

## GOVERNANCE AND THE EFFECTIVENESS OF ACEH'S SPECIAL AUTONOMY FUNDS IN ENHANCING COMMUNITY WELFARE

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**Abstract:** This study investigates the governance and effectiveness of Aceh's Special Autonomy Funds (SAF) in enhancing community welfare within a post-conflict setting. Despite the substantial transfers of approximately IDR 70 trillion (USD 4.9 billion) since the enactment of the Special Autonomy Law in 2001, questions persist regarding fund utilization and its developmental impact. A mixed-methods approach was employed, combining semi-structured interviews with government officials, community leaders, and civil society representatives (n = 45), a large-scale survey of 500 respondents, and secondary analysis of official reports. The findings reveal that while SAF has contributed to improvements in infrastructure, education, and health outcomes, the distribution of benefits remains uneven across districts. Regression analysis indicates that transparency and community participation are significantly correlated with welfare improvements, whereas corruption, politicized allocation, and weak monitoring reduce fund effectiveness. Case comparisons highlight contrasting outcomes: Aceh Besar demonstrated effective governance leading to increased local employment, while Bener Meriah and Gayo Lues experienced limited gains. These results underscore the central role of governance quality—particularly accountability, participatory mechanisms, and civil society oversight—in determining the welfare impact of fiscal transfers. The study contributes to governance and development literature by offering empirical evidence from a post-conflict autonomy context and highlights the need for reforms that strengthen transparency and stakeholder engagement. Policy implications extend beyond Aceh, offering lessons for other regions with special autonomy arrangements in Indonesia and comparable post-conflict societies.

**Keywords:** governance, special autonomy funds, community welfare, Aceh, Indonesia

**Abstrak:** Penelitian ini menelaah tata kelola dan efektivitas Dana Otonomi Khusus (DOK) Aceh dalam meningkatkan kesejahteraan masyarakat pada konteks pascakonflik. Sejak diberlakukannya Undang-Undang Otonomi Khusus tahun 2001, Aceh telah menerima transfer dana sekitar Rp70 triliun (USD 4,9 miliar), namun efektivitas pemanfaatannya masih dipertanyakan. Pendekatan metode campuran digunakan dengan menggabungkan wawancara semi-terstruktur terhadap pejabat pemerintah, tokoh masyarakat, dan perwakilan organisasi sipil (n = 45), survei terhadap 500 responden, serta analisis sekunder dari laporan resmi. Hasil penelitian menunjukkan bahwa meskipun DOK telah berkontribusi pada peningkatan infrastruktur, pendidikan, dan kesehatan, distribusi manfaatnya masih tidak merata antarwilayah. Analisis regresi menunjukkan transparansi dan partisipasi masyarakat berkorelasi signifikan dengan peningkatan kesejahteraan, sedangkan korupsi, alokasi yang dipolitisasi, serta lemahnya mekanisme pengawasan justru menghambat efektivitas dana. Perbandingan kasus mengungkap perbedaan hasil: Aceh Besar menunjukkan tata kelola yang efektif dengan

peningkatan lapangan kerja lokal, sementara Bener Meriah dan Gayo Lues hanya memperoleh manfaat terbatas. Temuan ini menegaskan pentingnya kualitas tata kelola—khususnya akuntabilitas, mekanisme partisipatif, dan pengawasan masyarakat sipil—dalam menentukan dampak kesejahteraan dari transfer fiskal. Studi ini berkontribusi pada literatur tata kelola dan pembangunan dengan memberikan bukti empiris dari konteks otonomi pascakonflik, sekaligus menekankan kebutuhan reformasi untuk memperkuat transparansi dan keterlibatan pemangku kepentingan. Implikasi kebijakan dari penelitian ini melampaui Aceh, memberikan pelajaran bagi daerah otonomi khusus lain di Indonesia maupun masyarakat pascakonflik di wilayah lain.

**Kata Kunci:** tata kelola, dana otonomi khusus, kesejahteraan masyarakat, Aceh, Indonesia.

## Introduction

The implementation of Aceh's Special Autonomy, formalized through the 2001 Special Autonomy Law and reinforced by the 2005 Helsinki Agreement, marked a significant turning point in the region's long history of conflict and underdevelopment. This legal framework granted Aceh broader self-governance and access to special autonomy funds designed to foster economic growth, improve public services, and enhance social welfare (Husni, 2021; Sari, 2020)<sup>1</sup>. Since 2008, approximately IDR 30 trillion has been allocated, primarily targeting infrastructure, education, and health (Badan Pusat Statistik Aceh [BPS], 2022)<sup>2</sup>. Despite this substantial investment, questions remain regarding the effectiveness of fund utilization in reducing poverty, unemployment, and inequality. Persistent disparities across districts suggest uneven development outcomes, raising concerns about the governance mechanisms underpinning fund management.

