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Development Inequalities in Autonomous Regions: A Study Pre-and Post- Special Autonomy in Indonesia's Most Eastern Provinces

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Abstract

Indonesia's most eastern provinces enjoy special autonomy status but still suffer from the highest poverty level in the entire nation. Using the Williamson index to test the Simon Kuznets theory, this study examines development equality at pre-and post-special autonomy in the provinces of Papua and West Papua. It uses gross domestic products per capita and population from 29 regencies/cities in Papua and 13 regencies/cities in West Papua to measure the Williamson index in addition to in-depth interviews with legislative members and document analysis to validate the findings. The study found that the regional development gap before special autonomy is relatively smaller than that existing after special autonomy. The Kuznets' curve is not proven in the special autonomy era, meaning that the imposition of autonomy status has led to the creation of a higher development gap in these provinces. Although the special autonomy status has prompted an increased opportunity for political participation by the indigenous people, greater challenges are posed by the lack of human resources, poor government administration, difficult geographical access and the issue of land acquisition. Continuous development initiatives followed up with adequate supervision, greater transparency and law enforcement from government bureaucrats and legislatures are recommended to reduce the inequality.

Keywords: Regional Development, Inequality, Political Participation, Special Autonomy, Indonesia.

JEL Classification Code: F63, H71, H72, H82.

1. Introduction

Regional development gap exists in many regions in Indonesia. Despite significant economic growth Indonesia has enjoyed in these recent years, many of its people are still living in high poverty (Yusuf & Sumner, 2015). Akita (2002) reveals that the development gap in Indonesia is inseparable from the issues of the centralized development in the new order era in 1966-1998. Difficult geographical locations, lack of human resources quality, political and cultural challenges amongst all regions in Indonesia also contribute to the gap (Wally, 2013). These factors also resulted in the high level of rural poverty, explaining the magnitude of development gaps among regions. The

conditions trigger social and political conflicts both in the regional and national levels, and social jealousy and violence in many regions of Indonesia (Sjafrizal, 2009), including the province of Papua since it joined the unitary state of the Republic of Indonesia in 1969.

The study aims to measure regional development level using Williamson index and to test the Simon Kuznets theory in the most eastern Indonesia provinces of Papua and West Papua. The theory claims that at the beginning of new development initiatives in a developing country or in a newly constructed region, the differing prosperity levels between regions tend to cause divergence. Soon after the development initiatives have been running for a longer time, the different levels of prosperity between regions start to cause convergence (Kuznets & Kuznets, 1968). The province of Papua and West Papua have enjoyed an autonomy status, giving them a special authority to manage the interests of their people in order to improve their living standard and reduce development inequalities from other regions in Indonesia (Halmin, 2006; Sumule, 2003b; Van den Broek, 2003). The status also encourages a political participation amongst Papuans to represent the voices and aspirations of community in developing the regions. The

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study therefore, attempts to examine the regional development and political participations before and after special autonomy began in both provinces.

2. Decentralisation in Developing Countries

Decentralisation denotes a delegation of authority, legislative, judicial or administrative from a higher level of government to a lower level (Meenakshisundaram, 1994). It seeks to create greater energy and a higher sense of responsibility and better morale among lower levels. In the context of organisation, decentralisation enables sharing of responsibility and decision-making authority within lower levels in the organisation. Meenakshisundaram (1994) classifies four types of decentralisation, namely de-concentration, delegation, devolution and privatisation. De-concentration delegates administrative authority to lower levels within the government agencies. Delegation transfers responsibility for the defined functions to organisations outside the regular bureaucratic structure and is indirectly controlled by the central government. Devolution strengthens sub-national units of the government whilst privatisation passes responsibility for functions to private enterprises.

Smith (1991) claims that decentralisation can attain political, economic and managerial goals. It promotes a political equality and distributes broader political power, creating a mechanism to meet the needs of disadvantaged. It improves local representatives for their understanding of local needs to meet in a cost-effective way (Turner & Hulme, 1997). Some also argue that it can increase economy efficiency, cost efficiency, accountability and resource mobilisation (Bird & Vaillancourt, 2008; Ribot, 1999). Jütting, Corsi, Kauffmann, McDonnell, Osterrieder, Pinaud, and Wegner (2005) add that decentralisation can ensure broader participation of citizens and the prompting of local government to reduce the poverty. The study accentuates the importance of an environment where the central government needs to fulfil its basic functions and give power and resources to the local government.

