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Author(s)


Corresponding Author

 Rianda Dirkareshza

 0000-0002-5417-1409


 riandadirakreshza@upnvj.ac.id

 Faculty of Law, Universitas Pembangunan Nasional Veteran Jakarta

 Anni Alvionita Simanjuntak

 0000-0003-2473-5725


 annialvionita@upnvj.ac.id

 Faculty of Law, Universitas Pembangunan Nasional Veteran Jakarta

 Gilang Abi Zaifa

 -

 gilangabizaifa@upnvj.ac.id

 Faculty of Law, Universitas Pembangunan Nasional Veteran Jakarta

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Reforms of Political Finance:

Strengthening Democracy by Reducing the Impact of High-Cost Politics

Rianda Dirkareshza, Anni Alvionita Simanjuntak, Gilang Abi Zaifa

Abstract: This study has two objectives: First, to examine high-cost politics in Indonesian elections; Second, to propose measures to strengthen the Ministry of Home Affairs' authority in political finance supervision and enhance regulations to promote electoral transparency, using the recent Indonesian elections as a case study. Indonesia's political process is characterized by high-cost politics, where candidates often face pressure to raise substantial funds to finance their election campaigns. Consequently, elections, meant to serve as a democratic platform for all Indonesians, frequently become subject to abuse by individuals seeking to attain power. The primary goal of this study is to gain a comprehensive understanding of the high-cost politics in Indonesian elections and its impacts on democratic integrity. The study utilized a normative juridical methodology, incorporating statutory and conceptual approaches. The findings indicated that transactional and money politics, along with high-cost politics in Indonesia's elections, pose a serious threat to democracy. The Ministry of Home Affairs and the General Election Supervisory Agency must strengthen their legal instruments to monitor political party finances. Furthermore, political actors must be encouraged to reduce high-cost politics.

About the Author(s)

Rianda Dirkareshza, currently serve as Permanent Lecturer, the Faculty of Law, Universitas Pembangunan Nasional "Veteran" Jakarta. Obtained his undergraduate degree at the Faculty of Law, Universitas Sumatera Utara, 2016. The author continued his Master's degree at the Faculty of Law, University of Indonesia in 2018. The author actively conducts research both at the university level and in collaboration with other institutions, the outcomes of his research have been featured in numerous journals.

Anni Alvionita Simanjuntak, completed the Master degree in Cultural Studies, Universitas Sumatera Utara, Medan, 2020. Presently, she serve as a permanent position as a lecturer specializing in English Specific Purpose (ESP) with focus on Legal English at Faculty of Law Universitas Pembangunan Nasional Veteran Jakarta.

Gilang Abi Zaifa, completed with a Bachelor of Law degree at Universitas Pembangunan Nasional Veteran Jakarta concentrating in Constitutional Law. He is actively engaged as a Paralegal at the Consultation and Legal Aid Institute FH UPN Veteran Jakarta.

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I. Introduction

This study discussed the issue of high-cost politics in Indonesian elections and the necessity of enhancing the Ministry of Home Affairs' supervision of political party financing to promote transparency. As a democratic nation, Indonesia's electoral system is crucial for upholding democratic principles, allowing citizens to elect leaders and participate in politics (Mulyono & Fatoni, 2020, p. 101; Arniti, 2020, p. 335). Ensuring fairness, transparency, and freedom from corrupt practices is vital for maintaining democracy (Suryadi, 2023, p. 5; Asshiddiqie et al., 2006, p. 114). Indonesia has been experiencing relatively smooth elections since 1998. However, the country continues to face challenges in maintaining democratic integrity due to increasing political costs (Simamora, 2011, p. 230; Samego, 2012, p. 61).

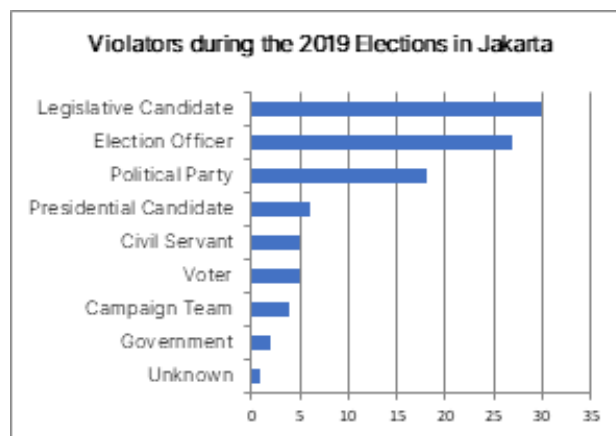
The issue of high-cost politics has become a pernicious problem in elections (Lampus et al., 2022, p. 5). High-cost politics involves giving, receiving, or using large amounts of money or other resources to influence the outcome of elections (Hidayat, 2018, p. 143). This includes practices such as vote-buying, campaign finance embezzlement, and political corruption (Adelina, 2019, p. 65). The detrimental impact of high-cost politics undermines the fairness of elections and poses a threat to the integrity of democracy as a whole (Jaya et al., 2019, p. 111).

