donations: since the capacity of the organisation is relatively limited and the administrative procedures are demanding, the efforts do not generate sufficient income (Interview C). Similarly, the GEF stopped pursuing small donations because the returns were not in proportion to the investment of time and resources (Interview I). The respondent from the ECPM also acknowledged the administrative burden to register small donations, but they decided to invest in it because of the added value for network-building (cf. *infra*).

In sum, the many restrictions in combination with the high administrative requirements regarding the registration and verification discourage the Europarties and foundations to engage in fundraising. Conversely, while the high level of public funding could lower private fundraising incentives, the co-financing principle has the opposite effect: it forces parties to (at least consider) seeking donations.

Inter-party dimension

At the inter-party dimension, the main factor that influences the Europarties' and foundations' fundraising policy is the possibility of a public backlash against corporate donations. The EPP, for example, has made the choice not to accept donations: EPP President Wilfried Martens decided already in 2004 to refuse donations, because of his background in Belgian politics which was plagued by political finance scandals in the 1990s (Interview A; EPP accounts 2004–2021; Wolfs, 2022: 101). The PEL and EDP took a similar decision, which was pushed by several member parties from countries where (corporate) donations were regarded very negatively due to scandals (at the national level), the risks of fraud and bad financial management (Interviews O, S).

Similarly, The respondent of the PES emphasised that the Europarty wanted to avoid the perception that its lead candidate was influenced by certain companies (Interview B; PES accounts 2004–2021). This is also the reason why its affiliated foundation FEPS stopped accepting corporate donations in 2018: following critical media attention, it decided only to accept financial contributions from likeminded partners and not companies (Interview D; FEPS accounts 2008–2021). The ECPM and Sallux do not actively seek contributions from business, because this could create public backlash and could jeopardise their autonomy (Interviews L, M).

Even most of the European political parties and foundations that do accept corporate donations are aware of – and responsive to – a possible negative public reaction. The ALDE Party received substantial criticism against its donation policy in the run-up to the 2019 European elections. The party aimed to forge an alliance with Macron's *En Marche* ahead of the elections, but this was jeopardised when radical right politician Marine Le Pen publicly criticised the ALDE Party's policy to accept donations from Bayer Monsanto. Macron's party subsequently declared

that they would end the collaboration if this practice was continued (Rébère, 2019; Reuters, 2019). The ALDE Party – as a form of “crisis management” – responded by putting an end to the sponsorships of large companies, but picked it up again shortly after (Interview F; ALDE accounts 2018–2021; ALDE, 2019; Wolfs, 2022: 101). Yet, in order to counter criticism, the Europarty put in place a clear code of conduct on corporate sponsorships (ALDE, 2020): sponsors may not lobby ALDE delegates and the partnership is ended if this rule is not respected. It also has an financial revisory committee that needs to approve any additional sponsorships. More recently, the Europarty has also made the decision not to accept corporate funding during the electoral campaign (ALDE, 2020; Interviews E, F). The Bayer-Monsanto controversy also had an impact on the EDP, which collaborates with the ALDE Party in the European Parliament. Following the media attention, the Europarty’s Treasurer publicly declared that they would not accept any donations from private companies (Interview O; Cazenave, 2019).

Other Eurofoundations also take precautions to improve transparency. The WMCES proactively shares information on the reasons for involving a company, and aims to add a “counter-voice” to the sponsor in a panel or debate to avoid that a message could be pitched unchallenged. According to the respondent, the foundation also developed an internal verification procedure through which every possible corporate sponsorship is checked on a case-by-case basis at the administrative (the secretariat) and political levels (the executive bureau) (Interview C). Similarly, in order to retain ownership and control, the respondent from the ELF argued that the foundation does not develop activities with the specific aim of attracting corporate donors, but first decides on a list of activities and only then reaches out to corporations to enquire of any interest (Interview G).

In sum, negative public attention regarding donations has an effect on most Europarties’ and foundations’ fundraising considerations, in particular regarding attracting corporate donations. Some parties have indeed changed their donation policy following increased negative media attention, while others have even *proactively* refused donations or took additional transparency measures to avoid a public backlash.