However, Kulipossa (2004) claims that decentralisation can be a complex and multi-faceted phenomenon which can have both positive and negative effect. It can have maximum benefit if complementary policies of central and local conditions are in place. Its actual implementation often does not contain flaws inherent in decentralisation itself, evidenced from its poor design of the policies, procedural weakness and a lack of pragmatic implementation. Prud'Homme (1995) accentuates serious drawbacks in decentralisation, arguing that it is not about sharing a certain service to a central, regional or local government, rather that

it is concerned with methods of organising the joint production of the services from various levels. He claims that decentralisation if prescribed for relevant illness, in appropriate time and correct dose, can have the desired salutary effect, but if implemented in wrong circumstances; it can even harm rather than heal.

Recent research shows actual implementation of decentralisation triggering challenges and various negative impacts. Livingstone and Charlton (2001) research financing decentralised development in Uganda, finding a deficiency in ways and that their tax raising potential is not commensurate with the responsibilities being devolved. Fritzen (2006), researching decentralisation in Vietnam, reveals its problematic practice in their bureaucratic politics and potential impacts on poverty. The actual practice centralises political power, emphasising hierarchical and sectoral controls over decision-making and resources. The decentralisation even exacerbates administrative and fiscal capacities of poor regions. Crook and Sverrisson (2001) underline the benefit of decentralisation to bring government closer to the people in a selection of African, Asian and Latin American countries, however, the responsiveness to the poor people shows rarer outcomes, since it is mostly determined by the politics of local-central relations.

Evidenced in Indonesia, recent studies show that the roles of local government in implementing decentralisation remain weak. Smoke and Lewis (1996) show that growing awareness of centralisation weaknesses prompted Indonesia to apply for decentralisation in government policies and programs. However, the most binding obstacle was fragmentation of responsibility from the central government and unwillingness to improve coordination. Kuncoro (2004) argues how the ways local governments overcome their financial dependence from the central government instigate problems of decentralisation in Indonesia. Abdullah and Halim (2003) claim the decline of local government's independence in implementing decentralisation. Some recent researches show low capacity in fiscal decentralisation in some regions in Indonesia (Adhim, 2013; Fattah, 2012; Rudiyanto & Sasana, 2015).

3. Economic Development Stages in Indonesia

At the beginning of the independence of the Unitary Republic of Indonesia in 1945, the central government faced a very difficult situation where all Indonesian society was below the poverty line (Booth, 2000). A centralized developmental approach was required to direct all development initiatives from the centre, and then it was followed by all regions. This was based on the ideas that the

most effective method of alleviating poverty was to focus on economic growth and that, in achieving this goal, control of all resources is left to the government as the main actor of economy in the country. In the early years of the Suharto regime from 1967, Indonesia experienced unprecedented and impressive growth due to the growing increase in overseas demands for industrial raw materials. The windfall income during those years had achieved high economic growth as well as political stability, where the central government still had the authority to redistribute the income to its community throughout the nation (Akita & Lukman, 1995).

King and Weldon (1977) claim that in almost all newly independent countries, the central government plays a dominant role, especially in the planning and implementation of development in various sectors. However, this paradigm gives a minimum opportunity for the region's community to participate in the development process. Indonesia's decentralized development era, started in 1998, then provided an unprecedented opportunity for local governments to adopt the predevelopment policies (Pepinsky & Wihardja, 2011). Smoke and Lewis (1996) note early decentralisation efforts in Indonesia, which, in Indonesia's post-independence history, several times established representative decentralised institutions to increase regional autonomy; however, political challenges seemed to side-track the efforts.

Saparini, Faisal, Kuswara, Ishak, Manilet, and Pangeran (2014) claim that during the 73 years since its independence, Indonesia has been implementing several development initiatives. However, the country has not been able to free most people from the poverty trap. Suryahadi, Hadiwidjaja, and Sumarto (2012) note that, despite a positive contribution made in the service sectors in both rural and urban regions, the trend in growth elasticity of poverty did not change in this period. The industrial sector, as the second-largest contribution to gross domestic products (GDP), became irrelevant in the poverty reduction. Yusuf and Sumner (2015) admit an increase of poverty from September 2014 to March 2015 under the Jokowi era, despite economic growth of 5%. Given that, the poverty at the time was contributed to by the slow growth; a significant rise in food prices; falling wages of farmers and delayed disbursement of fuel price compensation.

The current situation of the income gap between rich and poor families from year to year is widening. The situation in the poorer regions is exacerbated by the lower regional income and expenditure budgets. Oxfam (2017), writing about a more equal Indonesia, reports the four richest people in Indonesia have a wealth of over 100 million rupiahs, far higher than that of poor people across the archipelago. The data credit Suisse captured from Kompas

(2017) show that one percent the richest people in Indonesia controlled 49 percent of the total national wealth in 2016. The 10 percent of the richest people control 77 percent of the total national wealth in 2016. Four billionaires in Indonesia in 2016 had 25 billion US dollars, more than the total assets of 100 million poor people, which were worth only 24 billion US dollars.

