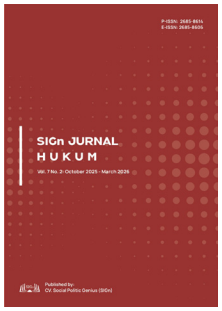

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Article Title

The Cost Burden Paradox in Petty Corruption Enforcement: A Socio-Legal Study Based on Cost-Awareness

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ABSTRACT

Law enforcement efforts against petty corruption in Indonesia are currently trapped in a serious economic inefficiency paradox, where case-handling operational costs often far exceed the value of the savings from avoided state losses. This problem is further complicated by norm disharmony between the efficiency spirit in Law Number 1 of 2023 and the rigidity of sectoral regulations effective as of January 2026. This study aims to analyze such inefficiency using the EAL approach and formulate a new Cost-Awareness-based settlement model. The research method applied is socio-legal, synthesizing doctrinal analysis of norm conflicts with secondary data evaluation regarding case cost burdens and social behavior. Research findings reveal that the conventional retributive approach creates a double loss for state finances. Fundamental juridical barriers are identified in the form of a regulatory "double lock": Article 4 of Law Number 31 of 1999 which closes the material discretion space, and Article 82 letter c of Law Number 20 of 2025 formally excluding corruption from the restorative justice mechanism. To unravel this deadlock, the study recommends a limited double amendment to both articles, the application of financial sanctions in the form of Double Restitution accompanied by administrative sanctions of dismissal, and the strengthening of public oversight through Citizen Auditors. This model is offered as a concrete solution to ensure legal certainty and state budget efficiency.

Keywords: *Cost-Awareness; Cost Burden Paradox; Double Restitution; Petty Corruption; Socio-Legal Study.*

INTRODUCTION

Corruption law enforcement in Indonesia currently faces a fundamental challenge: the economic efficiency paradox. In the perspective of Economic Analysis of Law (EAL), this phenomenon—known as allocative inefficiency—creates a double burden for state finances: the loss caused by corruption itself and the loss due to disproportionate law enforcement costs (unprofitable punishment). Posner (2014) asserts that the primary objective of law should be wealth maximization by minimizing the waste of economic resources. However, the reality of law enforcement, particularly regarding petty corruption, reveals an anomaly where imprisonment is applied rigidly without considering the cost-benefit analysis. This rigid application not only violates the efficiency principle but also undermines public justice when the imposed punishment fails to yield tangible recovery benefits.

Empirical evidence demonstrates an extreme disparity between enforcement investment and asset recovery outcomes. Judicial monitoring data records precedents of multi-year prison sentences for cases with minimal state losses, which mathematically burdens the state with prisoner subsistence costs far exceeding the value of the corruption itself (Saputra, 2025). This condition is exacerbated by high case handling costs, from investigation to execution, averaging hundreds of millions of rupiah per case (Syah, 2025). The Attorney General's Office has institutionally acknowledged this problem as a counterproductive and uneconomical fiscal burden (Kejati Jatim, 2022).

This inefficiency issue intersects with moral degradation in a society that has become increasingly permissive of petty corruption. National anti-corruption behavior index data indicate a worrying trend of weakening public commitment to rejecting petty corruption in daily life (Rozikin et al., 2025). The normalization of gratification and illegal levies in public services has become a sociological residue difficult to erase solely through the threat of imprisonment (Luqman, 2025). Bentham (2012), in his utilitarianism principle, warns that punishment is justifiable only if it prevents greater evil with minimal suffering. In this context, imprisoning petty corruption offenders in a permissive society without effective economic recovery and education mechanisms is merely a retributive measure that is expensive yet fails to achieve optimal deterrence.

The problem's complexity stems from significant norm disharmony within the positive legal framework in force as of January 2026. On the one hand, Law Number 1 of 2023 introduces the restorative justice paradigm and the principle of sentencing efficiency. However, efforts to implement these principles are hindered by the double-norm conflict between Law Number 31 of 1999[1] and Law Number 20 of 2025. The material provisions in Law Number 31 of 1999, which close the avenue for loss recovery as a ground for eliminating punishment, are now reinforced by formal limitations in Law Number 20 of 2025. The latter explicitly excludes corruption offenses from out-of-court settlement mechanisms. These layered provisions constitute an absolute legal barrier to law enforcement officials exercising their discretion to terminate prosecution based on loss recovery.