Governance plays a pivotal role in determining whether public resources achieve their intended outcomes. Defined as the structures, processes, and traditions that shape decision-making and accountability (UNESCAP, 2021)<sup>3</sup>, governance directly affects transparency, efficiency, and inclusivity in fund allocation. In Aceh, the effectiveness of special autonomy funds is closely tied to the quality of governance practices. Strong governance mechanisms—including community participation, oversight, and transparent reporting—enhance fund effectiveness by promoting accountability and fostering local ownership of development projects (Fukuyama, 2020)<sup>4</sup>. Conversely, weak governance characterized by corruption, limited transparency, and insufficient citizen engagement undermines resource distribution and reduces developmental impact (Transparency International, 2022)<sup>5</sup>. Comparative evidence across Indonesian regions indicates that areas with robust governance frameworks demonstrate improved socio-economic outcomes,

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<sup>1</sup> Husni, H. (2021). The impact of special autonomy on local governance in Aceh. *Journal of Indonesian Governance Studies*, 5(2), 45–67.

<sup>2</sup> Badan Pusat Statistik Aceh. (2022). Statistical data and analysis of Aceh Province. BPS Aceh.

<sup>3</sup> United Nations Economic and Social Commission for Asia and the Pacific. (2021).

<sup>4</sup> Fukuyama, F. (2020). *The end of history and the last man*. Free Press.

<sup>5</sup> Transparency International. (2022). Corruption perceptions index 2022. <https://www.transparency.org/en/cpi/2022/index/nzl>

including reduced poverty and better access to education and healthcare (World Bank, 2021)<sup>6</sup>. Thus, governance is not merely an administrative requirement but a determinant of whether Aceh's autonomy funds translate into tangible welfare improvements.

This study seeks to examine two interrelated questions: What is the current state of governance in managing Aceh's special autonomy funds, and to what extent do these funds enhance community welfare? Preliminary findings suggest progress in governance reform, yet systemic issues—such as weak monitoring, corruption risks, and limited community involvement—remain barriers (Transparency International, 2022)<sup>7</sup>. On welfare outcomes, evidence shows partial progress in education and health access, but persistent inequalities across districts indicate that benefits are unevenly distributed (BPS, 2022)<sup>8</sup>. Addressing these gaps requires both strengthening governance frameworks and adopting more targeted, inclusive development strategies.

The significance of this study lies in its contribution to both academic discourse and policy practice. From an academic perspective, it enriches the literature on governance and public fund management in post-conflict settings by highlighting how governance not only mediates resource distribution but also shapes long-term development trajectories. For policymakers, the findings underscore the need to reinforce transparency, accountability, and citizen participation in fund management. Strengthening these governance dimensions will improve fund utilization and foster sustainable community welfare. More broadly, the Aceh experience offers lessons for other autonomy regions and post-conflict societies on how governance can either enable or constrain development outcomes.

## Methods

This study applied a mixed-methods approach combining semi-structured interviews, surveys, and document analysis to examine how governance shapes the effectiveness of Aceh's Special Autonomy Funds. Interviews with government officials, community leaders, NGOs, and fund beneficiaries captured governance dynamics, while 500 survey responses (85% return rate) quantified perceptions of transparency, accountability, and welfare outcomes. Secondary data from government reports and prior studies provided additional context (Aceh Provincial Government, 2022; Creswell & Plano Clark, 2017)<sup>9</sup>.

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<sup>6</sup> World Bank. (2021). Indonesia economic prospects: Strengthening governance and public services. World Bank Publications.

<sup>7</sup> Transparency International. (2022). Corruption perceptions index 2022. <https://www.transparency.org/en/cpi/2022/index/nzl>

<sup>8</sup> Badan Pusat Statistik Aceh. (2022). Statistical data and analysis of Aceh Province. BPS Aceh.

<sup>9</sup> Aceh Provincial Government. (2022). Report on the utilization of Special Autonomy Funds in Aceh. <http://www.acehprov.go.id>

Data were analyzed through thematic coding for qualitative evidence (Braun & Clarke, 2006)<sup>10</sup> and statistical modeling (SPSS) for quantitative validation. Regression results indicated that transparency and community participation strongly correlated with welfare improvements, supporting earlier findings on participatory governance in Aceh (Utomo et al., 2021)<sup>11</sup>.