Intra-party dimension

One of the most important intra-party factors that influences fundraising strategies is the broader income structure. The findings are in line with our expectation that Europarties and foundations with a high revenue from membership fees are less inclined to invest in fundraising through donations. Some Europarties and foundations indeed have sufficient other sources of income to match their EU subsidies, which provides them with more leeway to minimise donations. Both the EPP and the PES can afford to refuse donations since they have large member parties that pay high member fees (Interviews A, B). In order to raise its level of own resources, the PES has for example relied on additional contributions from the German SPD (PES accounts 2009, 2013, 2016–2019). This is also the case for the EFA, CF, EDP and IED: because they could collect sufficient contributions from members, the question of more active fundraising through donations was never raised (Interviews J, K, O; EFA accounts 2004–2021; CF accounts 2008–2021; EDP accounts 2004–2021; IED accounts 2008–2021). The respondents of the PEL and TE also acknowledged that member contributions were sufficient to cover own resources, which diminished the need for donations (Interviews P, Q, S).

For others, raising donations has been an important aspect of their strategy to diversify their income. For the ALDE Party, (corporate) donations – in addition to the introduction of membership fees from individual members – have been a way to broaden their sources of revenue. Raising the member fees was more difficult, because the Europarty is composed of (overall smaller) member parties with more limited financial capabilities (Interviews E, F; ALDE accounts 2004–2021).

This is also the case for the smaller Europarties and foundations: they often have members with limited financial resources, which makes it more complicated for them to raise sufficient

own resources through membership fees alone (Interviews G, L, M). The ELF for example decided to attract private donations from (larger) companies as a way to create a form of financial safety and stability (Interview G). When contributions in kind were abolished as a possible source of own resources, the GEF shifted towards targeting small donors, large individual donors and project donations from philanthropic organisations as ways to diversify their income (Interview I). Even for the largest Eurofoundation, WMCES, corporate donations are one of the three main pillars of its fundraising strategy (in addition to contributions from member organisations and projects with partner organisations). They also try to diversify their donor pool by attracting new corporate donors every year (Interview C). Yet, the clearest examples are ND and IDF: they don't have member organisations at all – individual MEPs form their membership base – and they rely on donations from respectively companies and MEPs to gather own revenue (Interviews N, R).

Another factor that has played a role in some cases is party ideology, with left Europarties and foundations being more sceptical towards corporate donations. The EGP and the GEF only accept funding in line with their values, and not from banks or large companies (Interviews H, I; EGP, 2023: 26). Similarly, FEPS only accepts donations from organisations that are ideologically aligned and “defend the same values”, such as trade unions or specific think tanks (Interview D). The PEL and TE neither accept corporate donations because it would not be in line with their ideological principles (Interviews P, Q, S). This is also the case for the EDP and IED: there is a large consensus that corporate donations should not be accepted, because the Europarty and foundation work for citizens and not companies. In particular the French member party *Democratic Movement* – the dominant force within the EDP – has been fiercely against corporate support (Interview O), possible also because this is particularly controversial in France. These findings confirm our expectation that right-wing parties more strongly engage in seeking (corporate) donations.

Organisational arguments for fundraising

In addition to the factors discussed above, respondents also highlighted a number of additional reasons to engage in fundraising beyond a mere source of revenue. First, a (financial) collaboration in the form of project donations is deemed useful because this allows the donors to make genuine contributions to the policy debate. The respondent from the WMCES, for example, emphasised that the sponsorships go beyond a mere financial added value: the fact that the companies can provide input is considered important (Interview C). This is also an element that was emphasised by the respondents of the ELF and the ALDE Party: directly involving companies in debates helps to exchange views and learn the positions of the industry, in particular on files that are important to them (Interviews E, F, G): “if you want to develop energy policy without talking to E.ON or Vattenfall or ENGIE, you will probably not end up with a good policy” (Interview F).

A second element that is emphasised is that donations can be used as an instrument of network-building, both with organisations and grassroots. For example, because donations from philanthropic organisations to the GEF are linked to a specific project, it allows the foundation to access the organisation's network of civil society actors (Interview I). The EGP mainly targets green activists, which is also used to strengthen the network of Europarty supporters more generally. Through donor engagement activities and the circulation of donation impact reports, the fundraising campaigns are integrated “into the existing framework of EGP's and Tilt's communication and outreach strategy” (EGP, 2019, 2021, 2022). Similarly, the fundraising efforts of the ECPM are part of a broader strategy to recruit the “Friends of ECPM”, which is considered an important way to link citizens to the Europarty organisation (Interview L; ECPM, 2023).

Finally, fundraising can be linked to granting services or activities. Based on the data of the donations, the annual activity reports and the respondent, it seems that the ECRP and ND often develop a symbiotic relation with their donors: many donations originate from organisations, research institutions and companies that have been involved as a service provider for the

European party or foundation (Interview N; ECRP accounts 2010–2021; ND accounts 2010–2021; ND annual reports 2014–2021; see also Wolfs, 2022: 102–105).