High-cost politics is deeply entrenched in Indonesia's political process (Suharto et al., 2017, p. 39). During general elections, candidates often face significant pressure to raise large sums of money to fund their campaigns (Faisal et al., 2018, p. 273). This creates a dependency on donors and interest groups, which can influence political decisions and agendas (Nicholas, 2017, p. 290). As a result, elections, which are intended to serve as a democratic platform for all Indonesians, are often exploited by individuals seeking to gain power.

The prevalence of high-cost politics during election campaigns has severe political and social consequences in Indonesia. First, the practice of high-cost politics results in unfairness in the election process (Sholikin, 2019, p. 98).

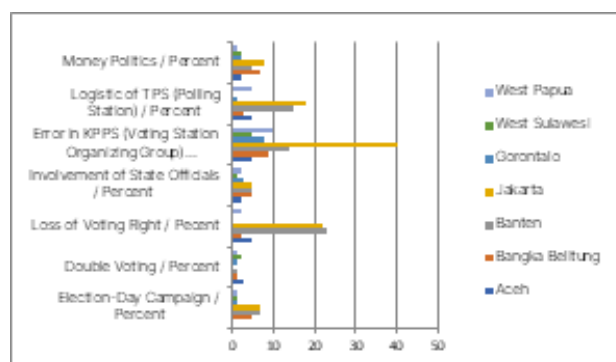
Candidates with substantial financial resources gain an unfair advantage in political contests (Hermawan & Sundry, 2022, p. 1048), which undermines the ability of less affluent candidates to compete equitably and threatens the integrity of democratic representation.

High-cost politics can heighten the prevalence of political corruption. Elected officials who attain their positions through such practices often feel obligated to repay their financial sponsors, jeopardizing the integrity of public policy (Riswanto, 2020, p.126). This correlation is evident in the data on election violators in Jakarta (Figure 1), types of violations in the 2017 regional head elections (Figure 2), and the election vulnerability index associated with money politics at the district/city level (Figure 3) from the General Election Supervisory Agency (BAWASLU).



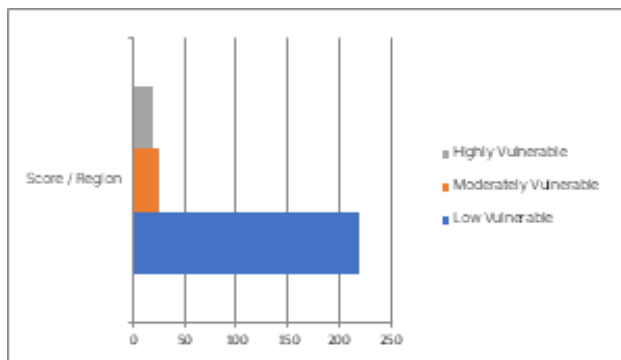
Source: Jayani (2021), processed by the author

Figure 1. Election Violators in Jakarta



Source: Databoks Katadata (2017), processed by the author

Figure 2. Types of Violations in the 2017 Simultaneous Governor Election



Source: Bayu (2020), processed by the author

Figure 3. Election Vulnerability Index for Money Politics at the Regency/City Level

The Ministry of Home Affairs (MoHA) holds a pivotal role in monitoring political finance in Indonesia. Regulation No.78 of 2020, which amends Regulation No. 36 of 2028, establishes the framework for calculating, allocating, and reporting financial aid to political parties, thereby ensuring transparency and accountability in the use of campaign funds (Prasetyo & Muis, 2015, p.22).

This regulation governs the origins, utilization, and reporting of political party funds, including requirements for financial audits (Suyatmiko et al., 2020, p.27). It establishes legal provisions managing political party finances, such as the allocation of funds in the Regional Revenue and Expenditure Budget (APBD), and sets out procedures for reporting financial assistance (Handayani, 2015, p. 10; Abadi 2020, p. 335; Ramadhan et al., 2022, p. 313). The MoHA must enforce this regulation to ensure transparency and accountability in the use of campaign funds (Pinilih, 2017, p. 76).

