

Political Party Finance Reform in Southeast-Asia

RESPECT (The Asia Pacific Regional Support for Elections and Transition) Program in collaboration with:

- Perludem (Perkumpulan untuk Pemilu dan Demokrasi/The Association for Elections and Democracy) - Indonesia
- Bersih 2.0 - Malaysia
- LENTE (Legal Network for Truthful Elections) - Philippines
- PRADET (Psychosocial Recovery and Development in East Timor) and Caucus Women in Politic Foundation – Timor Leste
- International IDEA (The International Institute for Democracy and Electoral Assistance)

Political Party Finance in Indonesia: A Never Ending Reform

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Political Party Finance & Campaign Finance Context

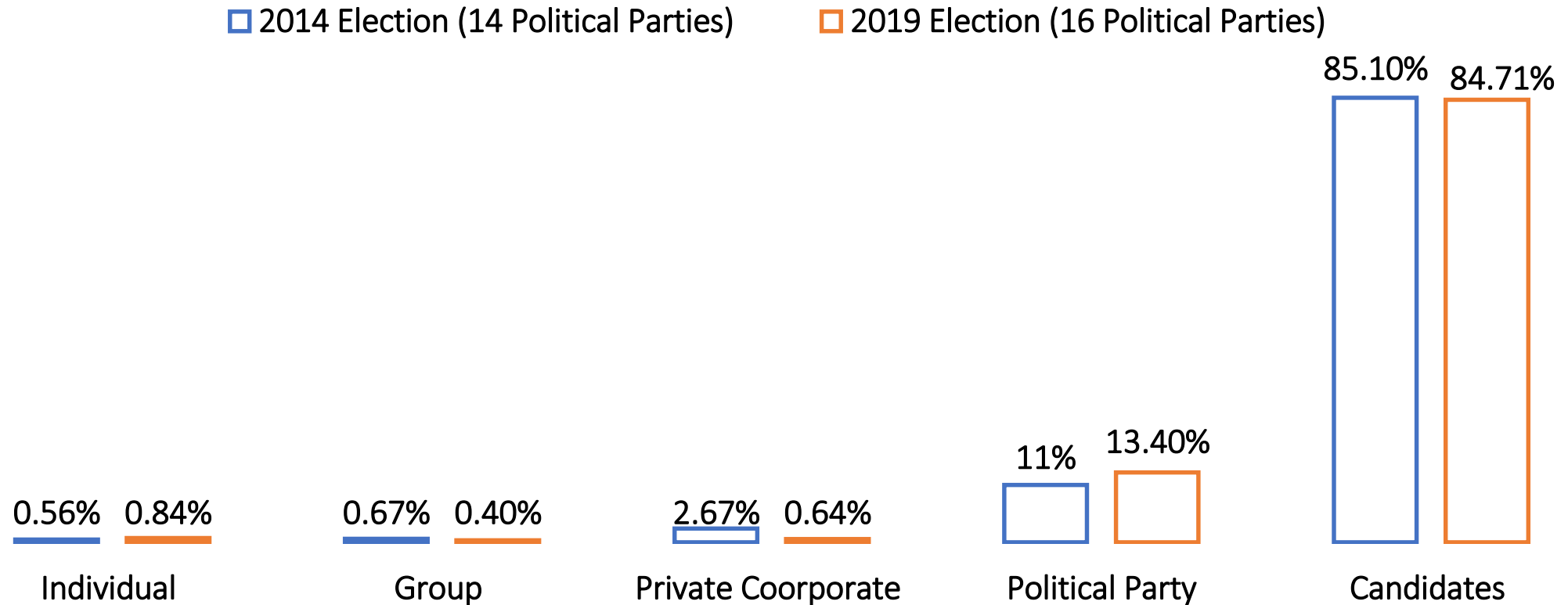


Election Laws	Political Party Laws
<ul style="list-style-type: none">• 8 legislative election laws;• 3 presidential election laws;• 3 local head election laws. <p>Scope of issues:</p> <ul style="list-style-type: none">• Source of donation• Donation limitation for individual and private corporate• Report and audit mechanism• Prohibitions and sanction	<ul style="list-style-type: none">• 4 political party laws (after 1998) <p>Scope of issues:</p> <ul style="list-style-type: none">• Source of donation• Donation limitation for individual and private corporate• Report and audit mechanism• Prohibitions and sanction