The significant gap of development remains unchanged and has not been well resolved by either the central or the provincial governments. Kuncoro (2007), in researching the flypaper effect on the financial performance in regional governments in Indonesia, finds that local governments depend more than previously upon intergovernmental transfers. The Central Bureau of Statistics or (Indonesia – BPS: Biro Pusat Statistik) in 2012 showed that development inequality at the provincial level was reflected by the same inequality in the districts in these provinces. Oxfam (2017) reports that, to this date, the development inequality has been widespread in many regions. The Minister of Finance, Sri Mulyani stated that the causes of the deterioration of inequality in Indonesia are complex and layered, ranging from structural factors to policy choices and their implementation (Kompas, 2017). In many provinces in Indonesia, including the province of Papua and West Papua, the issues of inequality in development are severe.

4. Special Autonomy in Indonesia's Most Eastern Provinces

The province of Papua, previously called the province of Irian Jaya, has officially been a part of Indonesia since 1969 and has been expanded into the two main provinces of Papua and West Papua since 1999 (Widjojo, Elizabeth, Al Rahab, Pamungkas, & Dewi, 2010). Although the province of West Papua was officially established in 1999, due to various protests, the provincial government has been actively run only since 2004. Since becoming part of Indonesia, development in all fields has been undertaken within the regions.

Inequality in the land of Papua indicates development inequalities between regencies/cities in both provinces. As one of the results of the development of the new order regime, where the central government took more control over the transfer of natural resources in the regions and was less sensitive to regional differences, Papuans were dissatisfied and expressed their desire to secede from the unitary republic of Indonesia (Timmer, 2005). The demands upon the central government for independence peaked during the year 1998-2000. The demand of secession from the Unitary State of Indonesia grew even stronger when representatives of 100 indigenous Papuans held a national

dialogue with the third president of Indonesia on February 26, 1999, requesting that they leave (gain their independence from) Indonesia. Gere (2015) argues that one of the causes of the violence in Papua is economic inequality between immigrants and indigenous Papuans that ultimately leads to social jealousy.

In order to reduce or at least narrow the gap and to reduce the desire of indigenous Papuans for independence, the central government offered special autonomy status for the province of Irian Jaya (now Papua) through the laws No. 21 in 2001 on the special autonomy for Papua province (Sumule, 2003b; Widjojo et al., 2010). The objective of special autonomy in Papua in accordance with article 1 (b) is that *“the special autonomy is a special authority recognized and granted to Papua province to organize and manage the interests of local people according to their own initiatives based on the aspirations and basic rights of the Papuans”*. The implementation of the special autonomy in Papua from 2002-2016 has then resulted in the expansion of new autonomous regions. The 12 regencies in one province have now increased to 42 regencies in two provinces in the land of Papua (Widjojo et al., 2010).

In order to support the status of special autonomy in the region, the central government allocated the fund sourced from 2 % of national general allocation funds, which increases every year. Since its implementation from 2002 to 2016, the province of Papua has received 47.9 trillion rupiahs, allocated to develop the region so as to reduce the development gap in Papua compared with other parts of Indonesia, especially aimed at improving the welfare of indigenous Papuans (Gumelar, 2018). The government, in its special autonomy fund allocation, is motivated by the big push theory which states that small work will not encourage successful economic development, but a great effect or the trickledown effect absolutely requires large amounts of investment (Lek, 2013). In order to build up a very lagging region of Papua and West Papua, a strong will and the favour of a strong government are required, especially a favourable policy, such as the policy of special autonomy.

5. Research Method

This study uses the Williamson index to test Simon Kuznets' theory of the inverted U curve. It aims to measure whether there is a tendency for development gaps between regencies to reflect either more convergence or divergence after special autonomy implementation in the provinces of Papua and West Papua. The Williamson index is an effective method to measure the level of regional inequality (Islami & Nugroho, 2018; Pattabone, 2018), and that it uses

GDP per capita to measure and compare the level of development achieved among regions (Sjafrizal, 2009).

As previously indicated, the Simon Kuznets theory builds a hypothesis that when an economy develops, market forces increases, then decreases economic inequality. It implies that a nation that undergoes industrialization, particularly in agricultural aspects, has its economy shift to the cities, following an internal immigration from rural areas to urban areas. Farmers in rural areas moving for better-paying jobs in urban hubs cause a significant rural-urban inequality gap whilst urban population increases and the rural one decreases. An equality will then begin to decrease when the average income level is reached; the industrialization process and the increase of welfare have provided some benefits and increased per-capita income (Galbraith, 2007; Kuznets & Kuznets, 1968). The theory believes that an inequality will follow an inverted U shape for its rising and falling, in line with the income per capita (Galbraith, 2007).