The regulation addresses various aspects of political party finances, including sources, utilization, financial reporting, and audits. It specifically governs the sources of party funds, such as donations from members, individuals, or legal entities, as well as income derived from legal activities (Putra, 2018, p. 119; Fahmi & Asrinaldi, 2020, p. 50). By imposing stringent limits and requirements, the MoHA aims to prevent funding from ambiguous or illegitimate sources, thereby reducing high-cost political practices and safeguarding electoral integrity.

It is imperative that the Ministry consistently assess and refine its effectiveness to improve the role and performance of the Ministry as a political finance oversight institution (Agustina, 2021, p. 80). Enhancing policy measures and strengthening oversight mechanisms are essential for mitigating the exploitation of loopholes by high-cost political practices (Wahid, 2021, p. 285). Additionally, adopting a collaborative approach with relevant stakeholders, such as the General Election Commission (KPU), the Election Supervisory Agency (Bawaslu), and civil society organizations, is crucial for fostering synergies that strengthen electoral integrity (Murafer, 2018, p. 177).

In summary, the Ministry of Home Affairs serves as Indonesia's political finance watchdog and plays a crucial role in addressing high-cost politics. By implementing stringent regulations, effective oversight, and rigorous law enforcement, the Ministry can mitigate high-cost political practices and enhance transparency, accountability, and fairness in campaign financing. The Ministry can also significantly reduce political influence by further strengthening its role and undertaking necessary reforms.

Reform of political finance is crucial to reduce high political costs and improve transparency in party finances. Agustino et al. (2023) emphasize that direct regional head elections can enhance democratic credibility and empowerment. However, it has been observed that elected officials often recoup their campaign spending through corruption practices, which highlights the ongoing challenge of strengthening democracy in Indonesia.

Additionally, Hakim & Muhyidin (2022) showed in their article titled 'Democracy and High-Cost Politics' that democracy is considered the most ideal concept of state and politics. Democracy has been shaping the political landscape and governing institutions of Indonesia since the reform movement in 1998. Key principles such as justice, transparency, accountability, and representation are fundamental to the democratic process.

The prevalence of high-cost politics in Indonesian elections, from presidential to local levels, has been a persistent issue, often resulting in corruption and eroding democratic

ideals. This has been substantiated by previous studies, which have emphasized the detrimental impact on democratic values. A study by Avis et al. (2022) on mayoral elections in Brazil found that imposing limitations on spending increases political competition by attracting less affluent candidates. However, these limits do not necessarily improve short-term policy outcomes such as education and health.

This study is focused on two main objectives: (1) to examine High-Cost Politics in Indonesian Elections and (2) to enhance the Ministry of Home Affairs' authority in supervising and regulating political finance to promote electoral transparency. By understanding high-cost politics, regulatory reforms can be implemented to safeguard democracy, with the potential for lessons to be applied in other nations to enhance election integrity.

II. Methods

The study's objective was examined using a normative juridical methodology, incorporating both statutory and conceptual approaches. This methodology facilitated the analysis of the legal framework governing political finance (Waluyo, 2002, p. 33). This approach was employed to assess the existing legal framework related to political finance (Waluyo, 2002, p. 34) and to understand the concepts and theories associated with high-cost politics and reforms in political finance (Marzuki, 2017, p. 27).

The statutory approach was used to analyze the various laws and regulations governing political finance in Indonesia, including ministerial regulations, laws, and Constitutional Court decisions related to money politics (Creswell & Creswell, 2017, p. 54). This approach was chosen as it provided a comprehensive understanding of the existing legal foundation and allowed for an evaluation of its effectiveness and any weaknesses in its implementation (Creswell & Clark, 2017, p. 41).

The study utilized a conceptual approach to analyze the concepts of high-cost politics, democratic integrity, political finance reform, and other related issues. This approach was employed to establish a robust theoretical framework and

understand the conceptual implications of high-cost politics on democracy.

Data was primarily derived from legislative documents and relevant literature. The analysis employed both descriptive and analytical methods to investigate causal relationships, trends, differences, and the implications of the findings. This study was conducted over six months, from January to June 2023.

III. Results and Discussion

A. High-Cost Politics in Indonesian Elections

The concept of transactional politics entails the exchange of political power or resources such as goods, money, services, or specific policies to influence individuals or gain certain benefits to exploit political opportunities created by political parties or elites. In the Indonesian context, transactional politics is closely associated with election-related activities and involves making specific promises to influence voters. However, there are diverse interpretations of transactional politics. In Indonesia, transactional politics is used as a term covering a wide range of corrupt practices and behaviors in elections, ranging from political corruption and vote buying to racketeering (Hakim & Muhyidin, 2022, p. 19).