- Expenditure limitation for local head election



Comparison of the Percentage of Donations to the 2014 and 2019 DPR Election Campaign Funds



Source: LPPDK of 2014 and 2019 Elections

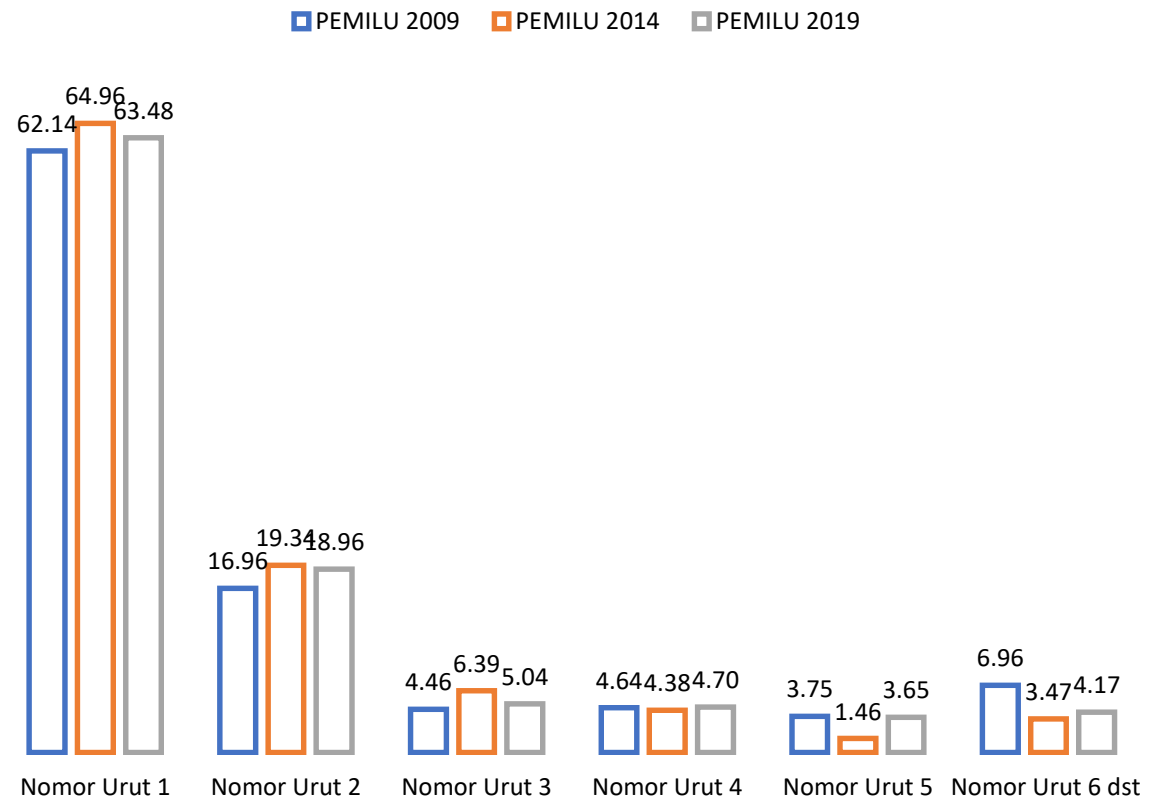


Comparison of Campaign Funds for Candidates for DPR Members by Serial Number of Candidates in Open List Proportional Representation