The gap between the need for law enforcement efficiency and the availability of adequate legal instruments demands a paradigm reorientation from mere custodial sentences to financial penalties (Rose-Ackerman & Palifka, 2016). The conventional approach placing imprisonment as the *primum remedium* has proven to fail in addressing the massive and low economic value nature of petty corruption. A new approach is required: a socio-legal study based on Cost-Awareness, a perspective that integrates legal dogmatic analysis with rational economic calculation. Without bold legal reform to break this regulatory "double lock," corruption handling efficiency will remain a mere paper discourse.

Previous research discussing petty corruption generally remains fixated on normative debates regarding the legality of prosecution termination or the partial effectiveness of social sanctions (Handrawan et al., 2025; Marlina et al., 2025). Few studies comprehensively dissect this cost-burden paradox using the EAL tool, juxtaposed with the interplay of the latest positive laws post-January 2026. The absence of an integrated settlement model among penal, financial, and administrative

[1]Law Number 31 of 1999, as amended several times, lastly by Article 622 section (1) letter l and section (4) of Law Number 1 of 2023.

sanctions leaves petty corruption handling in Indonesia without clear direction (Sutopo & Panjaitan, 2025).

Based on the background description and the complexity of the norm conflict above, this research formulates three specific objectives. First, to analyze economic inefficiency in petty corruption law enforcement through the EAL approach to prove the existence of a cost-burden paradox detrimental to state finances. Second, to evaluate the norm disharmony between Article 4 of Law Number 31 of 1999 and Article 82 letter c of Law Number 20 of 2025 against the sentencing efficiency principle in Law Number 1 of 2023. Third, to formulate a concrete Cost-Awareness-based settlement model through the schemes of Double Restitution, Limited Double Amendment, and the empowerment of Citizen Auditor, as an alternative solution ensuring legal certainty, optimizing state loss recovery, and preventing law enforcement budget waste.

METHOD

This study employs socio-legal research, an interdisciplinary approach that bridges legal doctrinal analysis with empirical realities in society (Qamar & Rezah, 2020). The selection of this method is based not only on the urgency of dissecting statutory texts normatively but also on the need to examine the economic implications and effectiveness of law enforcement through a cost-benefit analysis. Within the socio-legal framework, law is conceptualized not merely as a closed-text autonomy but as a social institution operating within an economic space that demands efficiency. Therefore, this research does not conduct in-depth interviews to explore intersubjective meanings but instead uses secondary data and document studies to capture the cost-burden paradox in handling petty corruption cases.

The research approach employed is pluralistic, encompassing the statute, conceptual, and case approaches. The statute approach is used critically to examine the sharp normative conflict between specific corruption regulations and the new national criminal code. The conceptual approach is applied by borrowing analytical tools from economics, specifically the EAL, to construct a Cost-Awareness framework in law enforcement. Meanwhile, the case approach is selectively used to analyze court decisions or concrete cases that reflect the extreme disparity between the small state's loss value and the high sentencing costs incurred by the state.

Legal materials in this research are divided into primary legal materials, secondary legal materials, and non-legal materials (Sampara & Husen, 2016). Primary legal materials constitute the main binding authority and the central object of evaluation. These include Law Number 31 of 1999, as amended, Law Number 1 of 2023, and Law Number 20 of 2025. Secondary legal materials originate from legal literature, academic journals, and expert doctrines relevant to sentencing theories, restorative

justice, and legal efficiency. Meanwhile, non-legal materials include statistical data on case-handling costs, performance reports of law enforcement agencies, anti-corruption indices, and official policy documents of the prosecutor's institution on handling petty corruption.

Data collection techniques include library research and structured digital document tracing. This process begins with an inventory of intersecting regulations (interplay) to map norm conflicts, specifically identifying articles serving as legal barriers to applying efficiency principles. The subsequent step involves classifying case cost data published by official institutions or judicial monitoring organizations. The collected data is then systematized based on variables for state loss value, law enforcement operational costs, and the type of sanctions imposed to obtain a comprehensive picture of the inefficiencies in the current law enforcement status quo.

