



The Implementation of Special Autonomy Policy in Poverty Alleviation in Aceh

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Abstract: The outcome of the Helsinki MoU peace agreement between the Central Government and the Free Aceh Movement on August 15, 2005, was the granting of special autonomy funds to Aceh Province. This funding aims to improve Aceh's welfare and development. However, in reality, the allocated special autonomy funds have not been able to resolve various issues in Aceh, particularly in reducing poverty levels. The present study aimed to analyze the factors contributing to the limited impact of special autonomy funds on poverty alleviation in Aceh. Utilizing a descriptive qualitative approach, this study involved the collection of primary and secondary data. The asymmetric decentralization theory guided the analysis of this phenomenon. The findings reveal that the special autonomy funds allocated to Aceh Province by the central government have demonstrated a limited impact on poverty alleviation within the region. This can be attributed to several key factors: the absence of a grand design master plan, formalized through a Qanun, for the general allocation fund by the Aceh government; the lack of prioritization of poverty alleviation within the special autonomy budget allocation; and the issue of misappropriation of special autonomy funds in Aceh (corruption).

Keywords: Policy, special autonomy, poverty

|| Submitted: April 17, 2024 || Accepted: March 30, 2025 || Published: March 31, 2025

Abstrak: Hasil perjanjian damai MoU Helsinki antara Pemerintah Pusat dengan Gerakan Aceh Merdeka pada tanggal 15 Agustus 2005 adalah diberikannya dana otonomi khusus kepada Provinsi Aceh. Pemberian dana ini bertujuan untuk meningkatkan kesejahteraan dan pembangunan Aceh. Namun kenyataannya, besaran dana otonomi khusus yang diberikan belum mampu menyelesaikan berbagai persoalan di Aceh terutamanya terkait penurunan tingkat kemiskinan di Aceh. Penelitian ini bertujuan untuk menjawab persoalan dana otsus belum mampu mengurangi tingkat kemiskinan di Aceh. Penelitian ini menggunakan metode kualitatif deskriptif dengan pengumpulan data primer dan data sekunder. Teori desentralisasi asimetris digunakan untuk menjawab dan menganalisis permasalahan dalam penelitian ini. Hasil kajian menunjukkan bahwa dana otonomi khusus yang diberikan kepada Provinsi Aceh oleh pemerintah pusat secara signifikan belum mampu mengurangi tingkat pengentasan kemiskinan di Aceh. Hal ini disebabkan oleh pemerintah Aceh belum memiliki grand design master plan dana alokasi umum dalam bentuk Qanun, pengentasan kemiskinan tidak menjadi prioritas penganggaran otonomi khusus dan terjadi penyimpangan dalam penggunaan dana otonomi khusus Aceh (korupsi).

Kata Kunci: Kebijakan, otonomi khusus, kemiskinan

Introduction

Poverty has become a global issue that can hinder the well-being and progress of human civilization. Indonesia, as one of the developing countries, still faces various problems related to poverty. According to Central Bureau of Statistics (BPS) data from September 2022, poverty in Indonesia stood at 26.36 million people, or 9.57 percent.¹ This poverty data indicates that economic development, education, and other rights have not yet reached all levels of Indonesian society to improve their well-being. Therefore, the improvement of people's welfare is an ideal enshrined in the 1945 Constitution in the fourth paragraph, and the Indonesian state guarantees the welfare of its people in the 1945 Constitution of the Republic of Indonesia, articles 33 and 34.

The BPS data highlights that poverty remains a significant issue in Indonesia, requiring the government's priority attention. In September 2022, the poverty rate was 9.57%, a slight increase of 0.03 percentage points from March 2022.² Soleh (2018) and Chambers (2008) define poverty as the inability to meet basic rights and live with dignity. This includes five key dimensions: low income, physical weakness, powerlessness, vulnerability, and isolation. Consequently, Indonesia faces a relatively high poverty rate, affecting 25.14 million individuals.³

¹<https://www.bps.go.id/id/pressrelease/2023>

²<https://www.bps.go.id/pressrelease/2023/01/16/2015/persentase-penduduk-miskin-september-22-naik-menjadi-9-57-persen.html>

³Andi Lopa Ginting, "Dampak Angka Harapan Hidup Dan Kesempatan Kerja Terhadap Kemiskinan," *EcceS (Economics, Social, and Development Studies)* 7, no. 1 (2020).

This situation is a result of economic inequality, which stands at 0.38%,⁴ and this will directly impact the welfare of the community if it is not addressed immediately.⁵

The government implements various measures to achieve equitable and comprehensive community welfare, including granting regional autonomy and special autonomy (*Otonomi Khusus/Otsus*) funds.⁶ The province of Aceh is a region that has been granted the authority to implement special autonomy. This special autonomy for Aceh came into being after a 32-year conflict between the Government of the Republic of Indonesia and the Free Aceh Movement (GAM), which was signed on August 15, 2005, and is also known as the Helsinki MoU.⁷ This agreement was then enacted in Law Number 11 of 2006 concerning the Governance of Aceh (UUPA). According to Article 7 of the UUPA, Aceh has the authority to regulate governmental affairs in Aceh across all public sectors, except for governmental affairs that are the authority of the central government in Aceh. This special authority of Aceh is then known as asymmetric decentralization, which stipulates that the Aceh region remains within the framework of the national governmental system of the Unitary State of the Republic of Indonesia (NKRI). In its regulation, it is stated that the granting of special autonomy to Aceh is not merely a bestowal of rights but also a constitutional obligation aimed at the welfare of the Acehnese people.