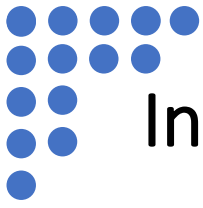


Serial Number of Candidate	Total Candidate Campaign Funds	Average Per-Candidate Campaign Fund
1	549,024,901,722	758,321,687
2	293,200,116,643	405,532,665
3	166,104,400,504	230,380,583
4	183,071,359,918	257,295,278
5	150,467,229,788	243,081,147
6	70,610,476,981	117,488,314
7	65,579,136,779	141,639,604
8	46,820,713,040	139,347,360
9	25,302,417,692	143,763,737
10	18,135,909,941	185,060,306

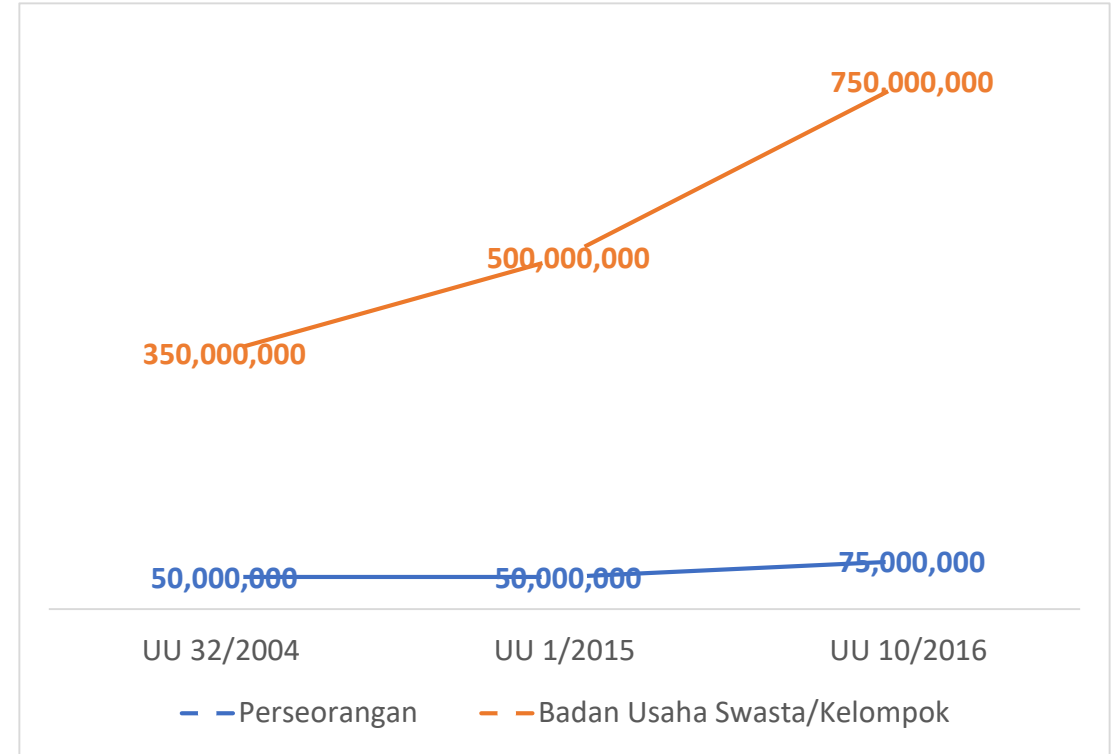
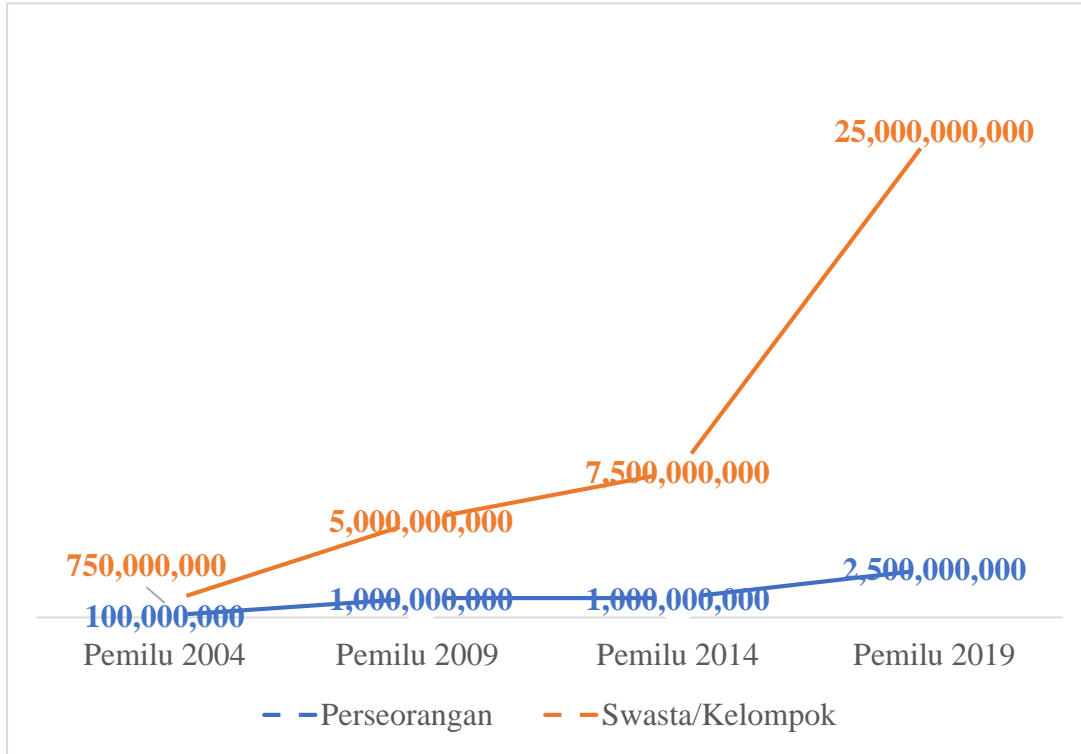
Comparison of Elected Candidates for DPR Members based on Candidate Serial Numbers