Data analysis is performed in a prescriptive-analytical manner, combining legal interpretation methods with economic logic. The first analysis technique focuses on efficiency evaluation, in which the researcher calculates the ratio of the social costs of imprisonment and prosecution to the asset recovery value obtained by the state. This analysis aims to prove the hypothesis regarding the double loss in handling petty corruption. This proof provides a logical foundation for rejecting the budget-wasteful retributive approach.

The second analysis technique is normative reconstruction (Irwansyah, 2020). This technique is used to unravel the conflict between state loss recovery provisions in Law Number 31 of 1999 and the exclusion of corruption offenses from restorative justice in Law Number 20 of 2025, against modern sentencing objective principles in Law Number 1 of 2023. This analysis does not stop at identifying disharmony but proceeds to formulate precise, limited amendment proposals to unblock these regulations in the interest of legal certainty and utility.

Furthermore, the analysis results are constructed to formulate a new settlement model. Deductive logic is used to conclude from the major premises of efficiency principles and restorative justice to the minor premises of inefficient facts and legal obstacles in handling petty corruption. From this synthesis, this research compiles a new norm formulation (*ius constituendum*) and an operational policy model integrating punitive financial sanctions with participatory oversight mechanisms. The entire analysis process is aimed at producing recommendations that are not only legally valid but also economically and sociologically feasible.

RESULTS AND DISCUSSION

A. Analysis of Economic Inefficiency and the Cost Burden Paradox

Law enforcement efforts against petty corruption in Indonesia are currently hampered by a serious economic imbalance. The sentencing instruments applied impose excessive cost burdens. These burdens far exceed the social benefits obtained. Legal efficiency, from the perspective of the EAL, holds an absolute condition that the marginal cost of crime prevention must not exceed the marginal loss of the crime itself. However, empirical data show a contradictory reality. Globally, corruption and systemic inefficiency are indeed acknowledged to damage the economy to a worrying degree (AFI, 2023). In the national context, corruption trend monitoring reports indicate that the cost of handling a single case is extremely high, encompassing stages from investigation to execution, with the average state budget absorbed exceeding IDR 300 million per case (Syah, 2025). When the state incurs costs of this magnitude to process a corruption case with losses of under IDR 50 million, the state effectively suffers a double loss. Posner (2014) and Polinsky and Shavell (2000) categorize this enforcement inefficiency phenomenon as unprofitable punishment. Society is forced to subsidize a legal process with a negative economic value.

A concrete example of this paradox is evident in a corruption case in which the state suffered a loss of only IDR 29 million, yet the defendant was sentenced to three years in prison (Saputra, 2025). Mathematical calculations of the cost components in this case illustrate the real burden borne by the state, where the cost of meals and maintenance for one prisoner in a Correctional Institution for three years must be added to the operational costs of a lengthy trial. The accumulation of these costs yields a figure multiple times higher than the IDR 29 million loss value. The Attorney General's Office has identified this anomaly as a strategic issue, stating that handling corruption cases under IDR 50 million often burdens the government budget more than the value of the saved losses (Kejati Jatim, 2022; Republika, 2022). Imprisoning offenders in such cases is no longer an investment in justice within the logic of Cost-Awareness, but rather a fiscal waste reducing the state's capacity to finance more productive public sectors.

This inefficiency becomes even more striking when juxtaposed with academic discourse and global practices, where several countries have applied economic rationality principles in their criminal law. A relevant comparative reference can be found in German legal practice, where Article 153a of the StPO allows the public prosecutor to terminate criminal prosecution on the condition that the defendant pay a fine (*Geldbuße*) for efficiency reasons (OECD, 2018). In Indonesia, legal scholars have long encouraged similar strategies through

studies on handling corruption cases under IDR 50 million, using non-penal policies to reduce the judicial system's burden (Kurniawan, 2025). Efforts to reconstruct restorative justice are also continually aimed at balancing sentencing with recovery (Handrawan et al., 2025). This comparison confirms the lag of the national judicial system because the absence of flexible mechanisms forces law enforcement officials to continue performing costly "sentencing rituals" to fulfill statutory formalities.

