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Special Autonomy Implementation and Its Impact on the Welfare of the Society

A Short Review

I Gede Wira Adhi Darmawan

Abstract: Indonesia has been going through long and difficult times to stand as an independent country. The struggles to break from colonialism out were in concordance with Indonesia's efforts to maintain and secure its territorial sovereignty. Upheavals, threats, and even separatism often arose in various parts of the country, even since the early days of Indonesia's independence. Aceh is no different. The perceived injustice in the distribution of benefits from natural resources had led to conflict in Aceh in the past. To deal with this issue, through the enactment of the Law No. 11 of 2006, the central government granted the special autonomy status for Aceh to induce peace and security, while achieving social justice within the province. The special autonomy status was also intended to accelerate the economy and improve education, quality of life, health, and infrastructure. The implementation of the special autonomy and how it contributes to the improvement of the welfare of the Aceh residents are critical and interesting to analyze. In this study, the "welfare" was analyzed based on four aspects of analysis: (1) poverty alleviation, (2) unemployment alleviation, (3) Human Development Index (HDI), and (4) Gini Ratio. The study adopted a qualitative exploratory research design, in which data were derived from analysis of secondary sources obtained through literature review. The results of the study showed that Aceh was heavily dependent on the Special Autonomy Fund. The Aceh Provincial Government set seven priority sectors: infrastructure, economic empowerment, poverty alleviation, education, social, health, and Aceh privileges. Furthermore, other than improving the Gini Ratio, the Aceh special autonomy fund has had a positive impact on the welfare of the Acehnese in general.

Keywords: Gini Ratio; Human Development Index; Implementation; Poverty; Special Autonomy; Special Autonomy Fund; Unemployment; Welfare

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I. Introduction

Since proclaiming its independence on 17 August 1945, the Republic of Indonesia has been going through long and difficult times to be an independent country. The struggles to break from colonialism out were in concordance with Indonesia's efforts to maintain and secure its territorial sovereignty. Indonesia's territory, commonly referred to as the 'Nusantara' is the world's largest archipelago and has been existing since the 14th Century's Majapahit emporium (Yasyi, 2021). Maintaining the entire territory under the Republic of Indonesia, however, is arduous. Upheavals, threats, and even separatism often arose in various parts of the country, even since the early days of Indonesia's independence. One of which was in the Province of Aceh through the Free Aceh Movement (GAM). Upheaval and rebellion in Aceh emerged mainly due to the Acehese beliefs that the (financial) benefit of their natural resources was unfairly distributed back for the development of Aceh. This perceived injustice in the distribution of benefits from natural resources has led to conflict in Aceh. This conflict has harmed the social and economic life in Aceh Province, such as the loss of an estimated 15,000 lives during the conflict (Nurlina & Syafira, 2019, p. 126).

The collapse of the New Order in 1998 has influenced national politics with wide-ranging reform demands. After the decade-long counterinsurgency campaign against GAM, the third President of Indonesia, B.J. Habibie, decided to negotiate a solution by withdrawing the military troops from Aceh and launching human rights investigation (Miller, 2006). Consecutively, Habibie also reformed the center-periphery relations and decentralized the state power. These reforms were initiated mainly to restore national stability and recover from the crisis politically, socially and economically (Miller, 2006).

The decentralization process was instigated started by reviewing laws and regulations that had restricted regional authority under the new order (Miller, 2006, p. 297). The Indonesian Government introduced several autonomy laws, inter alia: Law No. 22 of 1999 on Regional Government, Law No. 25 of 1999 on Fiscal Balance between the central government and the regions, which came into effect in 2001, and Law No. 44 of 1999 on Special Status of the Province of Aceh Special Region (Miller, 2006). Law No. 44 of 1999 emphasizes that the special status granted to Aceh Province is a recognition of the nation for the spiritual, moral, and humanitarian values intrinsic to the Acehese

(Sanur, 2020). It was also an appreciation from the state for the Acehese's dedication and extraordinary fighting spirit during the war of independence. And it is hoped that this Special Autonomy status can also prevent security issues in Aceh (Saputra & Rizki, 2020). The Special Autonomy status for Aceh Province was also regulated by Law No. 18 of 2001 on Special Autonomy for the Special Region of Aceh as Nanggroe Aceh Darussalam (NAD) Province. This law contains regulations related to the shift in governance from centralization towards decentralization in Indonesia.