Special autonomy (Otsus) funds are a blessing for the Province of Aceh in its efforts to recover from the prolonged economic hardship experienced during

⁴Anne Booth, "Measuring Poverty and Income Distribution in Southeast Asia," *Asian-Pacific Economic Literature* 33, no. 1 (2019); Azka Muthia, "Analisis Pro-Poor Growth Melalui Identifikasi Pengaruh Pertumbuhan Ekonomi Terhadap Ketimpangan Pendapatan Dan Kemiskinan Di Indonesia Tahun 2010-2015," *Indonesian Journal of Applied Statistics* 2, no. 2 (2019).

⁵Rita Dewi Risanty, Jumail Jumail, and Rully Mujiastuti, "Implementation of The Multi-Factor Process Evaluation Method to Determine Mustahik Priorities," in *AIP Conference Proceedings*, vol. 27, No 02, (2023).

⁶N Aida and S Sudarman, "Analisis Pengelolaan Keuangan Dalam Bingkai Otonomi Daerah Di Kabupaten Aceh Barat," *Dinamika: Jurnal Ilmiah Ilmu Administrasi*, 9 (2022); Jemmi Burdam and Beatus Mendelson Laka, "Efektivitas Dana Otonomi Khusus Dalam Menjawab Kebutuhan Masyarakat Asli Papua Di Kabupaten Biak Numfor," *Jurnal Inovasi Penelitian* 2, no. 12 (2022); Achmad Fauzi, "Otonomi Daerah Dalam Kerangka Mewujudkan Penyelenggaraan Pemerintahan Daerah Yang Baik," *Spektrum Hukum* 16, no. 1 (2019); Michelle Ann Miller, "What's Special about Special Autonomy in Aceh?," *Verandah of Violence: The Background to the Aceh Problem*, no. November (2006); Barik Muhammad Kurniawan Ardy, "Pembinaan Dan Pengawasan Penyelenggaraan Pemerintahan Daerah Otonomi Khusus Di Papua," *Ascarya: Journal of Islamic Science, Culture, and Social Studies* 1, no. 2 (2021).

⁷Muhammad Heikal Daudy, "Quo Vadis Aceh Is A Special Autonomous Region in The State of The Republic of Indonesia," *Journal of Law and Sustainable Development* 11, no. 12 (2023).

the Aceh conflict.⁸ Otsus funds for Aceh were initiated starting from the 2008 fiscal year, as a follow-up to the implementation of the UUPA. The UUPA mandates that Otsus funds be used to finance development in Aceh, primarily for (i) infrastructure development and maintenance, (ii) grassroots economic empowerment, (iii) poverty alleviation, as well as funding for (iv) education, (v) social affairs, and (vi) health (Article 183, paragraph 1).⁹

Total Receipts of Special Autonomy Funds and Allocation of the Aceh Regional Budget (APBA) for the Years 2008-2022:

No.	Year	Aceh Regional Budget (APBD) (Trillions of Rupiah)	Special Autonomy Fund Amount (Rp)	Special Autonomy Fund Realization (Rp)	Realization Percentage (%)	Difference Between Fund Amount and Realization (Rp)	Difference Percentage (%)
1	2008	8.5 trillion	3,590,142,873	2,413,872,207	67.24	1,176,270,666	32.76
2	2009	9.79 trillion	3,728,259,291	2,863,477,569	76.8	864,781,722	23.2
3	2010	10.56 trillion	3,849,806,840	3,357,779,286	87.22	492,027,554	12.78
4	2011	12.65 trillion	4,510,656,500	4,280,353,843	94.89	230,302,657	5.11
5	2012	13.75 trillion	5,476,288,764	5,101,118,700	93.15	375,170,064	6.85
6	2013	12.64 trillion	6,222,785,783	5,600,386,514	90	622,399,269	10
7	2014	13 trillion	6,824,386,514	6,051,313,437	88.67	773,073,077	11.33
8	2015	12.6 trillion	7,057,756,970	6,561,087,499	92.96	496,669,471	7.04
9	2016	12.87 trillion	7,707,216,942	6,944,965,570	90.11	762,251,372	9.89

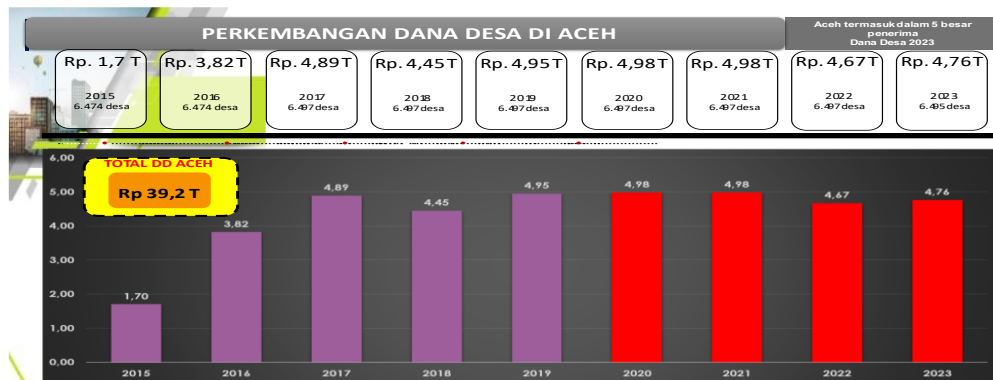
⁸Edward Aspinall, "Special Autonomy, Predatory Peace and the Resolution of the Aceh Conflict," in *Regional Dynamics in a Decentralized Indonesia*, 2014; Michael Warner, *Provisional Conflict-Management Plan; Participatory Conflict Analysis* (Practical Action Publishing, 2001).