The impact of this law enforcement inefficiency is not only financial but also sociological. When the law is enforced at high cost but fails to provide tangible deterrence or optimal recovery, the public tends to lose trust in the judicial system's integrity. This aligns with the findings of the 2024 Anti-Corruption Behavior Index released by the Central Statistics Agency, which shows Indonesia's index score at 3.85 (Rozikin et al., 2025). This figure indicates a weakening of public commitment to reject petty corruption in daily life. The role of the media and society in building an anti-corruption culture is hampered when the legal system fails to provide tangible examples of efficiency (Wasistha, 2025). The inefficiency of the legal process reinforces the perception of "hidden impunity," as society views petty corruption as a common transaction cost due to ineffective, convoluted enforcement.

Further sociological analysis highlights gratification and lower-level corruption practices, with the normalization of corrupt behavior at the public service level (Luqman, 2025). Gratification is considered a form of gratitude or "bureaucratic grease," so the threat of imprisonment loses its deterrence effect in such a permissive social ecosystem (Susanto & Fernando, 2022; Iskandar, 2023). Bentham (2012) warns, in his utilitarian theory, that legal sanctions will be effective only if the pain they cause exceeds the pleasure of the crime. The principle of gratification prevention and eradication demands proportional yet deterrent sanctions (Rompegading, 2022). However, the opposite occurs in petty corruption cases because the lengthy judicial process and the prison sentences that burden the state are not perceived as justice recovery by the wider community, which is collectively a victim of corruption.

This situation creates systemic dysfunction in village and regional governance because many cases of misuse of village funds end in corruption due to weak accountability and oversight (Hasanah, 2017; Behuku et al., 2025). However, corruption drivers do not stand alone; they are influenced by the high political costs in local democratic contests, which create economic pressure on elected officials. These high costs become the root problem triggering corrupt behavior to recover political capital (Media Indonesia, 2025). On the other hand, corruption-prevention performance in local governments is also influenced by

complex internal factors (Sari et al., 2024). When law enforcement officials are busy handling these small cases with rigid penal instruments, a significant opportunity cost arises, as their time and energy are drained, whereas those resources should be allocated to uncovering large-scale corruption.

Therefore, maintaining the law enforcement status quo is a fatal policy error because current enforcement relies solely on a retributive or imprisonment approach. The analysis above demonstrates the need for radical intervention to shift the case-handling paradigm from a prison-oriented to a recovery-oriented approach, grounded in Cost-Awareness. This shift also demands an active role from the prosecution in applying restorative justice approaches in a measurable way (Salsabila & Wahyudi, 2022). Without this change, Indonesia will remain trapped in a cycle of inefficiency, and petty corruption will continue to be regarded as a utopia difficult to eradicate (Andini et al., 2023). The relevance of applying restorative concepts becomes increasingly urgent for cases with relatively small state financial losses (Muttaqi, 2023). A legal breakthrough is required to balance the scales of justice with those of economics, ensuring that every rupiah of state expenditure produces commensurate social benefits.

B. Norm Disharmony in the National Criminal Law Transition

The national criminal law transition as of January 2026 leaves a serious residual problem: the lack of synchronization between the new legal paradigm and the prevailing specific laws. The Indonesian criminal law landscape has changed drastically with the enforcement of Law Number 1 of 2023. This Law brings the spirit of decolonization and democratization of criminal law. One of its main pillars is enshrined in Articles 51 and 52, which affirm that sentencing no longer aims at retaliation but at resolving conflicts, restoring balance, and bringing peace to society. However, this spirit of recovery collides frontally with the thick wall of positivism in Law Number 31 of 1999.

The most apparent norm conflict is found in Article 4 of Law Number 31 of 1999, which explicitly states that the return of state financial losses or the state economy does not eliminate the offender's criminal punishment. This provision closes the door on out-of-court settlements, rendering the return of corruption assets legally meaningless for stopping the criminal process. This contradicts the progressive law paradigm, which holds that law should serve humans, not vice versa (Rahardjo, 2006). Blind obedience to the text of Article 4 in petty corruption cases denies the utilitarian purpose of law itself, as the law becomes an automaton that continuously produces convicts without considering the context of the recovered losses.