The research applies a literature study approach, which uses secondary data obtained from the Central Bureau of Statistics in the province of Papua and West Papua. Such data as; GDP; audit findings; performance of development sectors in education and health; poverty level and other relevant data contribute to the analysis. In order to measure the Williamson index, the required data consist of GDP at constant prices and GDP per capita from 29 regencies/cities in the province of Papua and 13 regencies/cities in the province of West Papua. It uses GDP data in the period of pre-special autonomy from 1995-2000 and post-special autonomy 2011-2015 in the province of Papua and GDP data at the post-special autonomy 2011-2015 in the province of West Papua. As reported before, administrative function of the province of West Papua just run in 2004, therefore, no analysis is necessary for the pre-special autonomy era. Data are analysed using the Williamson index formula as follows:

$$WI = \sqrt{\frac{\sum_{i=1}^n (y_i - \bar{y})^2 \left(\frac{f_i}{n}\right)}{s^2}}$$

WI = Williamson index

y₁ = GDP per capita regency 1

\bar{y} = average GDP per capita all regencies in the province

f_i = total population per regency 1

n = total population of all regencies (in the province)

Based on the above formula, we then set up the criteria that if WI = close to one (1) means high development inequality and if WI = close to zero (0) means development equality (Sjafrizal, 2009). In order to better support the determination of the level of inequality (disparity) - whether it is low, medium or high value, - the following criteria are

given: it is considered to be low inequality if the index of inequality is less than 0.35; medium inequality if the index of inequality is between 0.35 and 0.50 and high inequality if the index is more than 0.50.

Furthermore, the study analyses the changes of government administration that occur after the special autonomy policy and assesses political participation of the Papuans in the legislative institutions (Regional Representative Council). Teorell, Torcal, and Montero (2007) refer political participation to citizen participation in the democracy system. Citizen participation can voice their grievances and make their demands heard from the larger public. Van Deth (2015) defines political participation as citizen activities affecting politics. It enables them to show their capacities, demands and legitimate decisions. Not only assessing the number of political actors in the regional parliaments, this study will also assess how they represent society and exercise their powers to deliver public services that meet aspirations of the society.

Therefore, in-depth interviews are taken to enrich understanding of the roles of these political actors in the Regional Representative Council (Patton & Cochran, 2002). This study applies in-depth interviews to Papuan political actors in the Regional Representative Council in Jayapura (the capital province of Papua) as selected samples. Indonesian Law No.32 in 2004, Article 42 states tasks and authorities of regional representative council members in the province, in which one of them is to absorb, collect and follow up aspirations of the community. Since the members are elected from society to represent their voices in the council, they are required to listen and follow up society's voices and aspirations for development. They also have tasks to supervise development policies of regional government in the special autonomy era.

Purposive sampling is used to approach participants in the study. Tongco (2007) argues the method purposefully chooses respondents who meet certain criteria. In this case, we focus only on the most suitable participants in the council who understand the context of public service to the society, regional development in the government, and special autonomy policies and practices in the province of Papua. Both face-to face and telephone interviews were undertaken to five participants to this study. The open-ended questions were used to gain as much as information, related to the implementation of special autonomy in these provinces, how it affects regional development in at least four important sectors of education, health, economy and infrastructure, how it relates to the poverty line in the provinces and how they evaluate the government's performances in implementing the autonomy status.

6. Results

6.1. Development Inequality through the Williamson Index Before and After Special Autonomy

The results of GDP per capita analysis before special autonomy in the year 1995-2000 in the province of Papua show a very high development inequality. Table 1 and Figure 1 show that prior to the special autonomy of Papua, the Williamson index showed more than 0.5 (50%). The development process during the periods caused huge disparities that led to increasing divergence between regions in the province of Papua. The results indicated an increase in inequality although the percentage tended to fall. This condition was one of several factors that triggered Papuans to demand independence from Indonesia and the huge demand to leave Indonesia that occurred in Jakarta in 1999.

Table 1: Williamson index in the province of Papua at pre-special autonomy implementation

Year	Williamson Index (%)
1995	0.48
1996	*
1997	0.98
1998	1.27
1999	1.31
2000	1.48

Note: *no GDP data is found

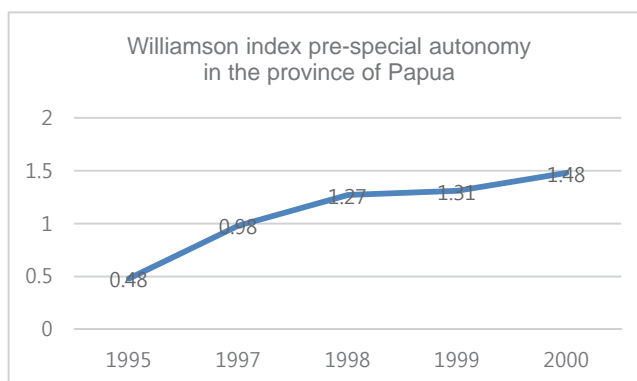


Figure 1: Williamson index in the province of Papua at pre-special autonomy implementation

Table 2 and Figure 2 indicate that the level of development inequality in regencies/cities have widened (divergence) although special autonomy has been running for more than 14 years in the province of Papua. The Williamson index in this province reaches even far more

than 1 (100%). This shows markedly that the level of the development gap inter regency/ city in the province is very wide. Inequality index in 2014 and 2015 in the province of Papua cannot be given due to the poor government administration system to record GDP data in the province. The Williamson index in the province of West Papua is relatively more stable compared to that in the province of Papua although it existed in the category of divergence.