The study acknowledges limitations, including the absence of long-term data, potential self-reporting bias, and underrepresentation of marginalized groups. Nonetheless, triangulation across multiple sources enhanced validity.

Overall, the findings highlight that transparent and participatory governance is critical to ensuring that autonomy funds effectively improve community welfare, though sustained monitoring remains necessary for long-term impact.

## Results and Discussions

The governance of Aceh's special autonomy funds reflects a complex interaction between local and national institutions, including the Aceh Provincial Government, the Regional House of Representatives (DPR Aceh), and local agencies responsible for project implementation. Since 2001, Aceh has received approximately IDR 80 trillion (USD 5.5 billion), underscoring the need for transparent and efficient governance (Badan Pusat Statistik Aceh, 2022)<sup>12</sup>. Oversight mechanisms, such as the Aceh Audit Board and Ombudsman, were established to enhance accountability. Nonetheless, Indonesian Corruption Watch (ICW, 2021)<sup>13</sup> reports that around 30% of funds have been misused, suggesting persistent corruption and weak enforcement.

Civil society organizations (CSOs) have played an important role in strengthening transparency by promoting grassroots participation in budgeting and fund monitoring. Initiatives by organizations such as the Aceh Institute and Forum for Community Empowerment have raised public awareness of financial governance and increased citizen engagement (Sukardi, 2020)<sup>14</sup>. However, both institutional limitations and administrative capacity gaps remain barriers to effective governance. Strengthening institutional accountability and providing technical training for local officials could significantly improve fund management outcomes.

Fund allocation in Aceh follows a distribution formula based on population and development needs, with 70% allocated to infrastructure and 30% to education and health (Badan Pusat Statistik Aceh, 2022)<sup>15</sup>. While this prioritization aims to close development gaps, project

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

<sup>11</sup> Utomo, A. D., Putra, I. G. A., & Sari, R. (2021). The role of local governance in community welfare: A case study from Aceh. *Journal of Governance and Development*, 7(1), 45–60.

<sup>12</sup> Badan Pusat Statistik Aceh. (2022). *Statistik Aceh 2022*. BPS Aceh.

<sup>13</sup> Indonesian Corruption Watch. (2021). *Laporan tahunan ICW 2021*. ICW.

<sup>14</sup> Sukardi, M. (2020). Peran organisasi masyarakat sipil dalam pengawasan dana otonomi khusus di Aceh. *Jurnal Sosial dan Pembangunan*, 12(4), 67–78.

<sup>15</sup> Badan Pusat Statistik Aceh. (2022). *Statistik Aceh 2022*. BPS Aceh.

evaluations indicate that the quality and sustainability of infrastructure vary widely. For example, road construction in Aceh Besar was completed on schedule, but the use of substandard materials resulted in rapid deterioration (Bappeda Aceh, 2021)<sup>16</sup>. Moreover, the distribution of funds is often influenced by political considerations, with districts aligned with provincial authorities receiving disproportionate allocations (LIPI, 2020). This politicization undermines equitable development and contradicts the objectives of special autonomy.

Despite these challenges, the funds have contributed to measurable improvements in community welfare. Education indicators reveal positive outcomes, with primary school enrollment increasing from 93% in 2010 to 98% in 2022 (Badan Pusat Statistik Aceh, 2022). Health outcomes have also improved, reflected in the decline of maternal mortality from 359 to 210 deaths per 100,000 live births over the same period (Kementerian Kesehatan Republik Indonesia, 2023)<sup>17</sup>. Notable successes include the establishment of community health centers in Pidie Jaya, which significantly improved access to healthcare services (Siregar, 2021)<sup>18</sup>. Conversely, failures such as the water supply project in Aceh Tamiang, which suffered from inadequate planning and limited community involvement, highlight weaknesses in project management (Nasution, 2022)<sup>19</sup>.

The mixed outcomes of fund utilization suggest that effective governance and participatory approaches are critical determinants of impact. Comparative evidence from other autonomy regions, such as Papua, indicates that governance challenges—particularly corruption, political interference, and institutional weaknesses—are not unique to Aceh (Tanjung, 2021)<sup>20</sup>. Nevertheless, Aceh has demonstrated progress by involving oversight institutions and CSOs in monitoring processes. Strengthening the capacity of these actors, ensuring transparent budgeting, and fostering collaboration between government and non-government stakeholders could reduce favoritism and promote equitable distribution.

