# CORPORATE CAMPAIGN CONTRIBUTIONS AND ELECTORAL INTEGRITY IN INDONESIA: CHALLENGES AND LEGAL RECONSTRUCTION

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***Abstract:*** *The 2024 general election in Indonesia revealed critical challenges in the management and transparency of campaign finance, particularly regarding corporate contributions to political parties. Despite regulatory frameworks requiring the submission of the Initial Campaign Fund Report (LADK) and subsequent reports, many parties and candidates failed to comply, while reported expenditures often appeared inconsistent with visible campaign activities. Foreign funding further complicated monitoring, with contributions increasing from IDR 83 billion in 2022 to IDR 195 billion in 2024, highlighting vulnerabilities to illicit financial practices. Weak institutional capacity and fragmented regulatory authority among the General Elections Commission (KPU), the Election Supervisory Board (Bawaslu), and the Financial Transaction Reports and Analysis Center (PPATK) exacerbated these challenges. This study employs normative legal research with a descriptive and evaluative approach, using statutory and case-based analysis to examine the legal framework, reporting systems, and oversight mechanisms for corporate campaign contributions. Findings indicate that while Indonesian law allows regulated corporate donations under a system of "restricted permissibility," enforcement gaps, unclear reporting obligations, and limited audit oversight undermine accountability and transparency. The study proposes a reconstruction of campaign finance law based on an integrity system, emphasizing harmonized regulations, technology-based reporting and audits, proportional sanctions, and the promotion of legal and ethical awareness among political actors. Such reforms aim to ensure that corporate participation supports fair, transparent, and democratically accountable elections.*

***Keywords:*** *Campaign finance, Corporate contributions, Electoral integrity, Indonesia, Legal reconstruction*

## Introduction

In the 2024 general election, prior to its implementation, records from the Indonesian Corruption Watch (ICW) indicate that many political parties had not yet completed all forms and supporting data required for the submission of the Initial Campaign Fund Report (LADK). On the other hand, several irregularities were observed, such as a large number of legislative candidates who had not submitted their LADK to their parties and the reported figures for campaign revenue and expenditure were suspected to be inconsistent with the actual campaign funding. This discrepancy is particularly evident when compared with the widespread distribution of campaign materials and advertisements on social media[1].

The Indonesian Financial Transaction Reports and Analysis Center (PPATK) also recorded that political party treasurers from 21 national and local parties received funds from abroad. These fund receipts were not limited to the general treasurers of the parties but also included treasurers at all levels of party management, both at the central and regional levels. According to PPATK, foreign fund receipts increased from approximately IDR 83 billion in 2022 to IDR 195 billion in 2024.

The high circulation of money during the election period has led to widespread indications of violations, ranging from suspicious transactions conducted by political parties or individuals to issues related to money laundering. There are weaknesses in the statutory norms and technical regulations of the General Elections Commission (KPU), as KPU is unable or not authorized to trace the sources of campaign contributions, meaning it cannot investigate campaign funds that are not officially reported. Additionally, there are no restrictions for election participants regarding the bank accounts used to receive campaign funds. Furthermore, unclear regulations regarding the audit of campaign funds by the Election Supervisory Board (Bawaslu) make transparency difficult. The weak legal framework results in KPU and Bawaslu regulations on campaign fund management functioning merely as administrative election rules, without a genuine intention to make elections free from illegal financial transactions.

During the 2024 general election, campaign fund expenditures varied significantly among political parties. According to the records of the General Elections Commission (KPU) for 18 parties, the Indonesian Democratic Party of Struggle (PDIP) recorded the highest campaign spending, amounting to IDR 173.22 billion as of February 29, 2024, at 11:59 PM WIB. The Gerindra Party, led by presidential candidate Prabowo Subianto, followed with campaign expenditures of IDR 92.84 billion. The Indonesian Solidarity Party (PSI) ranked third, spending IDR 80.1 billion. At the lowest end, the Ummat Party reported campaign expenditures of IDR 479.7 million. The complete list of campaign expenditures for all political parties is presented in Table 1 below

**Table 1. Campaign Fund Expenditures by Political Parties (2024)**

| **o.** | **Political Party** | **Campaign Expenditure (IDR)** |
|---|---|---|
| | PDIP | 173,221,200,996 |
| | Gerindra | 92,839,827,847 |
| | PSI | 80,096,534,877 |
| | Demokrat | 72,273,700,282 |
| | Golkar | 45,219,158,648 |
| | PBB | 27,760,541,659 |
| | PAN | 25,618,525,000 |
| | Perindo | 20,643,301,550 |
| | PPP | 20,013,294,563 |
| **0** | PKS | 16,703,608,199 |