To compare both provinces, these two provinces share severe development. However, it explains that the development work in the province of West Papua tends to be more evenly distributed in all regencies/cities than that in the province of Papua. This is due to the relatively accessible topography of the region as well as to the openness of indigenous people to the reception of changes, especially the release of customary land to the government so that it can carry out the development initiatives.

Table 2: Williamson index in the province of Papua and West Papua post-special autonomy

Year	WI (%) the province of Papua	WI (%) the province of West Papua
2011	2.89	1.420
2012	1.67	1.390
2013	3.45	1.402
2014	*	1.298
2015	*	1.369

Note: *no GDP data is found

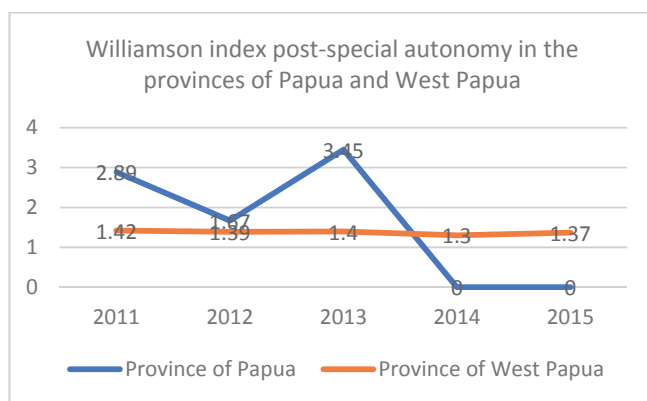


Figure 2: Williamson index in the province of Papua and West Papua post-special autonomy

The different geographical conditions between both provinces have affected the service coverage to the community. Papua has a wider service coverage of 76% or 316,553.07 km² while West Papua has only 24% or 97,407.61 from the total area of Papua Island. This factor has been an obstacle in the effort to accelerate the process

of building infrastructures, such as roads or bridges in order to deliver public service to the community in the province of Papua, compared to that in West Papua (Supriadi, 2016). In addition, the spread of population in both provinces is unbalanced, also causing the unbalanced burden between these provinces. The population in the province of Papua in 2016 was recorded at 3,207,444 people while that in the province of West Papua was only 2,833,381 people (BPS Papua, 2017; BPS Papua Barat, 2017).

The openness of the indigenous community in the province as a triggering factor that has caused the development of the province of West Papua is relatively higher than that in Papua province (Iek, 2013). The openness with respect to the land acquisition in the province of Papua is often constrained by the demand of customary rights, where the indigenous people, quoting their land rights, many times ask for various kinds of compensation from the government. This issue has been a great challenge for the government in the province of Papua, also being one of the factors hindering development in the region.

Recent research in evaluating the special autonomy in Papua has found that the implementation of special autonomy in Papua tends to be a "sweet candy" that is enjoyed by only few people, while the rest remain poor and hungry (Tim Uncen, 2015). As shown in the table below, the poverty level in the provinces of Papua and West Papua remain high compared to other provinces in Indonesia. Although the development programs implemented in the last three years have succeeded in reducing poverty in both provinces; this success cannot reduce the position of these provinces, both ranking first as the poorest regions in Indonesia. This poverty level is the accumulation of the number of poor people spread in 28 regencies and one city in the province of Papua and 12 regencies and one city in the province of West Papua.

Table 3: Poverty level in Indonesia

Provinces	Year			
	2013	2014	2015	2016
Papua	31,53	27,80	28,40	28,40
West Papua	27,14	26,26	25,73	24,88
East Nusa Tenggara	20,24	19,60	22,58	22,01
Maluku (Moluccas)	19,27	18,44	19,36	19,26
Gorontalo	18,01	17,41	18,16	17,63
Aceh	17,72	16,98	17,11	16,43
Bengkulu	17,75	17,09	17,16	17,03
West Nusa Tenggara	17,25	17,05	16,54	16,02
Central Sulawesi	14,32	13,61	14,07	14,09
Lampung	14,39	14,21	13,53	13,86
Indonesia	11,47	10,96	11,13	10,70