⁹Nuwun Priyono et al., "The Determinants of Level of Society Welfare Within Fiscal Decentralization Framework In Regional Autonomy Era," *Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi Dan Pembangunan* 21, no. 2 (2020); John Agustinus, "Accountability Perspective: Implementation and Reporting on Spending Fund of Papua Special Autonomy," *Information Management and Business Review* 7, no. 2 (2015); Effendi Hasan et al., "The Optimization Management of Special Autonomy Funds for Acehese People Welfare," *International Journal of Criminology and Sociology* 9 (2020).

10	2017	14.29 trillion	7,971,646,294	7,055,030,890	88.5	916,615,404	11.5
11	2018	15.14 trillion	8,029,791,593	5,781,450,327	72	2,248,341,266	28
12	2019	17.32 trillion	8,357,471,654	7,326,965,031	87.67	1,030,506,623	12.33
13	2020	17.27 trillion	7,555,278,348	6,442,765,185	85.28	1,112,513,163	14.72
14	2021	16.9 trillion	7,555,827,806	6,225,701,259	82.4	1,330,126,547	17.6
15	2022	16.17 trillion	7,560,000,000	7,064,156,912	93.44	495,843,088	6.56
Total Amount			95,997,316,172	83,070,424,229		12,926,891,943	

Source: APBA Financial Documents and the Ministry of Finance, 2022

In addition to Otsus funds for Aceh, the Central Government has also provided village funds (*dana gampong*) for all villages in Aceh province from 2015 to 2023, totaling 39.2 trillion Rupiah. The purpose of these funds is to develop villages and contribute to the welfare of the Acehnese people. The amount of village funds can be seen in the data below.



Source: DPMG Aceh Data, 2023

In reality, the significant amount of Otsus funds and village funds received by Aceh has not yet been proportional to the improvement in the welfare of the Acehnese people or the poverty levels that persist in Aceh to this day, which has become a concern for the community.¹⁰ The Otsus funds for Aceh amounting to 95 trillion Rupiah (2008-2022) and the village funds totaling 39.2 trillion Rupiah provided by the central government to the provincial government of Aceh have not, in fact, brought about significant changes in the welfare of its people. On the

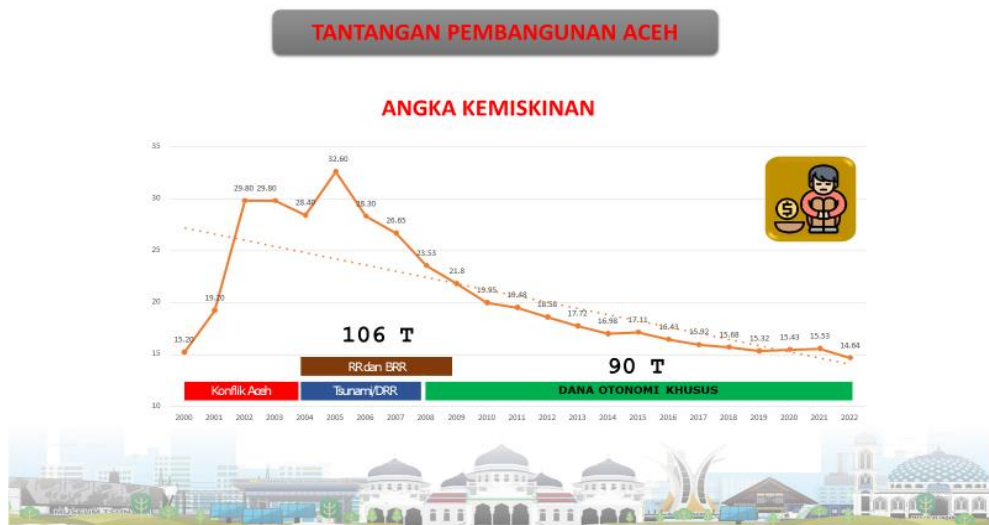
¹⁰Hasan et al., “The Optimization Management of Special Autonomy Funds for Acehnese People Welfare.”

contrary, these substantial Otsus and village funds have yet to deliver prosperity to the community, and instead, various new problems for Aceh’s development have emerged, such as development disparities, as illustrated in the data below.



Source: DPMG Aceh Data, 2023

The large budget received by the Aceh government has not aligned with the development reforms aimed at poverty reduction. The Otsus funds received by the Aceh government since 2008 should have been able to improve community welfare and reduce the poverty rate in Aceh. As of 2022, the poverty rate in Aceh reached 806,820 people (14.64 percent), making it the poorest province on the island of Sumatra and placing it among the 10 poorest regions in Indonesia as of March 2022. The data below shows that the poverty figures in Aceh Province from year to year are still considered high.



Source: DPMG Aceh Data, 2023

Given the issues discussed, this present research is crucial. While the aim of Aceh's special autonomy and village funds is to enhance community welfare and reduce poverty, the reality shows the opposite: the substantial funds have not yet translated into the expected prosperity for the people of Aceh.

Numerous studies on Otsus funds have been undertaken by past researchers. These studies have explored various areas including economic and government policy, decentralization policy, the welfare implications of special autonomy, central-regional authority dynamics, the Aceh Human Development Index, policies and the role of local political parties concerning Otsus funds, and the oversight of these funds.