Source: Perludem 2019 and Puskapol UI 2014



Increasing Donation Limitation in Campaign Finance





Recalculating Donation Limitation



Based on the International IDEA database, there are three types of formulas for calculating the limits for campaign fund donations:

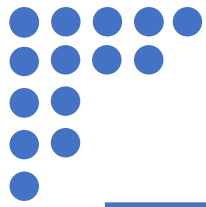
1. fixed amount
 - Italy and France are other examples of countries that apply this type of fixed amount. In France, the maximum limit for campaign donations from candidates and political parties is set out directly in the law at €7,500. In Italy, the maximum limit for campaign donations set by law is €100,000.
 - fixed amount type, the main drawback is that the public, including election participants, do not know how the maximum nominal limit for campaign fund donations is calculated.
2. based on the applicable minimum wage
 - In Portugal third parties such as individuals and businesses can donate campaign funds of at least 60 times the salary received by the donor. The maximum limit for campaign fund donations in Paraguay is the equivalent of 10,000 days of minimum salary earned by the donor
 - The results of donation limitation has differences in each region, according to the minimum wage standards in the respective region. However, this type can measure the level of a person's ability to donate campaign funds
3. based on previous election campaign fund expenditures
 - In South Korea, for example, the limit on campaign fund donations from third parties is equivalent to 10% of the campaign funds spent by election participants in the previous election. Likewise with Mexico, which imposed a maximum limit on campaign fund donations of 10% of the total limit on campaign fund expenditure in the previous election.
 - refers to the last campaign fund expenditure or the limit on campaign fund expenditure, one of the drawbacks is that the donation and campaign limit is determined by how little or how much campaign funds are spent by other contestants in the previous election.



Limitations on campaign fund donations based on minimum wage standards in each region is relevant for Indonesia



- Donations from third party (individual and private corporate) tend to be more measurable and it is easier to carry out audit and verification processes.
- By using the minimum wage variable, the limits for campaign fund donations in each region are different at the provincial or regency/city levels, which are adjusted to the election level.
 - For the presidential election, campaign fund donations are calculated from the total minimum wage in all Indonesian provinces that are electoral districts for the presidential election.
 - The regional head elections, such as for governors, are calculated based on the provincial minimum wage standard where the gubernatorial election is held.
 - The election of regents/mayors is calculated based on the minimum wage standard at the district/city level where the election is held.