The problem's complexity increases with the sentencing structure in Article 603 of Law Number 1 of 2023, which regulates corruption offenses causing state financial losses with a minimum imprisonment threat of two years. This specific minimum limit becomes a "juridical trap" for handling petty corruption because judges lack the discretion to impose sentences of less than two years, even if the corruption is minuscule. A village head who misappropriates funds of one million rupiah must face a minimum risk of two years in prison if the case is transferred to court. This provision creates a striking injustice because the received sanction is disproportionate to the caused loss.

The absence of specific transitional rules exacerbates this uncertainty because the relationship between Law Number 1 of 2023 as lex posterior and Law Number 31 of 1999 as *lex specialis* has not been thoroughly clarified in the petty corruption context. The principle of *lex specialis derogat legi generali* is often used as a shield to maintain the applicability of Article 4 of Law Number 31 of 1999, thereby annulling the restorative spirit. This condition makes the restorative justice discourse in corruption cases often regarded as a utopia difficult to realize in law enforcement practice (Andini et al., 2023). Law enforcers are in a dilemma as they face two mutually exclusive statutory commands: one side demands recovery and efficiency, while the other demands uncompromising retribution.

This disharmony reaches its culmination in criminal procedural law. Law Number 20 of 2025 indeed introduces the Restorative Justice mechanism as one of the progressive breakthroughs to reduce the judicial burden. However, Article 82 letter c of the Law explicitly establishes a fatal exception: the Restorative Justice mechanism is excluded for corruption offenses. This provision serves as the "second lock" killing non-penal settlement opportunities, complementing the rigidity of Article 4 of Law Number 31 of 1999. This absolute exception demonstrates the inconsistency of the lawmakers' legal policy: on the one hand, they desire budget efficiency, but on the other hand, they close the efficiency door for the offense that burdens the state budget most in its evidentiary process.

This chaos reflects the failure to separate liability regimes, as the current legal system mixes claims against the person (*in personam*) with claims against assets (*in rem*) (Suhartono & Panjaitan, 2025). Sulantoro (2021) underscores the importance of this separation in the context of saving state finances, where petty corruption cases should prioritize asset pursuit or *in rem* recovery to recover state losses immediately. Corporal imprisonment or *in personam* should be the last resort or *ultimum remedium*, yet Article 82 letter c of Law Number 20 of 2025 locks both aspects into one inseparable package. This logic might be relevant for grand corruption, but it becomes a fatal inefficiency burden for petty corruption because the offender must pay and still be imprisoned.

The implications of this regulatory overlap are dangerous for law enforcement officials, as prosecutors who exercise discretion based on cost-efficiency risk criminalization. The act of terminating an investigation after losses have been returned can be deemed an abuse of authority in violation of statutory commands, namely Law Number 31 of 1999 and Law Number 20 of 2025. Officials are forced to take the "safe path" by processing cases to court despite realizing the incurred costs are unreasonable. This administrative fear kills law enforcement innovation, leaving it to run on rigid, wasteful formal rails.

This status quo creates a substantive legal void because existing rules are unable to address the sociological dynamics of petty corruption. Although efforts to reconstruct restorative justice are continually pushed to achieve substantive justice (Handrawan et al., 2025), the reality of positive law remains a barrier. Law Number 1 of 2023 has opened the door to criminal law modernization, but that door collides with Law Number 31 of 1999 and is now reinforced by Law Number 20 of 2025. The state suffers a constitutional loss because its goal of advancing the general welfare is hindered by its own legal system, while law enforcement costs swell without commensurate results.

Therefore, norm harmonization is no longer merely an academic need, but an urgent practical necessity to end statutory disharmony (Bachmid, 2025). Comprehensive legislative intervention is required to bridge this gap. It is insufficient to merely amend Article 4 of Law Number 31 of 1999; a limited revision of the exception in Article 82 letter c of Law Number 20 of 2025 is also necessary. Without this double synchronization, eradication of corruption will remain trapped in an endless cycle of inefficiency.