The issue of money politics in Indonesia involves the use of financial resources to gain authority and power. Money is commonly used to sway political outcomes, often through material incentives, such as cash, goods, and aid, in exchange for voter support (Ermaya, 2020, p. 56; Zaman, 2016, p. 386). This practice has become ingrained in Indonesian politics, where financial transactions are almost obligatory. The widespread use of money politics is worsened by the influx of funds from questionable sources into political parties, which increases the reliance on financial resources to achieve various political goals, including party administration and candidate nominations. This situation highlights the urgent need for stringent oversight of political party finances to curb the prevalence of money politics.

Election participants spend substantial funds or resources to secure a large number of votes; as a result, they are motivated to recover those expenditures. Consequently, many election

participants contested the results they perceived as detrimental to their interests. The following table presents lawsuit cases filed with the Constitutional Court concerning election results.

Table 1. Summary of Dispute Cases Related to the Results of Regional Heads and Deputy Regional Heads election

Year	Registered	Previous Process	Amount	Number of Decisions
2008	27	0	27	18
2009	3	9	12	12
2010	230	0	230	223
2011	132	7	139	131
2012	105	8	113	97
2013	192	16	208	195
2014	9	13	22	22
2015	0	0	0	0
2016	152	0	152	152
2017	60	0	60	60
2018	72	0	72	72
2019	0	0	0	0
2020	0	0	0	0
2021	153	0	153	151
2022	1	2	3	3
Total Number of Cases Related to Simultaneous Regional Election Dispute			1136	

Source: Constitutional Court of the Republic of Indonesia

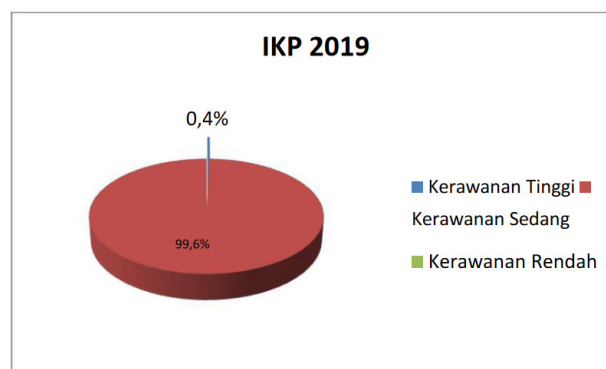
Table 2. Recapitulation of Cases on Disputes over the General Elections results

Year	Registered	Previous Process	Amount	Number of Decisions
2004	44	0	44	44
2009	70	0	70	70
2014	297	0	297	296
2019	261	1	262	261
Cases of General Election Dispute			672	

Source: Constitutional Court of the Republic of Indonesia

The table presents the significant number of dispute petitions regarding Regional Head Election Results (PHPKada) and General Election Results (PHPU) submitted to the Constitutional Court. This reflects the discontent among election participants who struggle to accept defeat and are reluctant to acknowledge the outcomes, often due to the substantial financial investments they made. The findings underline the prevalence

of transactional and money politics in the electoral process, which raises serious concerns. Transactional and money politics are associated with high-cost politics which require substantial financial outlays by the election participants to sway voter behavior in their favor.



Source: BAWASLU RI (2020)

Figure 4. Election Vulnerability Index (IKP) 2019

The Election Vulnerability Index (IKP) is a tool to ascertain the susceptibilities of different regions in Indonesia to various election-related issues, including money politics. A higher IKP score indicates a higher likelihood of election violations, such as money politics. The IKP is determined by analyzing several factors, including socioeconomic conditions, law enforcement, public engagement, and local political conditions. Regions with high poverty rates, substantial social disparities, and low levels of education tend to have higher IKPs, rendering these communities more susceptible to the lure of financial enticements during elections. Additionally, weak law enforcement against money politics is a contributing factor, as the perpetrators often face lenient penalties, thereby perpetuating the prevalence of money politics. The level of public engagement in oversight also influences a region's IKP. Inadequate public oversight can lead to unbridled money politics within the political sphere.

The prevalence of money politics raises questions regarding the integrity of democratic processes in reflecting the sovereignty of the people. This underscores the importance of democratic political education for the public, as their understanding of the principles of democracy can lead to either favorable or unfavorable outcomes. Fundamentally, democracy involves

a transactional process characterized by an exchange among the parties. However, an effective democracy should involve the exchange of visions, missions, ideologies, and programs between political contestants and the voters' support (Ermaya, 2020, p. 58).