Simulation of Calculation of Maximum Donation of Campaign Funds Based on Minimum Wage in West Java Province 2021



Regency/City in West Java Province	Minimum Wage 2021*	Maximum Limit of Campaign Fund Donation	
		12 Times Minimum Wage	24 Time Minimum Wage
Karawang Regency	4,798,312	57,579,744	115,159,488
Bekasi City	4,782,936	57,395,228	114,790,455
Bekasi Regency	4,791,844	57,502,127	115,004,254
Depok City	4,339,515	52,074,177	104,148,354
Bogor City	4,169,807	50,037,679	100,075,358
Bogor Regency	4,217,206	50,606,472	101,212,944
Purwakarta Regency	4,173,569	50,082,823	100,165,647
Bandung City	3,742,276	44,907,318	89,814,636
West Bandung Regency	3,248,283	38,979,399	77,958,799
Sumedang Regency	3,241,930	38,903,156	77,806,312
Bandung Regency	3,241,930	38,903,156	77,806,312
Cimahi City	3,241,929	38,903,148	77,806,296
Sukabumi Regency	3,125,445	37,505,337	75,010,673
Subang Regency	3,064,218	36,770,617	73,541,234
Cianjur Regency	2,534,799	30,417,588	60,835,176
Sukabumi City	2,530,183	30,362,192	60,724,383
Indramayu Regency	2,373,073	28,476,882	56,953,763
Tasikmalaya City	2,264,093	27,169,119	54,338,239
Tasikmalaya Regency	2,251,788	27,021,455	54,042,910
Cirebon City	2,271,202	27,254,421	54,508,842
Cirebon Regency	2,269,557	27,234,681	54,469,362
Garut Regency	1,961,086	23,533,028	47,066,057
Majalengka Regency	2,009,000	24,108,000	48,216,000
Kuningan Regency	1,882,642	22,591,708	45,183,417
Ciamis Regency	1,880,655	22,567,854	45,135,709
Pangandaran Regency	1,860,591	22,327,096	44,654,192
Banjar City	1,831,885	21,982,618	43,965,236

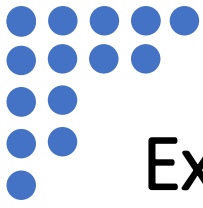
*Source:
<https://finance.detik.com/berita-ekonomi-bisnis/d-5265016/ini-daftar-lengkap-umk-jawa-barat-2021-17-kabkota-naik>



Four Models of Calculation of Campaign Fund Expenditure Limits



Variables for Calculation of Campaign Fund Expenditure Limits	Examples of Countries that Apply
Fixed Cost	<ol style="list-style-type: none"> 1. New Zealand: Political parties may not spend more than NZD 1,169,000 campaign spending, while for candidates it should not exceed NZD 27,500; 2. Austria: can spend a maximum of 7 million euros on campaign spending.
Number of voters	<ol style="list-style-type: none"> 1. United Kingdom: maximum campaign spending limits are set at £30,000 per voter or £810,000, then £120,000 in Scotland, £60,000 Wales and £30,000 per voter in Northern Ireland; 2. Spain: National elections are determined by the mechanism of €0.24 per-population in an electoral district. As for the regional head election, it is € 0.07 per population.
Minimum wage	<ol style="list-style-type: none"> 1. Kazakhstan: limits on campaign spending equal to 500 minimum wages for senate elections and 15,000 minimum wages for presidential elections; 2. Portugal: limits on campaign fund expenditures equivalent to 150 to 12,500 monthly minimum wages depending on the type of election; 3. Paraguay: the minimum wage is combined with the variable number of voters to determine the maximum amount of campaign fund expenditure with a mechanism of 10% of the minimum wage for each registered voter.
Others	<ol style="list-style-type: none"> 1. Albania: the limit on campaign fund expenditure cannot exceed 10 times the amount of public funds received by political parties; 2. Cape Verde: limit on campaign fund expenditure equal to 80% of state funding subsidies to political parties; 3. Georgia: the limit on campaign fund expenditure is equal to 0.1% of Gross Domestic Product in the previous year.