Overall, the results indicate that while Aceh's special autonomy funds have improved education, health, and infrastructure, their effectiveness is constrained by weak governance mechanisms and politicized allocation practices. Sustainable improvements require reforms in accountability systems, enhanced technical capacity at the local level, and stronger community participation. By embedding transparency and inclusiveness into governance practices, Aceh can maximize the developmental benefits of its special autonomy funds and achieve more equitable community welfare outcomes.

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<sup>16</sup> Bappeda Aceh. (2021). Laporan evaluasi proyek pembangunan 2021. Bappeda.

<sup>17</sup> Kementerian Kesehatan Republik Indonesia. (2023). Data kesehatan Aceh 2023. Kementerian Kesehatan RI.

<sup>18</sup> Siregar, A. (2021). Dampak pusat kesehatan masyarakat terhadap akses layanan kesehatan di Pidie Jaya. *Jurnal Kesehatan Masyarakat*, 15(1), 45–53.

<sup>19</sup> Nasution, R. (2022). Evaluasi proyek penyediaan air bersih di Aceh Tamiang. *Jurnal Pembangunan Wilayah*, 10(2), 123–135.

<sup>20</sup> Tanjung, H. (2021). Perbandingan pengelolaan dana otonomi khusus: Kasus Aceh dan Papua. *Jurnal Kebijakan Publik*, 9(3), 34–49.

## Conclusion

This study examined the governance and effectiveness of Aceh's Special Autonomy Funds (SAF) in enhancing community welfare. Since the enactment of the Special Autonomy Law in 2001, Aceh has received substantial transfers—approximately IDR 70 trillion (USD 4.9 billion) by 2021 (Bappenas, 2021)<sup>21</sup>. While the funds contributed to improvements in infrastructure and public services, their impact on community welfare has been uneven due to governance challenges. By 2022, 60% of SAF was allocated to infrastructure, whereas only 30% targeted direct social welfare programs (Dinas Pemberdayaan Masyarakat dan Gampong Aceh, 2022)<sup>22</sup>. This imbalance, combined with limited transparency and accountability, has raised concerns about prioritization, corruption risks, and weakened public trust (Transparency International, 2021)<sup>23</sup>.

District-level analysis reveals significant disparities. Aceh Besar demonstrated effective fund management, reporting a 20% increase in local employment (BPS Aceh, 2022)<sup>24</sup>, while Bener Meriah and Gayo Lues struggled with weak governance and limited welfare outcomes (Mardani et al., 2023)<sup>25</sup>. These findings underscore that the effectiveness of SAF is highly contingent on governance structures, stakeholder participation, and monitoring mechanisms.

Moving forward, a stronger governance framework is necessary to ensure equitable resource distribution. This includes enhancing transparency, strengthening accountability mechanisms, and promoting meaningful participation of civil society organizations, which have been shown to play a pivotal role in monitoring and advocacy (Nugroho, 2021; Sukardi, 2020)<sup>26</sup>. Comparative perspectives with other regions holding special autonomy status, such as Papua (Tanjung, 2021)<sup>27</sup>, could also provide valuable lessons and best practices. Furthermore, longitudinal research is essential to track the long-term effects of SAF on health, education, and economic outcomes, offering evidence-based insights for policy refinement.

In sum, Aceh's experience illustrates that fiscal transfers alone are insufficient to guarantee welfare improvements without robust governance. Strengthening transparency, accountability, and community engagement is imperative for maximizing the potential of SAF. The lessons from Aceh can inform broader discussions on autonomy, governance, and sustainable development in Indonesia and beyond.

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<sup>21</sup> Bappenas. (2021). Laporan kinerja keuangan daerah Aceh. Kementerian PPN/Bappenas.

<sup>22</sup> Dinas Pemberdayaan Masyarakat dan Gampong Aceh. (2022). Laporan penggunaan dana otonomi khusus Aceh. DPMG Aceh.

<sup>23</sup> Transparency International. (2021). Corruption perceptions index 2021. Transparency International.

<sup>24</sup> BPS Aceh. (2022). Statistik daerah Aceh 2022. Badan Pusat Statistik Aceh.

<sup>25</sup> Mardani, M., Zainal, A., & Firdaus, A. (2023). Governance and fund utilization: A comparative study of Aceh's districts. *Journal of Indonesian Development Studies*, 14(2), 45–67.

<sup>26</sup> Nugroho, R. (2021). Civil society and governance in Indonesia: The role of NGOs in promoting transparency. *Asian Journal of Political Science*, 29(1), 1–20.

<sup>27</sup> Tanjung, H. (2021). Perbandingan pengelolaan dana otonomi khusus: Kasus Aceh dan Papua. *Jurnal Kebijakan Publik*, 9(3), 34–49.

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