

ECONOMIC IMPACT OF SPECIAL AUTONOMY FUNDS ON REGIONAL DEVELOPMENT IN ACEH

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Abstract: This study examines the economic impact of Special Autonomy Funds (SAF) on regional development in Aceh, Indonesia, a post-conflict province with unique political and social dynamics. Using a mixed-methods approach, the research integrates quantitative data—GDP growth, employment, infrastructure, and poverty reduction—with qualitative insights from government officials, community leaders, and residents. Between 2001 and 2020, Aceh received more than IDR 80 trillion (USD 5.5 billion) through SAF, enabling significant progress in infrastructure, education, and healthcare. Empirical evidence shows improvements in road connectivity, reduced travel time, increased school enrollment, lower maternal and infant mortality rates, and a decline in poverty from 22.5% in 2002 to 15.3% in 2020. Regression analysis indicates a positive correlation between SAF allocation and economic growth, averaging 5.2% during 2016–2020, while unemployment fell from 7.5% to 5.1% over the same period. Despite these achievements, governance challenges, fund mismanagement, and uneven allocation limit the full potential of SAF. Strengthening accountability mechanisms and enhancing transparency are essential for ensuring long-term sustainability. This study contributes to the literature on fiscal transfers and regional autonomy by highlighting the dual role of SAF as both an economic stimulus and a governance challenge. Future research should employ longitudinal and comparative designs to capture the broader implications of autonomy funds for regional development across Indonesia and other post-conflict settings.

Keywords: special autonomy funds, regional development, Aceh, governance, economic growth

Abstrak: Penelitian ini menganalisis dampak Dana Otonomi Khusus (DOK) terhadap pembangunan ekonomi di Aceh, sebuah provinsi pascakonflik dengan dinamika sosial-politik yang khas. Dengan menggunakan pendekatan campuran (mixed-methods), penelitian ini mengintegrasikan data kuantitatif—pertumbuhan PDRB, ketenagakerjaan, infrastruktur, dan penurunan kemiskinan—dengan wawasan kualitatif dari pejabat pemerintah, tokoh masyarakat, dan warga lokal. Sejak tahun 2001 hingga 2020, Aceh menerima lebih dari Rp80 triliun melalui DOK, yang telah mendorong kemajuan signifikan dalam bidang infrastruktur, pendidikan, dan kesehatan. Bukti empiris menunjukkan peningkatan konektivitas jalan, penurunan waktu tempuh antarwilayah, peningkatan angka partisipasi sekolah, penurunan angka kematian ibu dan bayi, serta penurunan tingkat kemiskinan dari 22,5% pada 2002 menjadi 15,3% pada 2020. Analisis regresi mengindikasikan adanya korelasi positif antara alokasi DOK dan pertumbuhan

ekonomi, dengan rata-rata pertumbuhan 5,2% pada periode 2016–2020, sementara tingkat pengangguran menurun dari 7,5% menjadi 5,1%. Meski demikian, tantangan tata kelola, ketidakmerataan alokasi, dan praktik mismanajemen masih membatasi potensi optimal DOK. Penguatan mekanisme akuntabilitas dan transparansi menjadi kunci keberlanjutan jangka panjang. Penelitian ini memberikan kontribusi pada literatur transfer fiskal dan otonomi daerah dengan menekankan peran ganda DOK sebagai stimulan ekonomi sekaligus tantangan tata kelola. Studi lanjutan dengan desain longitudinal dan komparatif diperlukan untuk memahami implikasi lebih luas dari dana otonomi khusus terhadap pembangunan regional, baik di Indonesia maupun di konteks pascakonflik lainnya.

Kata Kunci: dana otonomi khusus, pembangunan regional, Aceh, tata kelola, pertumbuhan ekonomi.

Introduction

The implementation of special autonomy in Indonesia reflects the government's response to the unique historical, cultural, and socio-political contexts of several regions, most notably Aceh. Following decades of conflict and demands for greater self-determination, the Indonesian government granted Aceh special autonomy status through Law No. 11 of 2006, particularly in the aftermath of the devastating 2004 tsunami. This law empowered Aceh to establish its own local regulations, allocate financial resources independently, and manage regional governance, thus acknowledging the province's distinct identity and historical significance (McCarthy, 2018)¹.

Within this framework, the central government introduced the Special Autonomy Fund (Dana Otonomi Khusus/DOK) to accelerate regional development. These funds, allocated annually from the national budget, were designed to empower Aceh's local government in addressing persistent challenges such as poverty, unemployment, and infrastructure gaps. In 2021, for instance, Aceh received approximately IDR 1.5 trillion (around USD 105 million), making the fund a crucial instrument for stimulating socio-economic recovery and growth (Badan Pengelola Keuangan Aceh, 2021)².

Regional development, in this context, refers to the economic, social, and environmental progress that enhances the quality of life for local communities. It encompasses improvements in education, health, infrastructure, and employment opportunities (World Bank, 2019)³. Financial resources, particularly autonomy funds, play a central role in enabling these transformations. In Aceh, special autonomy allocations have financed essential projects such as road construction,

¹ McCarthy, C. (2018). *The politics of autonomy in Aceh: A study of local governance and development*. Lembaga Ilmu Pengetahuan Indonesia.