Source: (Kompas, 2017)

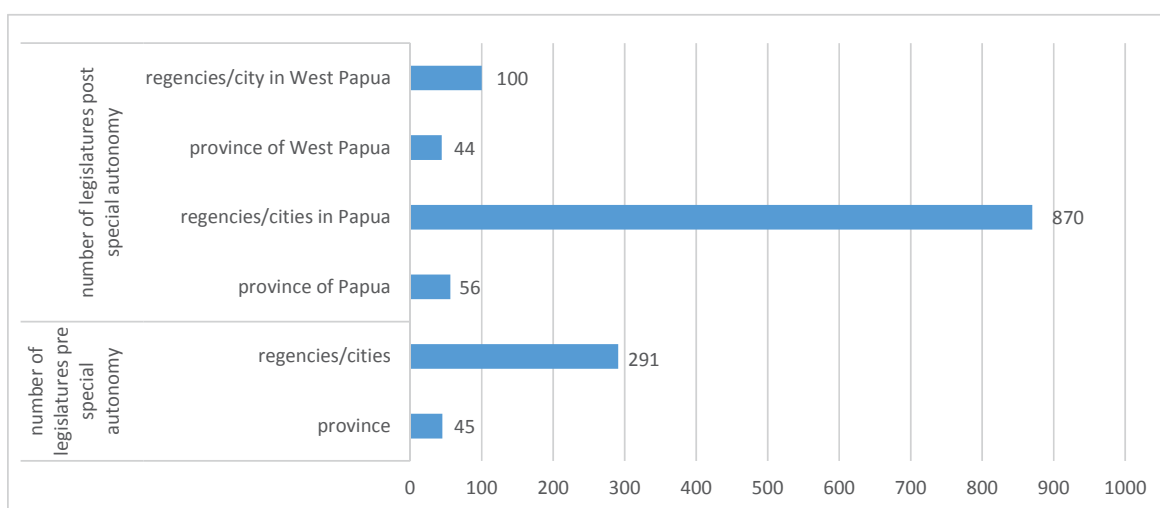
Table 3 shows Papua and West Papua containing the highest poverty level among other provinces in Indonesia. The Central Bureau of Statistics in the province of Papua in 2016 reported that the number of poor people in the province of Papua is dominant in 10 mountainous regions and in one coastal area where 95% of them are indigenous Papuans (BPS Papua, 2017). Nevertheless, both central and local government have succeeded in reducing the poverty in Papua faster than that in other provinces in Indonesia. It is evidenced that the poverty level in the province of Papua has decreased 3.13% from 2013 to 2016 while that in other areas averaged less than two %, with the exception of West Papua reaching 2.26%.

Development inequality is also evidence in other sectors, such as education and health (Blesia & Sulelino, 2016; Mollet, 2007; Tim Uncen, 2015). The literacy level in the province of Papua is considered high where according to a *Jubi* newspaper post of Thursday September 12, 2017 it has reached 28.75% of the total population in the age group 15-59, placing the province as the second highest of illiteracy in the entire nation (Ariane, 2017). The development in the health sector, measured by the availability of health access through the number of public hospitals and health centres, general practitioners and dentists is very small, causing difficulties in providing healthcare to the total population (BPS Papua, 2017; BPS Papua Barat, 2017). We reach the conclusion that Papua still needs more time to develop its regions in order to narrow the gap that is currently occurring. The decrease in the development gap should occur in not only physical development but also in human development.

6.2. Political Participation Before and After the Special Autonomy Era

The implementation of special autonomy in Papua has prompted an increase in the number of new autonomous regions. The increase indicates 250% or 30 new regencies in in the land of Papua. This indicates the governor of indigenous persons, which was previously one person, has now increased to two governors in the land. The previous 12 regent seats have increased to 42 seats; indigenous people (according to the special autonomy law) now dominate the positions previously occupied by all Indonesian tribes. In addition, the expansion of new autonomous regions has also triggered other political effects, namely the level of political participation in the legislature in the entire land of Papua. The level of political participation in the legislature has increased by 122%, or an increase of 55 legislative seats at the provincial level and an increase of 233% to the addition of 679 new seats in legislative at the regency level throughout the two provinces.

The increased number of political participations does not significantly correlate with the regional development or the poverty rate in the region. It is unfortunately different from what we expected; that the increase in legislature or civil servant numbers in the region reduced the poverty line (Suparmoko, 2008; Todaro & Smith, 2017). Most participants through in-depth interviews claimed lack of human resources in the process of planning, implementing and evaluating programs and activities of development work programs as a main trigger of the failures. Papua has 149,527 civil servants while there were 44,629 civil servants



Sources: BPS Irian Jaya (1999) and BPS Papua (2017); BPS Papua Barat (2017).