Hasta Budiratna, et al. conducted research on economic and government policy aspects.¹¹ The research findings indicate that Regional Original Revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK), and Special Autonomy (Otsus) Funds have a positive and significant influence on regional expenditure. The magnitude of the influence of Regional Original Revenue, General Allocation Funds, Special Allocation Funds, and Special Autonomy Funds on regional expenditure is 94.22%, with the remaining 5.78% being influenced by other variables outside this research model.

Research by Husni Jalil was conducted on decentralization and welfare.¹² The research findings indicate that Otsus funds in regencies/cities in West Papua significantly correlate with a decrease in poverty rates and an increase in community welfare. Otsus funds can be projected to enhance community well-being for regions that have been granted special authority within the Unitary Republic of Indonesia. However, concerning Otsus funds and their relationship with the improvement of the Human Development Index (HDI), they do not have a significant impact on the growth of the Human Development Index (HDI) for Aceh and the Papua region.

Other researchers, such as M. Fahrudin Andriansyah and Khairil Akbar et al.¹³ have focused on the effectiveness of Otsus funds in reducing unemployment and poverty, the role of local political parties in the management of special autonomy funds, and the oversight of these funds and their impact on reducing corruption. The research findings can be concluded that Otsus funds have not yet had a significant impact on reducing unemployment and poverty for the people in Aceh Province. The existence of local political parties in Aceh needs to be

¹¹Hasta Budiratna and Riatu M. Qibthiyah, "Evaluasi Atas Transfer Dana Otonomi Khusus Di Aceh, Papua, Dan Papua Barat," *Jurnal Indonesia Sosial Sains* 1, no. 5 (2020).

¹²Jalil Husni, "Implementasi Otonomi Khusus Di Provinsi Aceh Berdasarkan Undang-Undang Nomor 11 Tahun 2006," *Kanun: Jurnal Ilmu Hukum*, 2010.

¹³Khairil Akbar, Nyak Fadhullah, and Zuhlul Pasha Karim, "Challenging The Principle of Equality Before the Law in Qanun Jinayat Aceh," *Media Syari'ah: Wahana Kajian Hukum Islam Dan Pranata Sosial* 24, no. 1 (2022).

continuously strengthened as an important part of the implementation of Special Autonomy in Aceh. The oversight system for Otsus funds has not yet effectively impacted the eradication of corruption and requires serious improvement and a comprehensive evaluation of the use and distribution of Aceh's Special Autonomy Funds.

Drawing from the review of prior research, several research gaps emerge: Firstly, existing studies offer a limited perspective, mainly focusing on economic development and government policies related to special autonomy funds, and lacks a specific focus on the implementation of the Otsus fund policy aimed at poverty reduction in Aceh. Secondly, while previous studies have examined Aceh's decentralization authority, they have not explored whether the implementation of these policies, supported by substantial Otsus funds, can lead to a poverty-free Aceh. Thirdly, existing research primarily focuses on the effectiveness of Otsus funds for human resource and infrastructure development in Aceh, with limited investigation into their implementation for achieving genuine welfare and eradicating poverty among the Acehnese people. Thus, this present study aims to address these gaps.

This study utilized a qualitative method with a descriptive approach as its primary research instrument.¹⁴ Data were gathered through observation, interviews, and documentation, involving key informants such as the Regional Secretary of Aceh, the Head of Bappeda Aceh, academics, community leaders, DPRA members, the Head of the Aceh Financial Management Agency, NGOs, Otsus fund observers, and community members. The collected data were then categorized and analyzed thematically.

Aceh's Special Autonomy Funds and Poverty Issues

The granting of increasingly broad regional autonomy to regional governments is a necessity due to internal pressures that desire democracy through the provision of autonomy in addressing the welfare and equality between regions.¹⁵ The transfer of governmental affairs to the regions in the context of implementing the principle of decentralization is fundamentally the full authority and responsibility of the regions, which encompass policy determination, planning, implementation, and financing. The granting of autonomy to regions is

¹⁴Kerstin Stenius et al., "How to Write Publishable Qualitative Research," in *Publishing Addiction Science: A Guide for the Perplexed*, 2017.; Lexy J. Moleong, *Metode Penelitian Kualitatif* (Bandung: Remaja Rosdakaya, 2007).

¹⁵Fauzi, "Otonomi Daerah Dalam Kerangka Mewujudkan Penyelenggaraan Pemerintahan Daerah Yang Baik."; Adam Sani, "Kewenangan Pemerintah Aceh Dalam Kerangka Otonomi Daerah," *Jurnal Ius Civile*, 2019.; Kardin Simanjuntak, "Implementasi Kebijakan Desentralisasi Pemerintahan Di Indonesia," *Jurnal Bina Praja* 07, no. 02 (2015).

to enable the relevant regions to regulate and manage their own affairs by increasing the effectiveness and efficiency of government administration.¹⁶

As a consequence of broad autonomy, regional governments have the obligation to improve public services and the welfare of the community through democratic, fair, equitable, and sustainable practices.¹⁷ Regional governments can meet this obligation by optimally managing their regional potential, encompassing natural, human, and financial resources. This autonomy also grants them the right to set the regional budget (APBD) aligned with local needs and potential.¹⁸