Discussion

This article provided an overview of an exploratory study into the fundraising strategies of European political parties and foundations. The central premise was that the level of donations can best be explained by an interplay of supply-side factors (donor) and demand-side factors (political actors). This article specifically focused on the demand-side: which policy and strategies do political actors develop to seek donations from various sources, and how can that be explained? To this end, explanatory factors on three main dimensions – institutional, inter-party, intra-party – were investigated.

An important conclusion is that the Europarties and foundations did show considerable variation in the intensity and categories of donors they targeted. Not all of them are eager to collect as many donations as possible; some parties and foundations consider such fundraising as a “necessary evil” that they would like to avoid if possible.

At an institutional level, the co-financing principle – which makes subsidies conditional on own financial resources – creates a strong impetus to look for financial resources, although the level of regulations and many administrative requirements included in the regulatory framework complicate the fundraising efforts.

The extent to which this also leads to a search for (more) donations varies greatly among the parties and foundations. Their broader income structure is an important explanatory factor for this: parties and foundations that can collect sufficient other own resources – in particular membership fees – often refrain from collecting donations. This is the case for the EPP, PES, PEL, EDP, EFA, TE and CF. Private fundraising is taken up by most other Europarties and foundations as a way to diversify their income and/or compensate for lost revenue. The GEF for example turned to donations when contributions in-kind were no longer excepted. From this perspective, most parties correspond to the type of “revenue-maximizing party”, aimed at expanding its income as much as possible. The only exception seems to be the IDP and its foundation IDF: they deliberately collect fewer own resources than required to receive their entire party subsidy. This can be explained by the specific spending restriction that the EU public funding cannot be used to support national parties; since this is the main aim of the IDP and IDF, raising more revenue is considered unproductive (see also Wolfs, 2022).

Despite the “revenue-maximizing” focus of most parties, the possible public backlash that (in particular) corporate donations generate is an important and influential factor. Most Europarties and foundations fear negative (media) attention about this issue, and the ALDE Party, EDP and FEPS have even changed their donation policy (temporarily) because of it. Even if a Europarty or foundation relies on corporate support, measures (and a narrative) are put in place to minimise the risk of undue influencing. Only the ECRP and ND seem less susceptible for this aspect, which partly explains the overall high share of donations to Eurosceptic parties (Katsaitis, 2020, 2023a). Ideology also plays a role, with left-wing organisations more likely to rule out corporate donations because this is not in line with party ethics and values. This explains why previous research found that considerably fewer donations are made to left-wing Europarties and foundations (Katsaitis, 2020).

A last important factor is that in the analysed case a donation rarely constitutes a mere financial transaction, but is part of a broader party–donor interaction. With several Europarties and foundations, corporate donations take the form of project sponsorships, in which delegates of the company are directly involved in – and provide input to – activities and publications. This is an enabling context for “pragmatic donations”, where donors are mainly aimed at advancing their own interests, and can explain the high number of business donations to pro-integration parties (Katsaitis, 2023a). This is also acknowledged by respondents by the ALDE Party and WMCES, who stated that corporate actors valued the networking and outreach

opportunities and the possibilities to get closer to policy-makers. The added value is particularly large since the cost – a donation is maximum €18,000 per year – is relatively modest, especially for larger companies. It is therefore perhaps not surprising that some companies donate to several Europarties and foundations at the same time.

Also the grassroots crowdfunding actions aimed at small donors are part of a broader network-building exercise. Reaching out to and connecting with potential supporters is even valued higher than the (limited) financial revenue that such campaigns generate. Several parties and foundations have even abandoned small donor campaigns because the income does not outweigh the demanding administrative requirements for the registration and verification of donations. But if small donors are brought into the party organisation, this is considered a valuable endeavour.

These findings show that – at least in the case of European political parties – donation patterns are not solely the result of the motivation of donors to make a financial contribution: (most) Europarties and foundations are selective regarding which donations to seek and accept. Future research could verify whether similar practices can be recognised with national political parties, which operate in different political context than their European counterparts. The observed party–donor interaction in the context of donations can also provide a source of inspiration for additional research. The direct involvement of interest representatives in party activities – in the framework of the project sponsorships – could generate new findings regarding lobbying at the EU level. Similarly, the donations as a network-building exercise could provide new insights into the organisational aspects of Europarty politics. In sum, these elements show that donations do constitute a (financial) connection of Europarties and foundations to society as a whole, albeit not in the ways one would initially expect.

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