C. Norm Reconstruction Based on Cost-Awareness

Resolving the cost-benefit paradox in addressing petty corruption requires a radical shift in the philosophical foundation of sentencing, moving the paradigm from physical retribution to economic rationality (Rose-Ackerman & Palifka, 2016). Bentham (2012), in his utilitarian principle, offers a relevant logic: punishment must be calculated based on the calculus of pain and pleasure, where the most effective sanction for economically motivated crimes is not imprisonment but the creation of financial pain exceeding the corruption's profit. This approach positions the law as an economic instrument that aims to annul the offender's gain while simultaneously recovering the victim's or the state's loss without creating unnecessary new costs. Posner (2014) reinforces this view by emphasizing that sanctions must be designed to create economic disincentives or optimal deterrence.

The first constitutional step toward realizing this paradigm is to conduct a simultaneous, limited revision of the two main legal instruments to open the regulatory "double lock." The first target is Article 4 of Law Number 31 of 1999, which must be changed from an absolute to a conditional basis by adding an exemption clause. This clause will provide legal legitimacy for the termination of prosecution, subject to the fulfillment of certain conditions. The proposed new norm formulation or *ius constituendum* is the addition of a paragraph to Article 4 of the Law asserting that sentencing provisions can be exempted if the state loss value is under IDR 50,000,000.00 and loss recovery is performed voluntarily before the investigation stage commences.

The second target, no less crucial, is the revision of Article 82 letter c of Law Number 20 of 2025. The absolute exception of corruption offenses from the Restorative Justice mechanism in that article must be relaxed. The concrete proposal is to add the phrase "except for corruption offenses with a state loss value under IDR 50,000,000.00, which has been fully recovered." This revision is essential to open the procedural bottleneck that has shackled prosecutors. Without this amendment to Article 82 letter c, the revision of Article 4 of Law Number 31 of 1999 cannot be executed in procedural practice because it collides with formal prohibitions in criminal procedural law. The synchronization of these two articles is a *conditio sine qua non* for creating legal certainty in the efficient handling of petty corruption.

Establishing a threshold of IDR 50 million is not an imaginary figure as it possesses a strong sociological and institutional foundation. The Attorney General's Office, through internal cost-benefit analysis, has confirmed the validity of this figure, stating that the operational costs of handling corruption cases below that value often exceed the state's loss (Kejati Jatim, 2022). The discourse regarding the inefficiency of sentencing for this "small fry" corruption has also become a broad public concern (Republika, 2022). Formalizing this figure into a statutory body will provide legal certainty, enabling law enforcement officials to exercise discretion without hesitation. The decision to terminate prosecution is no longer considered a transactional matter, but rather an act of saving the state budget, legitimized by law.

The relevance of applying this concept becomes increasingly urgent amidst the judicial system impasse, as previous legal studies identified the urgency of applying restorative justice for cases with relatively small state financial losses (Muttaqi, 2023). However, merely returning state losses is insufficient, as principal recovery creates only a break-even condition for the offender and fails to deter. Therefore, this norm reconstruction mandates the application of the Double Restitution mechanism, combining civil liability and public sanctions. The offender

is obligated to return the state loss in full and pay a settlement fine or penalty to the state treasury.

This settlement fine concept aligns with the Peaceful Fine Scheme, an idea emerging in modern criminal law discourse to balance asset recovery with public justice (Marlina et al., 2025). The Double Restitution mechanism must be calculated precisely to create tangible economic suffering, with payment components consisting of replacement money equal to the corruption value and a punitive fine, calculated in accordance with the minimum fine threat in Article 603 of Law Number 1 of 2023 or the fine provisions in Law Number 31 of 1999. As a simulation, if an official embezzles state funds amounting to IDR 30 million, they are obliged to return IDR 30 million and pay a minimum fine of IDR 50 million, bringing the total amount entering the state treasury to IDR 80 million.

This logic simultaneously fulfills the principles of deterrence and Cost-Awareness because the state obtains a surplus profit from this case settlement, and the imprisonment cost burden is successfully eliminated. Applying financial sanctions without imprisonment provides a conceptually valid comparative reference, as in legal practice in Germany, where Article 153a of the StPO allows prosecutors to terminate cases on the condition of paying a fine (*Geldbuße*) (OECD, 2018). This mechanism is widely used to address complex economic crimes with measurable public impacts. Indonesia can adopt the essence of this principle, namely the state's courage to be pragmatic, choosing to preserve assets rather than satisfy a budget-wasteful thirst for retribution.