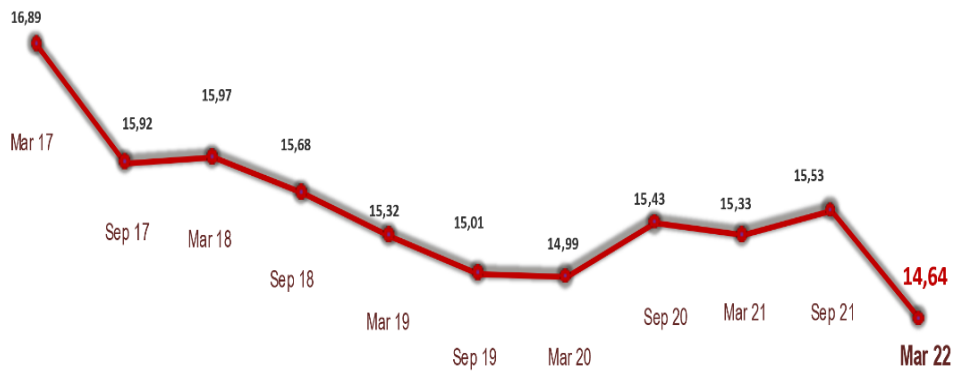
Asymmetric decentralization is a key national policy in Indonesia, employed to provide distinct governance frameworks for specific provinces. Currently, Aceh, DKI Jakarta, DI Yogyakarta, and Papua are designated with this special status. Despite differing underlying reasons, the main aspiration is uniform: democratization and more equitable development to achieve desired welfare. In Aceh's case, this was marked by the adoption of the Aceh Governance Law (UUPA) Number 11 of 2006.

The implementation of asymmetric decentralization, coupled with special autonomy for Aceh, was expected to provide the means to resolve the region's diverse challenges, with a specific focus on improving community welfare. However, despite receiving a special autonomy fund, Aceh's poverty rate remains significantly high. Nevertheless, a decline in the percentage of the poor population was observed between March 2017 and March 2022, as illustrated in the following graph.

¹⁶Burdam and Laka, "Efektivitas Dana Otonomi Khusus Dalam Menjawab Kebutuhan Masyarakat Asli Papua Di Kabupaten Biak Numfor.;" Maria Ekowati, "Pemanfaatan Dana Otonomi Khusus Dalam Mendukung Kinerja Pemerintah Di Provinsi Aceh," *Jurnal Media Birokrasi* 2, no. 1 (2020).; Safrida Safrida, Rachmatika Lestari, and Desi Maulida, "A Study of Special Autonomy Policy and Its Effect on Aceh Community Welfare in Indonesia," *International Journal of Advances in Social Sciences and Humanities* 1, no. 2 (2022).; Suharno Suharno, "Aceh's Special Autonomy in the Perspective of Asymmetric Decentralization Policies," *Jurnal Civics: Media Kajian Kewarganegaraan* 18, no. 2 (2021).; Suharyo Suharyo, "Otonomi Khusus Di Aceh Dan Papua Di Tengah Fenomena Korupsi, Suatu Strategi Penindakan Hukum," *Jurnal Penelitian Hukum De Jure* 18, no. 3 (2018).

¹⁷Safrizal Zakaria Ali, "The Management Model of Aceh's Special Autonomy Fund," *Jurnal Bina Praja*, 2019, 159-170; Irham Iskandar, "Effect Of Human Development Index Fund on Economic Growth Through A Special Autonomy," *Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi Dan Pembangunan* 18, no. 1 (2017); Suharno, "Aceh's Special Autonomy in the Perspective of Asymmetric Decentralization Policies.;" Teuku Zulham, Said Muhammad, and Raja Masbar, "The Impact of Special Autonomy on the Convergence of Regional Economic Growth in Aceh, Indonesia," *Aceh International Journal of Social Sciences* 4, no. 1 (2015).

¹⁸Mukhlis R, "Tindak Pidana Di Bidang Pertanahan Di Kota Pekanbaru," *Jurnal Ilmu Hukum* 4, no. 1 (2019): 195–212.



Source: Central Bureau of Statistics, 2023

The graph indicates a high poverty rate in Aceh between March 2017 and 2022. Despite a percentage decrease, the overall number of people living in poverty actually increased. This places Aceh as the most impoverished province in Sumatra and the seventh in the nation. The substantial special autonomy fund, amounting to 7.5 trillion rupiah in 2021 and 2022, appears inconsistent with the persistent high poverty rate. The allocation of this fund to the Aceh government has fluctuated since 2008, starting at Rp 3.59 trillion in 2008, experiencing an upward trend to Rp 8.3 trillion by 2019, and then decreasing to Rp 7.5 trillion for the 2020-2022 period.

The special autonomy fund received by Aceh, totaling Rp 95.9 trillion up to 2022, aligns with the National General Allocation Fund (DAU) trends. This substantial amount represents a significant resource for Aceh’s development and poverty alleviation efforts, as shown in the 2008-2022 Special Autonomy Fund data below:

No.	Fiscal Year	Amount of Funds (Rp)
1	2008	3.5 trillion
2	2009	3.7 trillion
3	2010	3.8 trillion
4	2011	4.5 trillion
5	2012	5.4 trillion
6	2013	6.1 trillion
7	2014	8.1 trillion
8	2015	7.0 trillion
9	2016	7.7 trillion
10	2017	8.0 trillion
11	2018	8.03 trillion

12	2019	8.3 trillion
13	2020	7.5 trillion
14	2021	7.5 trillion
15	2022	7.5 trillion

Source: Central Bureau of Statistics, 2023

Data compiled by the Anti-Corruption Movement (Gerakan Anti Korupsi/GeRAK) in Aceh indicates that the application of autonomy funds faced significant challenges throughout the 2008-2018 period. These included mismanagement of the Otsus funds and a lack of compliance with regulations, transparency, and accountability in project execution. For instance, as of mid-2011, some of these issues remained unresolved by the Aceh Government. Given the circumstances, it is unsurprising that the Ministry of Home Affairs’ evaluation indicated the lowest regional autonomy score for Aceh Province.