The current election also indicates that parties must engage in high-cost politics to secure victory for their candidates. This phenomenon of high-cost politics has the potential to create a plutocratic political landscape, a political system that disproportionately favors individuals with substantial financial resources in the electoral process. Within such a system, political parties will require candidates for regional heads to possess significant logistical capabilities. Consequently, individuals lacking such capabilities, despite their commendable integrity and leadership potential, risk being marginalized in the political arena (Solihah, 2016, p. 103).

Moreover, the prevalence of high-cost politics in elections may contribute to electoral misconduct, notably in

1. Money politics. The high cost of electoral campaigns often leads to money politics, where candidates or political parties offer financial or non-financial incentives to influence voters. This practice undermines democratic principles and the integrity of the electoral process (Cahyadi & Hermawan, 2019, p. 35).
2. Misappropriation of resources: High-cost politics can lead to misappropriation of campaign funds. Candidates can potentially use these resources for personal gain or engage in corrupt practices by diverting campaign funds for their own purposes (Fariz & Ilyas, 2018, p. 32).
3. Negative influences: High-cost politics can foster an environment where financial resources and affluence overshadow the substance of political agendas and the qualifications of candidates. As a result, this may lead to detrimental political practices, where voters' choices are influenced by monetary factors rather than by rational considerations and public interest.
4. Unfair competition: The high cost of elections can lead to unfair competition,

benefiting financially stronger candidates who can afford extensive media coverage, expensive campaigns, and voter incentives.

5. Corruption and manipulation: High-cost politics may create opportunities for corruption and manipulation in elections, as well-funded candidates or political parties may use their financial resources to manipulate electoral outcomes, such as by buying votes, tampering with vote counts, or influencing the electoral process (Badoh & Dahlan, 2010, p. 183).

It is imperative to acknowledge that the impact of high-cost politics on electoral offenses is not absolute, as other factors also play a role in their occurrence. Consequently, endeavors aimed at mitigating high-cost politics and strengthening electoral integrity are critical to maintaining a fair, transparent, democratic electoral process (Rivai, 2018, p. 62).

Resolving disputes related to high-cost politics involves addressing several key factors. High-cost politics can result in unfair elections, where candidates or political parties with significant financial resources gain an undue advantage over their competitors. Effective conflict resolution must provide a fair and equitable mechanism to address claims and grievances arising from such inequities.

Corruption and Fraud: High-cost political practices are often linked to corruption and electoral fraud. To address these issues effectively, conflict resolution mechanisms should include thorough investigations and enforce strict penalties against those involved. Prioritizing transparency and accountability in managing campaign funds is essential. Rigorous scrutiny of campaign finance reports, the involvement of independent monitoring bodies, and the encouragement of public oversight are critical components of effective dispute resolution

Addressing high-cost politics also necessitates legal reforms to improve campaign finance management and conflict resolution. Public awareness and political education are vital in promoting fair and transparent elections. Ensuring democratic and equitable elections requires a comprehensive approach involving

law enforcement, election monitoring agencies, political parties, and civil society.

Political parties incur operational expenses to fulfill their responsibilities and support their programs, which requires a reliable source of revenue (Helmi, 2013, p. 6). As stipulated in Article 34 of Law No. 2 of 2008, amended by Law No.2 of 2011, party finance derives from membership fees, lawful donations, and state or regional budget allocations. The negative impacts of high political costs, such as corruption, collusion, and nepotism, pose a significant threat to democracy in Indonesia. To safeguard democracy and promote healthier political practices, comprehensive measures are essential, including stricter oversight of political expenditures, enhanced transparency in campaign funding, and more robust electoral monitoring.

High-cost politics gravely compromises the integrity of democracy in Indonesia by favoring affluent candidates, constraining public participation, and perpetuating inequality (Kartika, 2016, p. 126). This financial burden can lead to corruption, collusion, and nepotism, as candidates may resort to unethical practices to recoup campaign expenses. Furthermore, reliance on external funding from corporations or special interest groups can lead to political corruption, where public policy is influenced by private interests rather than the broader public good.