[1] Indonesia Corruption Watch. (2024, July 10). *Pura-pura terbuka: Menyingkap kepalsuan laporan dana kampanye parpol*. Antikorupsi. https://antikorupsi.org/id/pura-pura-terbuka-menyingkap-kepalsuan-laporan-dana-kampanye-parpol

| | | |
|---|---|---|
| **1** | Labour Party (Partai Buruh) | 10,147,142,349 |
| **2** | Nasdem | 9,165,517,417 |
| **3** | Gelora | 6,803,612,500 |
| **4** | Garuda | 5,497,684,500 |
| **5** | Hanura | 5,022,556,574 |
| **6** | PKN | 1,500,041,200 |
| **7** | PKB | 800,505,963.5 |
| **8** | Ummat Party | 479,699,300 |

The high circulation of money during the election period has led to widespread indications of violations, ranging from suspicious transactions conducted by political parties or individuals to issues related to money laundering. Weaknesses exist in statutory norms and the technical regulations of the General Elections Commission (KPU), as the KPU is unable or not authorized to trace the sources of campaign contributions. In other words, the KPU cannot investigate campaign funds that are not officially reported. Furthermore, there are no restrictions on election participants regarding bank accounts used to receive campaign funds. Unclear regulations regarding the audit of campaign funds by the Election Supervisory Board (Bawaslu) further complicate the issue, making campaign finance management difficult and lacking transparency. The weak legal framework results in KPU and Bawaslu regulations on campaign fund management functioning merely as administrative election procedures, without a genuine intention to ensure elections are free from illegal financial transactions.

The focus of this study is to examine the process of receiving campaign contributions from corporate entities by political parties and the management of campaign funds in Indonesian elections.

## Literature Review

### Electoral Processes and Campaign Finance in Indonesia

Elections are a core component of democratic governance, enabling citizens to exercise their political rights and influence government formation[2]. Effective elections require transparency, accountability, and legitimacy to maintain public trust in democratic institutions. However, emerging democracies, including Indonesia, often face challenges in ensuring electoral integrity due to weak institutional capacity, limited enforcement of regulations, and the prevalence of political patronage[3]

Campaign finance transparency remains a critical concern in the Indonesian context. Evidence from the 2024 general election indicates that many political parties failed to complete the required Initial Campaign Fund Report (LADK), and numerous legislative candidates did not submit their reports to their parties. Moreover, reported figures for campaign revenue and

[2] Norris, P. (2004). *Electoral engineering: Voting rules and political behavior*. Cambridge University Press
[3] Dahl, R. A. (1998). *On democracy*. Yale University Press

expenditures were suspected to be inconsistent with actual spending, particularly when compared with the visible distribution of campaign materials and social media advertisements[4]. Such irregularities align with prior research showing that incomplete or inaccurate reporting of campaign funds undermines electoral accountability and fosters opportunities for corruption[5]

Foreign funding further complicates the monitoring of campaign finances[6]. Data from the Indonesian Financial Transaction Reports and Analysis Center (PPATK) show that political party treasurers at multiple administrative levels received foreign contributions, with total receipts increasing from IDR 83 billion in 2022 to IDR 195 billion in 2024[7]. Unregulated foreign funding has been associated with reduced accountability and greater potential for illicit financial practices in elections[8]

Institutional weaknesses exacerbate these problems. The General Elections Commission (KPU) lacks the authority to trace unreported campaign contributions, and the Election Supervisory Board (Bawaslu) operates under unclear audit regulations. These limitations reduce the effectiveness of oversight mechanisms, allowing for potential misuse of campaign funds and money laundering, consistent with previous studies highlighting how ambiguous regulations hinder electoral transparency.

## Method

This study employs normative legal research with a descriptive and evaluative approach to examine the legal norms governing corporate campaign contributions to political parties. It combines a statutory approach, analyzing relevant laws and regulations, and a case approach, reviewing legal cases to assess the practical application of these norms[9]. Secondary data were collected through library research, including legislation, scholarly books, legal journals, jurisprudence, and online sources from institutions such as the General Elections Commission (KPU), Bawaslu, and national libraries. Data were analyzed qualitatively to identify relationships[10] between legal provisions and their implementation, providing insights into accountability in campaign finance for free, fair, and transparent elections.