Expenditure Limitation on Local Head Election



KPU regulation 5/2017 stipulates the formula for calculating the amount of campaign fund spending limits as follows:

- general meeting = number of participants x frequency of activities x standard regional costs;
- limited meeting = number of participants x frequency of activities x standard regional costs;
- face-to-face meetings = number of participants x frequency x standard area fees;
- preparation of campaign materials = number of activities x (30% (thirty percent) x number of voters) x IDR 25,000.00 (twenty five thousand rupiah);
- management/consultant service;
- campaign props that are financed by the Candidate Pairs whose numbers are guided by the decisions of the Provincial KPU/Aceh KIP or Regency/Municipal KPU/KIP;
- campaign materials financed by the Candidate Pairs are guided by the amount of the decisions of the Provincial KPU/Aceh KIP or Regency/Municipal KPU/KIP.



Simulation of Calculation of Limits on Campaign Fund Expenditure Based on Election Variables and Minimum Wage in West Java Province



No.	Regency/City in West Java Province	2021 Minimum Wage (UMR)*	2019 Election Permanent Voter List (DPT)**	Per-Voter (0,1% UMR x Number of Voters)	
1	Karawang Regency	4,798,312	1,669,959	4,798	8,012,984,309
2	Bekasi City	4,782,936	1,682,120	4,783	8,045,471,699
3	Bekasi Regency	4,791,844	2,053,546	4,792	9,840,271,873
4	Depok City	4,339,515	1,309,338	4,340	5,681,891,538
5	Bogor City	4,169,807	716,473	4,170	2,987,553,830
6	Bogor Regency	4,217,206	3,467,603	4,217	14,623,596,177
7	Purwakarta Regency	4,173,569	687,100	4,174	2,867,658,992
8	Bandung City	3.742.276	1,734,652	3,742	6,491,547,381
9	Bandung Barat Regency	3,248,283	1,190,084	3,248	3,865,729,959
10	Sumedang Regency	3,241,930	864,168	3,242	2,801,571,879
11	Bandung Regency	3,241,930	2,360,659	3,242	7,653,090,453
12	Cimahi City	3,241,929	380,292	3,242	1,232,879,663
13	Sukabumi Regency	3,125,445	1,826,011	3,125	5,707,096,439
14	Subang Regency	3,064,218	1,149,540	3,064	3,522,441,252
15	Cianjur Regency	2,534,799	1,666,979	2,535	4,225,456,686
16	Sukabumi City	2,530,183	232,691	2,530	588,750,726
17	Indramayu Regency	2,373,073	1,353,210	2,373	3,211,266,737
18	Tasikmalaya City	2,264,093	484,389	2,264	1,096,701,880
19	Tasikmalaya Regency	2,251,788	1,366,465	2,252	3,076,989,380
20	Cirebon City	2,271,202	238,003	2,271	540,552,825
21	Cirebon Regency	2,269,557	1,702,668	2,270	3,864,301,652
22	Garut Regency	1,961,086	1,895,779	1,961	3,717,785,087
23	Majalengka Regency	2,009,000	980,117	2,009	1,969,055,053
24	Kuningan Regency	1,882,642	851,417	1,883	1,602,913,710
25	Ciamis Regency	1,880,655	939,911	1,881	1,767,647,889
26	Pangandaran Regency	1,860,591	320,118	1,861	595,608,775
27	Banjar City	1,831,885	147,553	1,832	270,300,102

*<https://finance.detik.com/berita-ekonomi-bisnis/d-5265016/ini-daftar-lengkap-umk-jawa-barat-2021-17-kabkota-naik>

**<https://databoks.katadata.co.id/datapublish/2019/04/17/jumlah-dpt-di-provinsi-jawa-barat-33-juta>