Effendi Hasan et al.¹⁹ argue that political factors are the most significant contributors to new poverty, which stems from various governmental policies. In addition to political factors, limited infrastructure and low education contribute significantly to the rising poverty across Indonesia. Even with abundant natural resources, individuals in underdeveloped areas with poor infrastructure are highly susceptible to remaining in the poverty cycle.

With effective governance, the Otsus fund in Aceh holds the potential to accelerate poverty reduction. This is because special autonomy enhances resource allocation efficiency, as the regional government’s proximity to citizens allows for more accurate information and swifter problem-solving compared to the central government. However, despite the allocation of the Otsus fund to Aceh, the overall development and socio-economic progress in the province remains limited. Evidence of this lies in the persistent high poverty levels in Aceh. During the Otsus fund period, Aceh’s poverty line has been marked by fluctuations. For a clearer picture, refer to the following table outlining the Poverty Severity Index in Aceh from March 2017 to March 2022.

Populato n	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Urban	195.8	182.19	173.37	176.02	165.43	156.69	158.04	155.81	163.02	166.77	163.36	165.97	184.89	195.47
Rural	763.9	710.68	688.48	718.78	711.13	698.92	679.38	703.6	678.29	663.03	668.14	643.79	649.02	654.79
Total	959.7	892.87	861.85	894.8	876.56	855.61	837.42	859.41	841.31	829.8	831.5	809.76	833.91	850.26

Source: Central Bureau of Statistics, 2022

¹⁹Hasan et al., “The Optimization Management of Special Autonomy Funds for Acehese People Welfare.”

Based on the data, the development of poverty in Aceh reveals a higher concentration of the poor population in rural areas compared to urban areas. In 2008, the year Aceh first received special autonomy, the number of poor people was 959,700, decreasing to 850,260 by 2021. According to a publication by BPS Aceh, the poor population in Aceh in 2021 was 850,260 people, representing 15.9 percent of the total population. This poverty rate places Aceh as the province with the highest poverty level in Sumatra. In contrast, North and West Sumatra had significantly lower poverty rates in 2021, at 8.6 percent and 6.12 percent respectively. Furthermore, in the same year, 77 percent of Aceh's poor population lived in rural areas, compared to 23 percent in urban areas. In 2020, a similar pattern emerged, with 77.8 percent of the 833.91 thousand poor people living in rural areas and 22.2 percent in urban areas. This highlights the need to focus poverty alleviation efforts primarily on rural areas or villages (*gampong*).

The data above also shows that the percentage of the poor population in rural areas or villages and urban areas has tended to increase over the last 4 years. The number of poor people in Aceh province saw a decline between 2008 and 2019, but then increased again in 2020-2021 due to the Covid-19 pandemic. As a result, Aceh continued to have the highest poverty rate in the Sumatra region in 2021. This reality must be viewed wisely, considering that this region has endured a long and difficult experience as an area of armed conflict, which was then further exacerbated by the 2004 Tsunami, leading to a high poverty rate of over 32 percent in 2015. In addition, while a substantial amount of funding has been provided to Aceh, there has not been a significant improvement, particularly in terms of welfare and the reduction of poverty in Aceh.

Failure of the Aceh Government to Address Poverty

The implementation of decentralization is the transfer of authority from the central government to regional governments to manage their own affairs. According to Brian C. Smith's political perspective, as cited in Saiman,²⁰ the concept of decentralization centers on the distribution of power across a country's territorial or regional divisions. Smith explains that the concept of decentralization relates to the extent of power and authority transferred from the central government to local governments through a geographical hierarchy within a country. Through the implementation of asymmetric decentralization in Aceh, the Aceh government has the authority to manage regional issues, particularly those related to the welfare of the Acehnese people. Following the peace agreement and the granting of special autonomy to Aceh by the central government, it is now in its final phase, which will end in 2028. Since the receipt

²⁰Brian C. Smith, "The Measurement of Decentralisation," *International Review of Administrative Sciences* 45, no. 3 (1979); Saiman, *Politik Perbatasan* (Malang: Inteligencia Media, 2017).

of Otsus funds by the Aceh government, it can be considered that the Aceh government, through the receipt of these funds, has not yet been able to effectively address the issue of poverty in Aceh.

The failure of poverty alleviation programs in Aceh begins at the initial stage, which is the planning process for poverty alleviation programs. A significant portion of Aceh’s Otsus funds has been used for infrastructure development, accounting for 46%, with 22% allocated to education and 13.37% to healthcare, which also involves the construction of school and hospital infrastructure. During the period of 2008-2018, the allocation of Otsus funds for poverty alleviation in Aceh was only utilized at 3.63%. Social welfare received 2.35%, and Aceh’s special status received 2.28%.

Table. Aceh Province Otsus Budget Allocation for the Years 2008-2018

No.	Field	Total Budget	Percentage
1	Infrastructure	31.86 Trillion	46%
2	Education	14.30 Trillion	22%
3	Economic Empowerment	6.87 Trillion	10.57%
4	Health	8.69 Trillion	13.37%
5	Poverty Alleviation	2.36 Trillion	3.63%
6	Social Welfare	1.52 Trillion	2.35%
7	Aceh’s Special Privileges	1.35 Trillion	2.08%

Source: *The Ministry of Home Affairs, Ikhsan et al., 2022.*²¹

The table above reveals a significant disparity in budget allocation across the Aceh government’s priority sectors, particularly with poverty alleviation receiving less funding than infrastructure and education. If the primary aim of granting special autonomy is to create a prosperous society, then a significantly larger portion of the Otsus budget should be dedicated to poverty alleviation, ideally 25-40%. However, the current allocation stands at a mere 3.63%.

