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Germany: Law on the financing of party foundations

Kamil Frymark

On 10 November, the Bundestag passed a law for the first time in history concerning the funding of foundations affiliated to political parties. The regulations received support from all the parliamentary groups except the AfD, whose Desiderius Erasmus Foundation has so far been excluded from public funding. Some of the former Die Linke MPs now centred around Sahra Wagenknecht also objected. The law stipulates that a foundation can receive state funding no earlier than when the party it works for has been in the Bundestag for three consecutive terms. So far, there have been two terms.

In addition, the law requires each foundation to guarantee that it will actively promote the democratic legal order and the idea of the peaceful coexistence of nations. Furthermore, the activities of the party with which the institution is affiliated must not be anti-constitutional in nature. The Federal Ministry of the Interior will be responsible for verifying that these conditions are met. The AfD criticised the law as discriminatory, and announced a complaint to the Federal Constitutional Court (*Bundesverfassungsgericht*, BVG).

All the parties represented in the Bundestag have their own foundations. These institutions, originally established after the Second World War, were intended to support the development of democracy and civil society in West Germany. Over time, they expanded their activities to the international arena. Today, of the approximately 4000 people they employ, half work outside Germany, in more than 300 bodies in around 100 countries. In 2023, the total annual budget of all these foundations was €697 million. Half of these funds go on their foreign activities, which means that these institutions actually receive more than three times as much money as the parties themselves. In the long term, the AfD is expecting an annual grant to its foundation of around €80 million.

Commentary

- The political foundations work closely with Germany’s diplomatic missions, and play a significant role in extending Germany's influence internationally. This is particularly true in areas of strategic importance to Berlin's foreign policy. These institutions are made up of wide networks of contacts, including politicians, cultural, media and economic figures, which is important for diplomacy. Their actions aim to establish and maintain lasting relationships with key decision-makers as well as youth leaders in various countries. Additionally, they convey the German point of view on international issues through lobbying and political education. Furthermore, by working with local NGOs, they influence the domestic and foreign policy of the countries in which they operate.

- The new law will restrict the AfD-linked foundation’s access to public funding. At the same time, the lack of precise criteria for the constitutionality of the group’s activities could be used to permanently restrict the foundation’s access to public money. One of the likely grounds for doing so is German counterintelligence’s surveillance of the group’s structures, which is already underway in some states; indeed, the entire party is under investigation. The law represents yet another attempt by the other parties to limit the AfD’s influence, not least after the party refused to appoint a vice-president of the Bundestag (all the other parliamentary groups have representatives). The new regulation will also make it more difficult for Sahra Wagenknecht's possible new party to obtain funding, hence her opposition to the bill.
- The impetus for the new legislation came from a ruling by the BVG this February, in which the court pointed out that the existing practice discriminates against the AfD and violates the principle of a level playing field. The distribution of funds had hitherto been based on informal political consultations between the main parties in the budget committee; as a rule, the size of the parliamentary groups was the deciding factor. Some of the regulations which favoured the parties hitherto benefiting from the foundation funding have been retained in the new law. For example, in a situation where a party does not enter the Bundestag, its foundation will still be funded until the end of the new parliament; this was the case for the FDP between 2013 and 2017. This provision will allow the foundations affiliated with Die Linke and the FDP to keep receiving money until 2029, even if these groupings lose their representation in parliament after the 2025 elections.