Figure 3: The number of legislatures in the province of Papua and West Papua pre-and post-special autonomy

in West Papua province in 2016 (BPS Papua, 2017; BPS Papua Barat, 2017). However, the limited number of skilled human resources because of the low quality of education has domino effects (Mollet, 2007). The issue is also that poor administration has not been included, as well as the injustice patterns in the civil servant recruitment that tend to be loaded with corruption, collusion and nepotism (Tim Uncen, 2015). The lack of reliable human resources is not only limited to civil servants, but also to representatives of legislatures in the provincial and regency/city levels. This is evidenced by the policy of special autonomy spending that is not directed in accordance with the mechanisms and principles governed by the law (Tim Uncen, 2015). There have been many repeated mistakes in the management of special autonomy funds, committed not only by civil servants, but also by members of the legislature.

Based on an audit on the management and accountability of the special autonomy fund in the years 2002 to 2010 in the provinces of Papua and West Papua, Badan Pemeriksaan Keuangan - BPK (English: The Audit Board of Indonesia) disclosed significant findings that shocked many people in the region. The results of the audit are as follows: 1) Management of special autonomy funds has not been supported by adequate regulatory instruments in the form of special regional regulations and government regulation to implement law No. 21 in 2001. 2) The allocation of special autonomy funds for health and education is not distributed in accordance with its provision, resulting in its' not achieving the special autonomy funding priorities in education and health. 3) Neither Papua nor West Papua province has yet prepared a master plan for the acceleration of their development in order to utilize the special autonomy fund on an ongoing basis. This, as a result, has meant that even development has not been achieved in the regions. These findings indicate that the governments in all levels; centre, province and regency/city have not fully implemented special autonomy programs in the provinces.

7. Discussion

The study discusses development inequalities in regional governments of Indonesia's most eastern provinces of Papua and West Papua. Williamson index shows higher inequalities, even far away from the maximum standard of inequality in 0.5 or 50%, indicating severe development in these provinces. There exist huge disparities in the regional development at pre and post special autonomy and decentralisation in these provinces, particularly in the province of Papua. The index in the province of Papua at pre-special autonomy, period of 1995-2000 is smaller than that in the period of post-special autonomy in 2011-2015.

This indicates a noticeable failure of special autonomy implementation, meaning that Simon Kuznets' theory is not proven in the case of in the autonomous province of Papua. Despite a slow reduction in the poverty level from 2013-2016, both the provinces of Papua and West Papua remain at the highest rate of poverty amongst Indonesia's other regions. It is also evidenced from minimum performances in their important development sectors, such as education, health and economy in both regions.

Decentralisation policy in these provinces encourages Papuans to participate in developing their regions. There exists an increasing number of new autonomous regions and new regents leading their own people. Another significant increase takes place in the regional parliaments, both in provincial and regional legislative seats. Van den Broek (2003) shows that the special autonomy status of Papua opens local traditional leadership in the administration. Papuans have rights to choose their leaders to represent their voices and aspirations. However, lack of human resources, triggered by injustice patterns in recruiting civil servants in the government and political members in the councils contributes to the challenges in the development of the region. Poor administration, causing high corruption, inadequate regulations of special autonomy and no master plan of development, also contribute to the challenges.

As emphasised, decentralisation should provide spaces for regional government in Indonesia. If properly designed and implemented, it could improve efficiency in public sectors, however, when implemented in wrong circumstances, it could even be harmful for the systems (Crook & Sverrisson, 2001; Fritzen, 2006; Livingstone & Charlton, 2001; Prud'Homme, 1995). Indonesia Law, No.32 of 2004, section 7 states that decentralisation provides transfers of central government's power to autonomous regions within the framework of the Unitary Republic of Indonesia. Papua and West Papua are decentralised regions that enjoy special autonomy status from the central government (Sumule, 2003a; Sumule, 2003b). With Indonesia Law No.21 of 2001 about special autonomy in Papua, various development should be encouraged and conflicts resolved with justice, peace and dignity. However, the actual implementation of the status is still far from expected (Timmer, 2005).

In its initial plan, special autonomy status gives rights for Papuans to develop their own regions based on their initiatives. The development initiatives should improve the living standard of a region, often measured by the high level of real income per capita and the increase of productivity and social participation (Suparmoko, 2008). The gap should be overcome by encouraging poor regions to catch up with the economically rich regions although the effort requires

time and process. The level of community participation as a subject of development also increases in the context of economy and politics. Moving from its conception, special autonomy status could bring prosperity to Papua's indigenous community in fair and even ways.