This suggests that the Aceh government’s efforts to address poverty have been less than optimal, as evidenced by the low utilization of Otsus funds. Furthermore, the budget allocation from these funds appears lacking in programs designed to enhance community welfare and support the poor. While Otsus funds for Aceh have increased, the reality on the ground shows no improvement in community welfare. This is clearly illustrated by the ongoing rise in poverty and Aceh’s consistent position as the poorest province in Sumatra. Even in the three years leading up to 2022, Aceh consistently held the highest poverty rate in Sumatra. The Aceh government’s failure to address poverty through Otsus fund

²¹Ikhsan et al., “The Special Autonomy Funds Are Not for Poverty Alleviation: A Lesson from Aceh’s Way,” *Journal of Local Government Issues* 5, no. 2 (2022).

management, as revealed by field interviews, is attributable to several factors, including:

a. Absence of a grand design master plan for DAU in the form of a Qanun

While special autonomy funds have been disbursed in Aceh since 2008, the Aceh government only initiated the process of formulating and enacting a grand design master plan for DAU in the form of a Special Autonomy Fund Qanun in 2015. The absence of clear legal regulations governing Otsus funds in Aceh between 2008 and 2015 led to their unstructured, ad hoc administration. This, in turn, caused a slow utilization of the Otsus budget for various programs, including poverty alleviation efforts in Aceh. Without a comprehensive grand design master plan, the allocation for poverty alleviation programs was minimal relative to other areas, hindering the effective functioning of these programs during the initial phase of Aceh's special autonomy.

In 2021, the Aceh government demonstrated a priority for poverty alleviation in its Otsus budget. This commitment was reinforced by the Head of the Aceh Financial Management Agency's assertion that the long-term budgetary planning for 2023 was heavily centered on ensuring that Otsus-funded initiatives are primarily focused on poverty reduction. Moreover, the Ministry of Home Affairs also called on the Aceh government to synergize efforts in tackling the issue of poverty in Aceh.²²

The allocation of Otsus funds has predominantly favored infrastructure development, often perceived as less directly benefiting community welfare and more aimed at bridging the development gap with other provinces.²³ The Aceh government should prioritize economic advancement and poverty reduction to establish Aceh as a province committed to the well-being of its people. To effectively prioritize poverty alleviation, the Aceh government should allocate a substantial amount of its Otsus funds, approximately 25-40% of the total, towards improving welfare and eradicating poverty in Aceh.

The absence of a guiding grand design master plan for Otsus funds has led to significant implementation issues, a consequence of the lack of a targeted program specifically designed to address and reduce poverty in Aceh. As a result, the Otsus funds have not yielded success in poverty reduction for the Aceh government. Adding to this challenge, the central government's budgetary allocation to Aceh was set to diminish in 2023, falling from 2% to 1% of the

²²Ditjen Bina Pembangunan Daerah Kementerian Dalam Negeri, *Kemendagri Ingatkan Sinergi Antara Level Pemerintahan Sebagai Kunci Pengentasan Kemiskinan Di Aceh* (Jakarta: Ditjen Bina Pembangunan Daerah Kementerian Dalam Negeri, 2022).

²³Muhammad Abrar et al., "Dampak Dana Otonomi Khusus Terhadap Kinerja Pembangunan Ekonomi Di Provinsi Aceh," *International Journal of Innovation, Creativity and Change*. 12, no. 10 (2020).

General Allocation Fund (DAU), and the Otsus funding mechanism will conclude in 2028.

b. Lack of prioritization of poverty alleviation within the Otsus budget allocation

Despite the continuous flow of Otsus funds to Aceh from their initial provision until 2022, the welfare of the Acehnese people has not improved, and the poverty rate remains significantly high. Although Aceh's Otsus funds have the potential to address this concern, the Aceh government has not prioritized poverty alleviation as a central focus of its initiatives. The allocation of Otsus funds clearly indicates that poverty alleviation programs in Aceh are inadequately funded, receiving a low percentage, and lacking effective implementation.

According to the Aceh Province Otsus Budget Allocation Table for 2008-2018, as referenced earlier, the Aceh government, much like other areas in Indonesia, focused a significant portion of its Otsus budget on small-scale infrastructure projects, typically those with expenditures not exceeding 200 million. The motivation behind this was to circumvent oversight by institutions such as the Corruption Eradication Commission (KPK), the Audit Board of Indonesia (BPK), the High Prosecutor's Office, and the Police, while also enabling the government to fulfill campaign promises by awarding projects to the "Tim Sukses (Campaign Team)." This is a highly unfortunate situation, particularly given Aceh's unique status as a special autonomy region. Given the substantial funds allocated each year for a duration of 15 years, it should reasonably have been expected that the issues facing Aceh, particularly poverty, would have been resolved.

While Aceh province accumulated tens of trillions of rupiah in Otsus funds by 2022, this enormous sum was surprisingly not prioritized for the well-being of its citizens. Instead, the funds were channeled into construction, with some projects, such as the Balai Meuseuraya Aceh (BMA), previously the Banda Convention Hall in Gampong Pineung, remaining underutilized. This represents a clear instance of budget waste, failing to deliver substantial advantages to the Acehnese community. Instead, the Aceh government should have capitalized on the Otsus funding to fuel economic growth, for example, through business capital for SMEs and job creation.