Table 3. Number of Seats House of Representatives (DPR)

Province	Number of seats in the House of Representatives (DPR RI)			
	2009	2014	2019	2024
Aceh	13	13	13	13
NORTH SUMATERA	30	30	30	30
WEST SUMATERA	14	14	14	14
RIAU	11	11	11	11
RIAU ISLANDS	3	3	4	4
JAMBI	7	7	8	8
BENGKULU	4	4	4	4
SOUTH SUMATERA	17	17	17	17
BANGKA BELITUNG	3	3	3	3
LAMPUNG	18	18	20	20
BANTEN	22	22	22	22

JAKARTA	21	21	21	21
WEST JAVA	91	91	91	91
CENTRAL JAVA	77	77	77	77
SPECIAL REGION YOGYAKARTA	8	8	8	8
EAST JAVA	87	87	87	87
BALI	9	9	9	9
WEST NUSA TENGGARA	10	10	11	11
EAST NUSA TENGGARA	13	13	13	13
WEST KALIMANTAN	10	10	12	12
CENTRAL KALIMANTAN	6	6	6	6
SOUTH KALIMANTAN	11	11	11	11
EAST KALIMANTAN	8	8	8	8
NORTH SULAWESI	6	6	6	6
GORONTALO	3	3	3	3
CENTRAL SULAWESI	6	6	7	7
WEST SULAWESI	3	3	4	4
SOUTH SULAWESI	24	24	24	24
SOUTH EAST SULAWESI	5	5	6	6
MALUKU	4	4	4	4
NORTH MALUKU	3	3	3	3
WEST PAPUA	3	3	3	3
PAPUA	10	10	10	3
NORTH KALIMANTAN			3	3
SOUTH PAPUA				3
CENTRAL PAPUA				3
PAPUAN CENTRAL HIGHLANDS				3
SOUTHWEST PAPUA				3
TOTAL	560	560	575	580

Source: various sources, processed by the author

In Indonesia's democratic political system, widespread participation and inclusive representation are crucial. However, high political costs present significant challenges to achieving this goal. Limited quotas for House of Representatives (DPR) members in each province or electoral district intensify competition, prompting candidates to spend substantial campaign expenses to secure voter support. Consequently, the fierce competition driven by quota limitations leads to higher overall

political costs, exerting a detrimental impact on public participation and representation. Further exacerbating the situation is the prevalent reliance of candidates on donations from specific groups, thereby restricting broader political involvement. This creates inequality in access to the political process, favoring financially well-off candidates and diminishing the representation of diverse voices. As Tadanugi (2020, p. 99-100) points out, “high political costs create inequality of access to the political process,” preventing effective participation of candidates from minority groups or with fewer resources.







Consequently, candidates reliant on campaign funds from interest groups may prioritize the interests of these groups over those of the general public, thereby undermining inclusive representation and leading to unhealthy policy-making dynamics. This lack of diversity and representation fails to reflect the true diversity of society. When diverse voices and perspectives are inadequately represented in the political process, the fairness and legitimacy of democracy are diminished. Promoting public participation and inclusive political representation requires addressing the detrimental impacts of high-cost politics. Key measures include reducing political expenses through stringent regulation, implementing a more transparent and limited campaign finance system, providing greater opportunities for candidates from diverse backgrounds, and fostering active political participation through political education and a better understanding of democracy.

B. Strengthening the Ministry of Home Affairs’ Authority in Supervising and Regulating Political Finances to Promote Electoral Transparency in Indonesia

Data analysis revealed that multiple factors contribute to the high cost of politics in elections, each significantly affecting the democratic process. One of these factors is the intense competition among candidates for political positions (Darmawan, 2014, p. 84). This competition drives up political costs, as candidates must spend substantial sums on political advertising, media campaigns, campaign events, and other marketing strategies to capture voter attention and support. Additionally, the

absence of stringent regulations governing political expenditures in general elections further contributes to high-cost politics (Rahmanda, 2017, p. 112). In the absence of limitations or rigorous oversight on political spending, candidates can allocate substantial funds to their campaigns more freely, thereby promoting the prevalence of high-cost politics.

Table 4. Number of Votes and Party Funding in the 2023 Election

No	Logo	Party	Number of Valid Votes	Amount of Money (in Billion Rupiah)
1		PDIP	27,053,961	Rp270,500,000,000
2		Gerindra	17,594,839	Rp175,900,000,000
3		Golkar	17229789	Rp172,300,000,000
4		PKB	13570097	Rp135,700,000,000
5		Nasdem	12661792	Rp126,600,000,000.00
6		PKS	11493663	Rp114,900,000,000
7		Demokrat	10876507	Rp108,800,000,000
8		PAN	9572623	Rp95,700,000,000

Source: various sources, processed by the author

Pragmatic and transactional politics have increasingly overshadowed the battle of ideas in Indonesia, presenting a significant challenge. Consequently, Indonesian democracy has become reliant on high-cost politics which contributes to the rise of corruption practices at both central

and regional levels. This pragmatic situation is driven not only by the mindset of politicians but also by a growing societal inclination towards pragmatic thinking in politics. As a result, terms such as vote buying and money politics have become more prevalent, further exacerbating the decline in Indonesian politics (Hakim & Muhyidin, 2022, p. 18).