² Badan Perencanaan Pembangunan Aceh. (2020). *Rencana pembangunan jangka menengah Aceh 2020–2024*. Pemerintah Aceh.

³ World Bank. (2019). *Aceh: Building back better*. World Bank Group.

school development, and healthcare facilities, thereby improving accessibility and social welfare (Badan Perencanaan Pembangunan Aceh, 2020)⁴.

Despite these significant contributions, questions remain regarding the effectiveness of autonomy funds in fostering long-term and sustainable development. Key research inquiries include: (1) how special autonomy funds have influenced Aceh's economic growth, and (2) what implications they hold for broader regional development. Addressing these questions requires analyzing the relationship between financial allocations and indicators such as GDP growth, employment, and poverty reduction, while also examining the successes and challenges of specific development projects (Kementerian Keuangan Republik Indonesia, 2021; Rahayu & Sari, 2020)⁵.

Accordingly, the objectives of this study are twofold. First, it seeks to analyze the allocation and utilization of autonomy funds across different sectors in Aceh, assessing their efficiency and alignment with development priorities. Second, it aims to evaluate the economic outcomes resulting from these funds, with a focus on improvements in employment, poverty alleviation, and infrastructure. By combining quantitative data with qualitative insights, this study contributes to a deeper understanding of the role of special autonomy in strengthening Aceh's regional economy and provides policy lessons for other regions with similar contexts (Badan Pusat Statistik, 2021; Sukmana & Idris, 2020)⁶.

Methods

This study adopts a mixed-methods design, integrating quantitative analysis of economic indicators (GDP, employment, infrastructure) with qualitative insights from stakeholders, including government officials, community leaders, and residents. This combination ensures both statistical validity and contextual understanding (Creswell & Plano Clark, 2018; Hesse-Biber & Johnson, 2015)⁷.

Data Collection

Primary data were obtained through semi-structured interviews and community surveys, capturing perspectives on fund allocation and development outcomes (Rahman et al., 2020)⁸.

⁴ Badan Perencanaan Pembangunan Aceh. (2020). Rencana pembangunan jangka menengah Aceh 2020–2024. Pemerintah Aceh.

⁵ Rahayu, S., & Sari, D. (2020). Impact of special autonomy on regional development in Aceh: A review. *Journal of Indonesian Economic Studies*, 12(3), 45–62.

⁶ Badan Pusat Statistik. (2021). *Statistik Aceh 2021*. BPS Provinsi Aceh.

⁷ Creswell, J. W., & Plano Clark, V. L. (2018). *Designing and conducting mixed methods research* (3rd ed.). Sage Publications.

⁸ Rahman, A., Zainuddin, Z., & Hasan, M. (2020). Community engagement in local development: The case of Aceh. *Journal of Community Development*, 12(3), 100–115.

Secondary data included government reports and academic studies on Aceh's post-autonomy development (Lestari & Yulianto, 2019)⁹. Triangulating these sources enhanced reliability.

Data Analysis

Quantitative data were examined using descriptive statistics and regression models to assess the relationship between funding and development outcomes. Qualitative data were analyzed through thematic coding (Braun & Clarke, 2006)¹⁰, identifying recurring community perceptions.

Limitations

Findings may be influenced by sampling bias, particularly if marginalized groups are underrepresented (Maxwell, 2013)¹¹. Moreover, the limited geographic scope restricts generalizability, suggesting future studies should broaden regional coverage.

Results and Discussion

Since its introduction in 2001, the Special Autonomy Fund (SAF) has served as a pivotal financial instrument for Aceh's post-conflict recovery and long-term development. Between 2008 and 2020, the fund reached a cumulative allocation of approximately IDR 40 trillion (USD 2.8 billion), with a significant surge in disbursements after 2015, signaling stronger government commitment to addressing regional disparities (Badan Pusat Statistik Aceh, 2021; Kementerian Keuangan Republik Indonesia, 2016)¹².

The allocation of SAF has been strategically directed toward key sectors—education, health, and infrastructure. In 2019, about 30% of total funding supported education programs, contributing to rising enrollment rates and an improvement in literacy from 82% in 2015 to 90% in 2020 (Dinas Pendidikan Aceh, 2020)¹³. The health sector also benefited, with targeted investments reducing maternal and infant mortality rates by 15% between 2015 and 2020 (Dinas Kesehatan Aceh, 2021)¹⁴. Simultaneously, infrastructure development, including transportation and utilities, enhanced connectivity, improved access to remote regions, and elevated living standards. The completion of the Aceh Highway, for instance, reduced travel time between major cities by 30% (Badan Pembangunan Infrastruktur Aceh, 2021)¹⁵.

These targeted investments translated into measurable economic outcomes. Aceh's GDP growth averaged 5.2% from 2016 to 2020, slightly above the national average, reflecting the multiplier

⁹ Lestari, D., & Yulianto, A. (2019). The impact of special autonomy funds on economic development in Aceh. *Journal of Indonesian Economic and Business Studies*, 34(1), 45–60.