The insufficient funding and distribution of Otsus funds for poverty alleviation during the 2008-2018 period clearly indicates that the Aceh government's approach to tackling poverty has been less than optimal, further hampered by a limited number of dedicated programs. This demonstrates that the Otsus budget was not structured to fund programs aimed at economically empowering the poor, as shown in the comparative table below focusing on Special Autonomy Fund Receipts, Infrastructure, and Poverty Alleviation.

No.	Year	Total Special Autonomy Funds (Rp)	Infrastructure Sector		Poverty Alleviation Sector	
			Amount (Billions)	Percentage (%)	Amount (Billions)	Percentage (%)
1	2017	7,055,030,890,-	1,377	30	412	5.16
2	2018	5,781,450,327,-	2,867	49.5	462	5.75
3	2019	7,326,965,031,-	2,821	38.5	859	10.27
4	2020	6,442,765,185,-	2,574	34.07	518	6.18
5	2021	6,225,701,259,-	3,097	49.75	241	3.20
6	2022	7,055,030,890,-	3,167	44.89	981	13.9

Source: Results of the 2023 Research

The data in the above table indicate that, over the past five years, the allocation of Special Autonomy Funds in Aceh Province has not prioritized poverty alleviation, which ranks fourth after infrastructure.

c. Prevalent Cases of Corruption Linked to Aceh’s Otsus Funds

Following the allocation of Otsus funds by the central government to the Aceh administration, a significant number of corruption incidents have been identified within the management of these resources. This phenomenon has, in turn, demonstrably contributed to the elevated poverty levels within Aceh province.

Corruption cases in the administration of Otsus funds constitute a key factor contributing to the marginal impact of central government budgetary provisions on the alleviation of poverty in Aceh. Furthermore, the lack of transparency and the evident signs of corruption within numerous programs financed by Otsus funds have hampered the effectiveness of poverty reduction initiatives. A prominent example of corruption involving Aceh’s Special Autonomy funds is the case of former Governor Irwandi Yusuf and Bener Meriah Regent Ahmadi, arrested by the KPK. Yusuf was implicated for providing a Rp 500 million project fee (from a Rp 1.5 billion project) for infrastructure development, a clear violation of the Otsus funds’ intended purpose of benefiting the Acehnese people.²⁴

²⁴<https://www.merdeka.com/peristiwa/irwandi-yusuf-ahmadi-perdana-diperiksa-kpk-usai-dijebloskan-ke-bui.html>

Corruption is inherently linked to the management of Otsus funds, hindering the effective utilization of these funds for poverty alleviation in Aceh. This is underscored by GeRAK's consistent reports of annual issues and suspected corruption within the Otsus budget, reflecting a lack of accountability and transparency by the Aceh government.²⁵

Furthermore, the BPK has also uncovered significant problems in the administration of Otsus funds within Aceh. According to BPK findings, the allocation of Otsus funds from 2008 to 2010 resulted in recorded state losses of Rp 443 billion. Alarmingly, the total documented state losses associated with Aceh's Otsus funding have now reached a staggering Rp 11.1 trillion. The prevalence of corruption undeniably hinders the effective absorption of funds meant to improve the well-being of the people. Without such corruption, the allocated budget could have been strategically deployed to eradicate poverty and resolve social inequality within Aceh.

Based on information provided by the Aceh GeRAK in November 2020, an audit conducted by the BPK-RI indicated the presence of potential planned and structured corruption. A specific finding involved a volumetric deficiency in the aggregate base course layer A of the road infrastructure. Furthermore, field testing determined an average layer thickness of 7 cm, thereby yielding a discrepancy in the calculated volume of aggregate class A amounting to 180.00 m³ (0.08 m x 500 m x 4.5 m), with a monetary value of Rp127,297,980.00 (180.00 m³ x Rp707,211.00). The audit results suggest that the issues uncovered may not be isolated, and that similar irregularities could be present in other road projects across Southeast Aceh and Subulussalam. This is due to these constructions, covering the Situlen and Gelombang areas, being funded annually through varying allocations from the Aceh Government's Special Autonomy Funds.

Conclusion

In summary, the findings indicate that poverty in Aceh has not been effectively addressed, despite the yearly receipt of substantial Otsus funds. This lack of significant progress can be attributed to the absence of an initial, legally binding grand design master plan, in the form of a Qanun, for the utilization of Otsus allocations by the Aceh government. Moreover, poverty alleviation has not been prioritized within the Otsus budget, with the government seemingly favoring infrastructure development over direct efforts to eradicate poverty through initiatives like providing business capital. This, alongside the ongoing corruption plaguing Aceh since the granting of special autonomy, necessitates a more focused government approach to resolving poverty before the central government's Otsus allocation concludes. It is now crucial for the Aceh

²⁵Afadlal et al., *Runtuhnya Gampong Di Aceh: Studi Masyarakat Desa Yang Bergejolak* (Yogyakarta: Pustaka Pelajar, 2008).

government to proactively address the imperative of enhancing societal welfare and mitigating poverty within Aceh Province. With special autonomy concluding in 2028, a focused effort on impactful programs, stemming from the strategic utilization of Otsus funds, is essential. Enhancing the welfare of the Acehnese people can be effectively achieved by providing phased and regularly evaluated business assistance to the community. This targeted approach to utilizing Otsus funds will maximize benefits for the wider Acehnese population.

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