## Result and Discussion

### 1. Corporate Campaign Contributions to Political Parties

Political funding is a fundamental component of modern electoral democracies. Adequate financing is essential for political parties and election participants to communicate effectively with voters, mobilize support, and convey their programs and policy agendas. Nevertheless, when political financing is insufficiently regulated, it may undermine democratic principles by allowing wealthy actors to dominate the electoral process, shifting political influence from the

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[4] Indonesian Corruption Watch (ICW). (2024). *Pura-pura terbuka: Menyingkap kepalsuan laporan dana kampanye parpol*. Retrieved July 10, 2024, from https://antikorupsi.org/id/pura-pura-terbuka-menyingkap-kepalsuan-laporan-dana-kampanye-parpol

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[7] PPATK. (2024). *Indonesian financial transaction reports and analysis on political party funding*. Indonesian Financial Transaction Reports and Analysis Center

[8] Transparency International. (2020). *Global corruption report: Political corruption*. Routledge

[9] Soerjono Soekanto, *Pengantar Penelitian Hukum* (Jakarta: UI Press, 2011), 20–25.

[10] Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta: Prenadamedia Group, 2010), 35–40

electorate to private capital[11]. Consequently, many countries, including Indonesia, regulate campaign contributions to safeguard electoral integrity and ensure a level playing field among political competitors[12].

**a. Campaign Fund Reception in Indonesia**

In Indonesia, corporate contributions to political parties occupy a complex and delicate position. While corporations, as private legal entities, have the right to participate in political activities, their involvement in funding elections carries potential risks, such as political capture, conflicts of interest, and the misuse of public policy after elections[13]. To address this tension, Indonesian lawmakers have designed a system of "restricted permissibility," which allows corporate donations under specific legal conditions[14].

Under Law No. 7 of 2017 concerning General Elections, campaign funds may originate from the candidates themselves, sponsoring political parties, or other lawful contributors. Corporations are categorized as "other lawful contributors," meaning they may provide donations if they comply with legal requirements and are not part of prohibited entities[15]. Unlike some countries that enforce a total ban on corporate contributions, Indonesia permits corporate donations within a regulated framework, including limits on amounts, restrictions on prohibited sources, and obligations for transparency and reporting[16]

Not all corporations are eligible to donate. The law explicitly forbids contributions from the central and regional governments, state-owned enterprises (BUMN), and regionally-owned enterprises (BUMD), ensuring a clear separation between public resources and electoral funding[17]. Only legally established private corporations may provide campaign funds, emphasizing that corporate participation must derive from legitimate private wealth rather than public or state-managed assets. A key regulatory mechanism is the limitation of donation amounts. Corporate contributions to presidential and vice-presidential candidates are capped at IDR 25 billion. This limit functions as a safeguard against the excessive influence of individual corporations over election participants[18]

**b. Campaign Fund Reporting and Audit System**

The process of receiving campaign contributions from corporate entities does not end at collection; these funds must be reported through a tiered system including the Initial Campaign Fund Report (LADK), the Campaign Fund Submission Report (LPSDK), and the Final Campaign Fund Report (LPPDK). Each type of report serves a distinct purpose, from mapping initial funding sources to ensuring the final accountability of campaign revenues and expenditures[1]. Audits conducted by Public Accounting Firms (KAP) reinforce professionalism and objectivity in monitoring campaign funds, aligning with international practices that consider

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[11] Indonesian Corruption Watch (ICW). (2024, July 10). *Pura-pura terbuka: Menyingkap kepalsuan laporan dana kampanye parpol*. https://antikorupsi.org/id/pura-pura-terbuka-menyingkap-kepalsuan-laporan-dana-kampanye-parpol

[12] *Ibid.*

[13] Aspinall, E., & Berenschot, W. (2019). *Democracy for sale: Money politics in Indonesia*. Cornell University Press.

[14] Mietzner, M. (2013). Money, power, and democracy: Political finance in Indonesia. *Journal of Current Southeast Asian Affairs, 32*(2), 3–26.

[15] PPATK. (2024). *Indonesian financial transaction reports and analysis on political party funding*. Indonesian Financial Transaction Reports and Analysis Center.

Rose-Ackerman, S. (2015). *Corruption and government: Causes, consequences, and reform* (2nd ed.). Cambridge University Press[16]

[17] Butt, S. (2019). Governance and transparency in election management: Lessons from Indonesia. *Asian Journal of Political Science, 27*(1), 1–22.

[18] Aspinall, E. (2015). Electoral corruption in Indonesia: Vote buying, political finance, and democratic accountability. *Journal of East Asian Studies, 15*(2), 187–210

financial accountability as a cornerstone of electoral integrity[19].As a compliance-based legal framework, corporate campaign funding is accompanied by administrative and criminal sanctions. Violations regarding sources, limits, or reporting of campaign funds can result in disqualification of elected candidates or criminal prosecution under election law[3]. This demonstrates that campaign finance is not merely an administrative matter but part of the public legal regime affecting the legitimacy of electoral outcomes.