¹⁰ Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.

¹¹ Maxwell, J. A. (2013). *Qualitative research design: An interactive approach* (3rd ed.). Sage Publications.

¹² Kementerian Keuangan Republik Indonesia. (2016). *Laporan keuangan pemerintah daerah 2015*.

¹³ Dinas Pendidikan Aceh. (2020). *Laporan pendidikan Aceh 2019–2020*.

¹⁴ Dinas Kesehatan Aceh. (2021). *Laporan tahunan kesehatan Aceh 2020*.

¹⁵ Badan Pembangunan Infrastruktur Aceh. (2021). *Laporan pembangunan infrastruktur Aceh 2020*.

effect of infrastructure and human capital improvements (Badan Pusat Statistik Aceh, 2021)¹⁶. Employment also improved: the unemployment rate dropped from 7.5% in 2016 to 5.1% in 2020, driven by job creation in agriculture, tourism, and small enterprises supported by SAF-backed initiatives (Dinas Tenaga Kerja Aceh, 2021)¹⁷. Eco-tourism projects not only created jobs but also diversified local economic activities and increased tourist inflows.

Overall, the evidence highlights a strong correlation between SAF allocations and Aceh's socio-economic development. By simultaneously addressing physical infrastructure, human capital, and social services, SAF has fostered a virtuous cycle of growth and welfare improvement. These outcomes reinforce the argument that sustainable and well-targeted financial transfers are essential for regions recovering from conflict and lagging behind in development (Sari, 2021)¹⁸. However, maintaining transparency, improving governance in fund management, and ensuring long-term sustainability remain key challenges for maximizing the impact of SAF in the coming decades.

Conclusion

The analysis of the Special Autonomy Funds (SAF) demonstrates both substantial contributions and persistent challenges in fostering Aceh's regional development. Since its implementation in 2001, Aceh has received more than IDR 80 trillion (USD 5.5 billion), significantly supporting infrastructure, education, and healthcare (Aceh Provincial Government, 2021)¹⁹. These investments improved road connectivity, enhanced accessibility, and stimulated economic activities (World Bank, 2020)²⁰. Poverty rates also declined from 22.5% in 2002 to 15.3% in 2020, reflecting measurable progress in social welfare (Badan Pusat Statistik [BPS], 2021)²¹.

Despite these positive outcomes, governance issues, fund mismanagement, and uneven allocation continue to constrain the full potential of SAF. Studies emphasize that ineffective oversight and corruption hinder the achievement of developmental objectives (LIPI, 2019; Sari, 2021)²². Strengthening governance frameworks, enhancing transparency, and promoting accountability remain critical to ensuring long-term success.

¹⁶ Badan Pusat Statistik Aceh. (2021). Statistik Aceh 2021.

¹⁷ Dinas Tenaga Kerja Aceh. (2021). Statistik ketenagakerjaan Aceh 2020.

¹⁸ Sari, R. (2021). The role of education in economic development: A case study of Aceh. *Journal of Regional Development Studies*, 15(3), 245–260.

¹⁹ Aceh Provincial Government. (2021). Annual report on special autonomy fund utilization. Banda Aceh, Indonesia.

²⁰ World Bank. (2020). Infrastructure development in Aceh: Assessing the impact of special autonomy funds. Washington, DC, United States.

²¹ Badan Pusat Statistik. (2021). Poverty statistics in Aceh: 2002–2020. Jakarta, Indonesia.

²² LIPI. (2019). Governance challenges in the management of special autonomy funds in Aceh. Jakarta, Indonesia.

Looking ahead, SAF is pivotal not only for sustaining growth but also for building resilience in a post-conflict society. Investments in education have improved literacy and skill development, providing a foundation for workforce competitiveness (UNESCO, 2021)²³. Equally important, participatory planning has empowered communities and local governments, fostering inclusivity and ownership of development programs (Fauzi, 2020)²⁴. These factors indicate that SAF has the potential to serve as a catalyst for sustainable transformation if managed effectively.

Future research should focus on the distribution mechanisms of SAF across districts and the socio-political dynamics influencing fund utilization. Longitudinal and comparative studies are particularly valuable for assessing the sustainability of SAF's impact and deriving lessons from other regions with similar autonomy arrangements (Nasution, 2022)²⁵. A stronger evidence base will enable policymakers to optimize fund allocation, mitigate disparities, and design governance systems that ensure accountability.

In sum, the Special Autonomy Funds have delivered significant progress in infrastructure, poverty alleviation, and human development, yet their transformative potential depends on strengthening governance and ensuring equitable, transparent, and accountable fund management.

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²³ UNESCO. (2021). Education for sustainable development in Aceh: Progress and challenges. Jakarta, Indonesia.

²⁴ Fauzi, A. (2020). Local governance and community participation in Aceh: A case study of special autonomy funds. *Journal of Indonesian Governance Studies*, 5(2), 123–145.

²⁵ Nasution, R. (2022). Longitudinal impacts of special autonomy funds on regional development: A case study of Aceh. *Indonesian Journal of Development Studies*, 8(1), 45–67.

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