However, financial sanctions must be complemented by strict administrative sanctions to prevent recidivism. Corruption offenders who are public officials must face the consequence of "civil death" in their bureaucratic careers. This recommendation mandates dishonorable discharge for State Civil Apparatus or Village Officials proven to have committed corruption, even if the case is settled out of court. Rompegading (2022) emphasizes the importance of deterrent prevention and eradication principles in gratification and abuse of office offenses. Dismissal is a form of bureaucratic sterilization because the loss of position and pension rights is a frightening long-term economic blow for the offender, complementing the financial suffering from Double Restitution.

The integration of these sanction elements and regulatory reforms forms a holistic settlement model: Double Amendment (Law Number 31 of 1999 and Law Number 20 of 2025) as the legal umbrella, Double Restitution as an instrument of instant impoverishment, and Dismissal as an instrument of permanent prevention. This model answers public concerns regarding impunity because offenders are not simply set free, but are impoverished and dismissed without burdening the state

with prison costs. This restorative justice reconstruction effort is a middle path to build substantive justice toward a vision of a corruption-free state (Handrawan et al., 2025). Restorative justice in the corruption context does not mean forgiveness, but rather the recovery of state losses most efficiently and effectively.

D. Institutional Transformation and Participatory Oversight

The success of legal norm reconstruction will depend on fundamental institutional reform, with law enforcement officials as the spearhead of this paradigm shift. Prosecutors and investigators play key roles in implementing Cost-Awareness policies; however, their current conventional competence is inadequate, as it is limited to proving criminal elements under statutory texts and lacks proficiency in EAL or asset valuation. This competence gap risks leading to a failure in the application of discretion because prosecutors may hesitate to calculate the cost-benefit ratio, reverting to the old legalistic, cost-wasteful pattern. Therefore, human resource capacity building becomes an absolute prerequisite.

A concrete solution to this problem is the mandatory special competence certification focusing on "EAL and Petty Corruption Asset Recovery." The training curriculum must be designed specifically, not only to cover restorative justice mediation or negotiation techniques, but also to include basic forensic accounting and economic loss valuation methods. Officials must be trained to think like economists in a law enforcement context so they can determine whether a case warrants proceeding to court or can be settled through a fine. This certification serves as a quality-control mechanism to minimize the risk of abuse of power, granting only certified prosecutors the authority to make conditional termination decisions in prosecutions.

Institutional transformation must also address appropriate and realistic surveillance technology, given that digital infrastructure in rural Indonesia remains very limited. A more feasible approach than utopian artificial intelligence claims is the adoption of the Open Data or Village Budget Data Openness system, which requires village governments to publish the Budget Plan and expenditure realization in detail through a simple publicly accessible dashboard. This model adopts e-government transparency principles, as Singapore successfully utilized digital platforms such as e-complaints and e-bookings to facilitate efficient reporting and public interaction (Sukarno et al., 2024).

Data transparency is merely an initial step that will be meaningless without active public participation as overseers. The Principal-Agent Theory explains that corruption occurs when the agent (the village head) deviates from the principal's (the community's) interests due to information asymmetry (Yusof et al., 2024).

Therefore, this asymmetry must be addressed by empowering the community to become Citizen Auditors. Public participation must no longer be passive or merely an object of moral socialization, but must become active overseers holding verification data.

The Citizen Auditor concept demands extensive technical literacy programs to teach the community how to read village budget data and compare material prices at building stores with those in accountability reports. This ability to verify facts is far more frightening to corruptors than mere moral appeals, because horizontal oversight creates a narrow margin for misappropriating funds. Wasistha (2025) asserts the strategic role of media and society as social monitors in building an anti-corruption culture, where effective, data-based social oversight can become a sturdy fortress of integrity at the grassroots level.

Reporting mechanisms must also be revitalized because the existing Whistleblowing System (WBS) is often ineffective and makes whistleblowers feel unsafe. Corruption trend monitoring reports recommend optimizing a transparent case handling information system (Syah, 2025). The integration between the village budget dashboard and the Prosecution's WBS is a strategic solution, in which citizen reports based on factual verification data must receive priority, and the whistleblower's identity confidentiality must be guaranteed by law. This complaint channel serves as the first filter for the prosecution to sort valid, economically valuable reports, thereby reducing the investigation burden that often starts from vague information.