High political costs persist due to inadequate implementation of supervisory measures, allowing political participants to spend campaign budgets without sufficient oversight. A study by Fitriani, Karyadi, and Chaniago (2019) has identified several factors contributing to the prevalence of money politics. These factors include limited economic resources among the population, low levels of education, and inadequate oversight. The study emphasizes that weak supervision, particularly of political party finances, is a significant contributing factor (Fitriani, Karyadi, and Chaniago, 2019, p. 54). It is imperative to implement robust institutional oversight to manage the high costs of politics. (Adarkwah and Benito, 2023, p. 101033).

Political parties have multiple sources of funding for operational costs and campaigns. Article 34 of Law Number 2 of 2011 on Amendments to Law Number 2 of 2008 on Political Parties specifies that political party funds come from membership fees, lawful donations, and financial support from the APBN/APBD.

An oversight institution is essential for effectively monitoring funds and finances to reduce high-cost politics. In this context, the Election Supervisory Agency (Bawaslu) issued Regulation Number 29 of 2018 on the Supervision of General Election Campaign Funds. Furthermore, the government, through the Ministry of Home Affairs, issued Minister of Home Affairs Regulation Number 78 of 2020, which amends Minister of Home Affairs Regulation Number 36 of 2018 on the Procedures for Calculation, Budgeting in Regional Revenue and Expenditure Budgets, and Orderly Administration of Submission, Distribution, and Accountability Reports for the Utilization of Political Party Financial Assistance. The regulation specifies the processes for the submission, distribution, and accountability reporting of financial assistance to political parties, marking a significant step forward in reducing high-cost

politics in the democratic process. This progress can be achieved by revising and expanding the authority granted in the Minister of Home Affairs Regulation Number 36 of 2018. Alternatively, a new Presidential Regulation could be issued to provide legal certainty regarding the allocation of funds from the State and Regional Budgets to political parties, with management oversight by the Ministry of Home Affairs.

An oversight by the Ministry of Home Affairs is feasible. Article 13 and Article 47 of the Political Parties Law mandate that political parties maintain bookkeeping, keep a record of donors and the amounts donated, and ensure transparency to the public. Non-compliance may result in reprimands from the government. The regulation grants the government direct authority to oversee political party finances, including the transparency of financial records and donor lists. However, the term "government" in this context is ambiguous. While the regulation grants the government direct authority to oversee political party finances, there is a need for further clarification on who specifically is referred to as the "government." On financial supervision related to state-provided financial assistance, the Ministry of Home Affairs is likely the most appropriate entity within the government to perform such supervisory functions.

The ministerial regulation also requires political parties to periodically report the receipt and expenditure of campaign funds, as well as provide comprehensive financial reports. The Ministry of Home Affairs ensures that political parties comply with their reporting obligations. By maintaining a transparent and open reporting system, the public and voters can obtain accurate information regarding the sources and utilization of campaign funds by political parties. This transparency prompts political parties to be responsible for managing their finances and promotes greater accountability. In addition to its regulatory and supervisory functions, the Ministry of Home Affairs plays a critical role in enforcing laws related to political finance violations. Upon indications or reports of high-cost political practices or misuse of campaign funds, the Ministry collaborates closely with law enforcement agencies to investigate and take decisive action. This collaboration entails working with the police, prosecutors, and other relevant

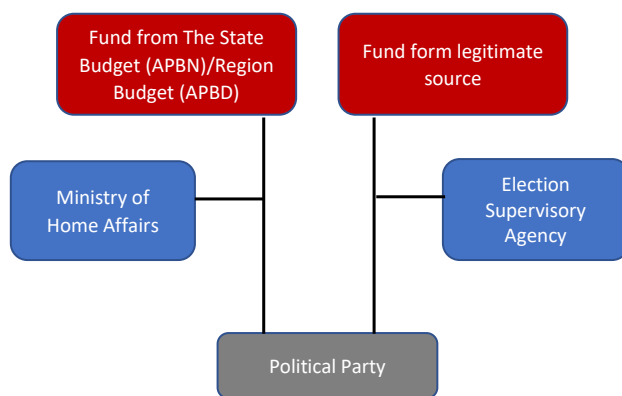
agencies to ensure that political finance violations are addressed equitably and in accordance with applicable laws. Effective law enforcement serves as a deterrent and helps prevent high-cost political practices that undermine the integrity of elections.