Overall, the system of corporate campaign contributions in Indonesia exhibits characteristics of limited permissiveness, transparency, and accountability. While the state does not exclude corporate participation, it imposes strict regulations to prevent distortions of democratic processes. This model underscores Indonesia's legal commitment to balancing political freedom, fair competition, and popular sovereignty in the electoral process

**2. Legal Reconstruction of Campaign Fund Management as a Basis for Reform**

The reconstruction of campaign finance law must be grounded in a critical analysis of existing regulatory challenges. Key issues identified as the basis for reform include: (1) regulatory fragmentation, where campaign finance rules are dispersed across multiple, sometimes inconsistent, legal instruments; (2) weak oversight integration due to overlapping authorities among the General Elections Commission (KPU), the Election Supervisory Board (Bawaslu), and the Financial Transaction Reports and Analysis Center (PPATK); (3) disproportionate sanction mechanisms that fail to provide effective deterrence; and (4) limited public participation and restricted access to information, which hinder social accountability over campaign fund management[20]. These problems indicate that legal reform requires more than normative revisions; it necessitates a paradigm shift toward a holistic integri**ty system.**

**a. Direction and Principles of Legal Reconstruction**

The substantive reconstruction of campaign finance law should focus on: (a) simplification and harmonization of regulatory norms; (b) clarification of the sources and permissible uses of campaign funds; (c) strengthening proportional and fair sanctions; and (d) implementation of technology-based reporting and enhanced transparency. The reconstructed legal framework must internalize the values of integrity, not merely regulate administrative procedures[21].

***(1) Institutional and Structural Reconstruction***.

Within the integrity system framework, institutional reconstruction should include: (i) clarification of authorities among supervisory institutions; (ii) establishment of integrated coordination and data-sharing mechanisms; and (iii) strengthening the role of independent audit bodies in monitoring campaign funds. Clear and synergistic institutional structures are expected to reduce overlapping authority and enhance the effectiveness of oversight.

***(2) Legal Culture Reconstruction***

Legal culture is a crucial component of the integrity system. Reconstruction efforts in this area should focus on: (i) increasing legal and political ethics awareness among election participants; (ii) promoting integrity education for political parties and candidates; and (iii) involving civil society and media in campaign finance oversight. Without a transformation of legal culture, normative reconstruction alone is unlikely to yield long-term effectiveness[22].

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[19] Butt, S. (2019), *Op.cit. p. 22*

[20] Indonesian Corruption Watch (ICW). (2024, July 10). *Pura-pura terbuka: Menyingkap kepalsuan laporan dana kampanye parpol*. https://antikorupsi.org/id/pura-pura-terbuka-menyingkap-kepalsuan-laporan-dana-kampanye-parpol

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**b. Projected Model of Legal Reconstruction Based on an Integrity System**

Looking forward, a campaign finance legal reconstruction based on an integrity system can be operationalized through: (1) integrated, technology-based reporting and audit systems accessible to the public; (2) collaborative oversight involving both the state and civil society; (3) progressive law enforcement emphasizing substantive justice; and (4) periodic evaluation of regulations to adapt to evolving political and technological dynamics[23]. This model is designed to establish a campaign finance system that is not only legally compliant but also morally and politically credible.

The projection of this integrity-based reconstruction underscores that electoral legal reform must be comprehensive, addressing substance, institutional structure, and legal culture. This approach aims not only to remedy regulatory weaknesses but also to build an electoral system characterized by integrity, transparency, and public trust, forming the foundation for Indonesia's constitutional democracy

## Conclusion

The 2024 general election in Indonesia highlights the critical importance of transparency, accountability, and regulation in campaign finance. The study demonstrates that while political parties rely heavily on corporate contributions to fund election campaigns, gaps in reporting, oversight, and institutional coordination create vulnerabilities to irregularities and potential misuse of funds. The tiered reporting system (LADK, LPSDK, LPPDK) and external audits by Public Accounting Firms (KAP) provide a framework for accountability; however, regulatory fragmentation, unclear authority among KPU, Bawaslu, and PPATK, and limited public participation undermine the effectiveness of these mechanisms. Addressing these challenges is essential to ensure elections that are free, fair, and aligned with democratic principles.

Legal reconstruction of campaign fund management based on an integrity system offers a viable solution to these issues. By harmonizing regulations, clarifying permissible sources and limits, strengthening proportional sanctions, and integrating technology-based reporting and audits, Indonesia can enhance both transparency and public trust in the electoral process. Furthermore, cultivating a culture of legal and ethical awareness among political actors and engaging civil society and media in oversight can reinforce accountability. Ultimately, combining normative, institutional, and cultural reforms can establish a campaign finance system that is not only legally compliant but also morally and politically credible, supporting the consolidation of Indonesia's democratic governance.

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