Strict external oversight is also required to monitor the implementation of plea bargains or settlement fines to prevent the fertilization of collusion practices, as experienced in Nigeria (Echewija, 2017). The public suspects the existence of "case trading" behind closed doors when non-penal settlements are applied without transparency (Isiaka, 2025). Indonesia must avoid the same trap by ensuring every prosecution termination decision based on Double Restitution is published transparently, including the returned loss value and the paid fine. This transparency is the key to maintaining public trust in the proposed non-penal mechanism.

Inter-agency collaboration is a crucial closing element, in which the Attorney General's Office, the Ministry of Home Affairs, and the Finance and Development Supervisory Agency must synergize to build an integrated prevention ecosystem. The Ministry of Home Affairs plays a role in village governance regulation, the Finance and Development Supervisory Agency conducts investigative audits, and the Attorney General's Office enforces and recovers assets. The integrated movement of these three institutions will close corruption loopholes from upstream

to downstream by setting aside sectoral egos in pursuit of national efficiency. Best practices in corruption eradication in Southeast Asia demonstrate the importance of robust, cooperative institutional frameworks (Nasruddin, 2022).

This entire transformation forms a hybrid oversight model combining measured official competence, accessible transparency technology, and literate public participation. This model offers not only a momentary solution but also builds a long-term foundation for integrity, where petty corruption is no longer trivialized but handled with smart, efficient, and just instruments. The cost burden paradox can be ended, and corruption law enforcement finally returns to its true purpose: welfare for the people, not burdening the people.

CONCLUSIONS AND SUGGESTIONS

This study concludes that law enforcement against petty corruption in Indonesia is currently in a paradoxical condition detrimental to state finances and injurious to substantive justice. EAL demonstrates the presence of acute allocative inefficiency, in which the state's operational case-handling costs often exceed the value of the losses saved. This phenomenon of unprofitable punishment is not merely a technical budgetary issue but a reflection of the judicial system's failure to respond proportionately to the dynamics of petty corruption. The disparity between the high social costs of imprisonment and the low rate of asset recovery confirms that the conventional retributive approach has lost its relevance as the primary instrument for eradicating petty corruption.

The root cause of this inefficiency lies in the sharp and layered norm disharmony within the national criminal law framework as of January 2026. Although Law Number 1 of 2023 has adopted efficiency and recovery principles, implementation efforts are hindered by a double-norm conflict. The first obstacle is the rigidity of Article 4 of Law Number 31 of 1999, which closes the door to the termination of material prosecution. The second and more fatal obstacle is the absolute exception in Article 82 letter c of Law Number 20 of 2025, which formally prohibits the Restorative Justice mechanism for corruption offenses. This regulatory conflict creates a juridical deadlock forcing law enforcement officials to continue processing inefficient cases to fulfill legality formalities, ignoring the utility principle that should be the goal of modern law.

To address this impasse, this study recommends a comprehensive reconstruction of a Cost-Awareness-based model for handling petty corruption. This model relies on a limited double amendment, namely the revision of Article 4 of Law Number 31 of 1999 and Article 82 letter c of Law Number 20 of 2025, to open a conditional sentencing exemption clause for corruption under the value of fifty million rupiah that has been recovered. To ensure deterrence without burdening correctional institutions'

capacity, the application of hybrid sanctions is suggested in the form of a Double Restitution mechanism, which must be combined with administrative sanctions, such as dishonorable discharge for public officials. This approach ensures the offender experiences asset impoverishment and civil death as a consequence of their actions.

The success of this new regulatory model must be supported by radical institutional transformation and oversight. The Attorney General's Office is encouraged to mandate EAL competence certification for its prosecutors, ensuring that every discretionary decision is based on accountable cost-benefit calculations. On the other hand, preventing petty corruption at the grassroots level requires community empowerment as Citizen Auditors. This can be achieved through the mandatory publication of open budget data (Open Data) integrated with a secure complaint reporting system, so oversight no longer relies on utopian advanced technology, but on public literacy and active participation. It is this synergy among regulatory reform, deterrent sanctions, and social oversight that will end the cost-burden paradox in corruption law enforcement in Indonesia.

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