The Ministry of Home Affairs has also implemented concrete measures to strengthen its role as an oversight institution for political finance. A notable example is the 2023 Political Party Financial Assistance Evaluation Activities. These activities are based on Law Number 2 of 2011, which amends Law Number 2 of 2008 on Political Parties, and Government Regulation Number 5 of 2009 on Financial Assistance to Political Parties, which has undergone several revisions, most recently through Government Regulation Number 1 of 2018. Additionally, guidance is provided by the Minister of Home Affairs Regulation Number 36 of 2018, which outlines the procedures for calculation, budgeting in the Regional Budget, and administrative sanctions related to the submission, distribution, and accountability reporting for the use of financial assistance to political parties. The Ministry has reinforced its supervisory role by engaging trained and competent financial auditors to conduct regular audits of political parties. Furthermore, the Ministry has increased cooperation with the Financial and Development Supervisory Agency (BPKP) to ensure effective oversight of political party finances.

Implementing strict regulations on political costs is crucial for mitigating the impact of high-cost politics. These measures may include restrictions on campaign spending, limits on donations from specific individuals or entities, and transparent reporting on the sources and uses of campaign funds. Such regulations would encourage candidates and political parties to manage campaign funds more efficiently and curb the practice of high-cost politics. In addition to strict regulations, an effective monitoring system is necessary to prevent violations. Regulations requiring transparent financial reporting are an essential tool for limiting the negative influence of money on the political process. However, these regulations must be well-drafted and effectively implemented. However, these regulations must be well-drafted and effectively implemented. The effective oversight of political party finance regulations depends on the application of

transparency principles and the collaboration of key stakeholders, including regulators, civil society organizations, and the media. Furthermore, increasing public awareness of the importance of preventing and combating corruption in political party finances is essential for preserving the integrity of democratic institutions (Pinilih, 2017, p. 74).

Below is a concept of supervision designed by the author to ensure that the oversight of political funds operates effectively and optimally. A key regulation that should be established to enhance the supervision of political party finances is one that clearly defines the authority and responsibilities of the institutions tasked with overseeing political party financial activities.



Source: Author's Analysis

Figure 5: Concept of Political Party Funding and Financial Oversight

The concept outlined above highlights the roles of two institutions responsible for overseeing political party finances. The Ministry of Home Affairs monitors the flow of funds entering political parties from the State Budget (APBN) and Regional Budget (APBD), requiring political parties to report all financial activities related to these sources. Conversely, the Election Supervisory Agency (Bawaslu) oversees funds from membership fees and other legal sources, such as private donations. All reports on political party funding are subsequently audited by the Supreme Audit Agency (BPK) in accordance with the Supreme Audit Agency Regulation Number 2 of 2015 on the Accountability Report (LPJ) of Political Party Financial Assistance (Lestari et al.,

2022, p. 4655). This system clearly separates the oversight of state-sourced funds (APBN/APBD) from funds received through other sources, such as membership fees and donations. This separation is designed to optimize and strengthen the financial supervision of political parties by preventing the commingling of state funds with those from other sources. This approach is vital for ensuring effective financial oversight, with the ultimate goal of mitigating high-cost politics in Indonesia detrimental phenomenon that threatens the integrity of the nation's democracy.

IV. Conclusions

High-cost electoral politics have detrimental effects, including electoral offenses, resource misallocation, undue influence, unequal competition, and create opportunities for corruption and manipulation. These issues threaten the integrity of elections and undermine the fairness principles of democracy.

Addressing the challenges posed by high-cost and transactional politics necessitates a comprehensive approach involving all relevant stakeholders. Key measures include legal reforms, enhancing transparency and accountability in campaign funds management, and promoting political education for the community. Strengthening financial oversight of political parties is crucial for mitigating the impact of high-cost politics. The Ministry of Home Affairs plays a crucial role in supervising political party finances, particularly those sourced from state budgets (APBN/APBD), as stipulated in Articles 13 and 47 of the Political Parties Law. This regulation mandates that political parties maintain transparent financial records and donor lists. Additionally, the Election Supervisory Agency monitors finances derived from membership fees and other legal sources, ensuring comprehensive oversight to reduce the high costs of political campaigns. These efforts aim to ensure that campaign funds are managed transparently and reported clearly, thereby promoting fair and transparent elections.

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