However, this study indicates a higher development inequality even after the actual implementation of special autonomy in the provinces. Besides the several reasons given above, some recent studies indicate that the actual practices of special autonomy in these provinces face significant challenges. Tim Uncen (2015) analyses regional development of the province of Papua in 2015 and finds that economic growths in the province of Papua had no significant impact on the poverty reduction in the region. The report shows that the poverty was caused by the social structure, which was less able to utilize the management of abundant natural resources through the lack of education and knowledge. Some other studies, such as Timmer (2005), claim that implementation of special autonomy in Papua is played by certain Papuan political players in the region.

It is therefore key to implement development initiatives oriented at reducing the gap between and within regions. These should enable a multidimensional process involving fundamental changes in social structure, behaviour and institutions, as well as the acceleration of economic growth, equity in revenue imbalance and poverty alleviation (Todaro & Smith, 2017). Nevertheless, the policymakers should bear in mind one of the basic principles; that the interregional economic disparities can still be tolerated as long as that they do not interfere with the national growth nor create extraordinary inequalities of income in society (Kumolo & Tim, 2017). The effort to redistribute income in society, therefore, should be given a top priority over regional economic distribution. Marlissa and Blesia (2018) accentuate the importance of intensive care and supervision in the funds used to implement decentralisation.

Interregional disparities in the provinces of Papua and West Papua are also attributable to the gap in the infrastructure availability and regional financial capability. Therefore, an adequate infrastructure can foster economic activities through its function of smoothing the production process, the mobility of people, goods or services. Iek (2013), analysing the impact of road construction on the growth of the local community's economy in highland West Papua, finds that the development of road infrastructure is evidenced as a main trigger for the growth of new employment outside agriculture and that it increases community income. In addition, the road construction is proven to have a relatively greater social impact than the economic one. As well as easing their access and communication for both moving and transporting trade goods and services among villages, the road connects

villagers so that they can relate, strengthen the relationship and continue to practise their values and customs, especially in the remote villages.

Special autonomy could succeed to solve developmental issues in the provinces of Papua and West Papua if local governments improve their capacity and integrity in running regional development programs. Sumule (2003a) argues that Law No.21 of 2001 provides a chance to develop Papua and West Papua in various aspects; however, it is returned to all bureaucrats and parliamentarians in these provinces who listen to the voices and aspirations of indigenous people and eradicate all corruption, collusion and nepotism that largely contribute to the failures. Such aspects as a greater transparency in communicating the developmental programs as well as the funds, high commitment and law enforcements to those who violate the special autonomy laws from the regional government can also contribute to the success.

8. Concluding Remarks and Recommendation

The special autonomy gives the province of Papua and West Papua rights to organise and manage the interests of their local people according to their own initiatives based on their aspirations. It is designed to accelerate development and to reduce the existing development gap in the provinces, compared with Indonesia's other provinces. In the 17 years of its implementation, we could conclude that it has enabled the acceleration of the economic development and a decrease in the poverty lane. However, such a development has not been able to reduce the development gap in these two provinces compared with other regions. Papua and West Papua are still at the highest poverty line in the entire nation. In the case of Papua, the Williamson index at the post-special autonomy era is even higher than that in the pre-special autonomy era. This indicates that the purpose of special autonomy to reduce the development gap has not been achieved in the province of Papua. The development gap even widens significantly at pre-and post-implementation of special autonomy. Despite some expansion in new autonomous regencies, marked by an increasing participation in politics, challenges are inevitable. Several issues, such as: geographical difficulties and lack of openness to land acquisition to develop infrastructure; lack of capacity and moral behaviour of human resources in the region; and poor administration to develop the region and to manage the funds contributed significant challenges in combating the issue.

We suggest three recommendations to deal with the issues. First, development initiatives in the provinces of Papua and West Papua need to be consistently undertaken

to reduce the gap divergence. It also requires to be regulated by clear and firm regulations that focus on maximizing higher public participation in political, economic and social aspects in the new autonomous regencies. Each regency and province, therefore, needs to make a master plan to undertake its development initiatives and manage the fund in accordance with the regulations. The regulation is not sufficient without supervision of the development of the region and the management of the funds, and law enforcement for those who violate it. This will be our second recommendation to all related parties; that all development initiatives supported by the special autonomy funds need to be well supervised so that they can confirm that the fund is well managed. In our last recommendation, we suggest that the governors at the provincial level or regents/mayors at the regency/city level work diligently in the spirit of special autonomy and are highly committed to serving the community in the fear of God, instead of gathering treasures for the region for their own benefit.

We realise that this study has limitation in its scope. We are aware that there are many observable and unobservable indicators that might affect development inequality and political participation in these provinces. Therefore, further research might be worth identifying prioritised indicators of special autonomy, such as education and economic aspects and deeply analysing them in accurate methods to measure regional development in these provinces. Political participation can also be seen from other directions, such as how they deeply involve in implementing social policies and practices or how they exercise their power and authority to represent voice and aspirations of communities. Such extensions could be important aspects for further work.

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