Several notable points in this law in regards to NAD inter alia (Sanur, 2020):

1. NAD is allowed to manage its economic resources, to explore and empower both nature and human resources,
2. NAD is allowed to implement social order in accordance with the noble values of Acehese, improve community participation, develop initiative, and creativity as well as democracy,
3. NAD is mandated to further enhance its governance through the optimization of the NAD Province Regional Representative Council, and
4. NAD is permitted to apply Islamic law to manage its social life.

The grant of the special autonomy status for Aceh is inseparable from the long conflict between the Indonesian Government with GAM. The conflict was ended through a Memorandum of Understanding (MoU) in 2005 called the Helsinki MoU. The MoU contains the granting of special autonomy and special autonomy fund for Aceh. This MoU is the catalyst of the Law No. 11 of 2006 on the Government of Aceh, which replaces Law No. 18 of 2001 (Jalil et al., 2019; Sanur, 2020).

The Special Autonomy Fund is a form of asymmetric decentralization aimed at accelerating the improvement of public welfare and public services. One of its purposes is to develop basic infrastructure and open isolated areas through easy access to transportation and information. Infrastructure funds directed for this purpose should be able to encourage capital expenditures of the Regional Revenues and Expenditures Budget (Nurlina & Syafira, 2019, p. 127).

Asymmetric decentralization is regulated by the 1945 Constitution article 18A paragraph (1)

and, article 18B paragraph (1) and (2). Article 18A paragraph (1) mandates that the relationship of authority between the central government and provincial, district, and city governments shall be regulated by law with due observance of the specificity and diversity of the regions. Furthermore, in Article 18B paragraphs (1) and (2) it is regulated that (1) the State recognizes and respects units of regional authorities that are special and distinct, which shall be regulated by law. (2) the State recognizes and respects traditional communities along with their traditional customary rights as long as these remain in existence and are in accordance with the societal development and the principles of the Unitary State of the Republic of Indonesia and shall be regulated by law.

The implementation of Law No. 11 of 2016 has strengthened Aceh's fiscal capacity to drive its economic development, which was devastated due to prolonged civil conflict and tsunami disaster in 2004. Law No. 11 of 2006 gives Aceh a full authority to manage the Special Autonomy Fund. The procedures for the use of the Special Autonomy Fund and the allocation of additional funds for oil and gas are further regulated by Aceh Qanun No. 2 of 2008, which was amended by Qanun No. 1 of 2018. The latter is concerning the allocation of additional funds for petroleum, natural gas and the use of Special Autonomy Fund (Jalil et al., 2019, p. 94).

According to Law No. 11 of 2006, Aceh is entitled to receive the Special Autonomy Fund for twenty years and receives 70% of its revenue from oil and gas. From the first until the fifteenth year, a Special Autonomy Fund equal to 2% of the national allocation of the General Allocation Fund is allocated for Aceh, while from the sixteenth to the twentieth year, the allocated fund will be equal to 1% of the national allocation of the General Allocation Fund. The increase in the amount of the Special Autonomy Fund each year comes from the increase of the national general allocation fund. Two percent of it, as mentioned earlier, is budgeted for the Aceh Province Special Autonomy Fund on the first year to the fifteenth year (BAKN DPR RI, 2020).

The granting of the Special Autonomy Fund aims to encourage regions with special autonomy status to catch up with other regions. The Special Autonomy Fund transferred from the central government certainly affects the amount of the regional revenue and expenditure budget of a region. In the case of Aceh, the Special Autonomy Fund received by Aceh has become the main and

largest source of income and even exceeded the original regional revenue and other balancing funds since the implementation of Aceh's special autonomy (Nurlina & Syafira, 2019). The Special Autonomy Fund is also expected to be a catalyst for the Regional Revenues and Expenditures Budget's ability to finance public investment. Public investment in physical facilities and infrastructure, education, and health will directly develop qualified human resources. Education is expected not only to form experts and skilled workers but also to induce national character building (Nurlina & Syafira, 2019, p. 128).

The enactment of Law No. 11 of 2006 is an attempt of the central government to reach the objectives of regional autonomy with trillions of rupiah of funds since 2008. The granting of the special autonomy status for Aceh are to improve education, quality of life, health, infrastructure, accelerate economic development, induce peace and security and social justice within the region (BAKN DPR RI, 2020). The implementation of the special autonomy and how it contributes to improve Acehese welfare is considered critical and interesting to analyze. For this purpose, this paper intends to evaluate the implementation of Aceh's special autonomy since it was granted in 2006 until 2020 and answer the main research question: How is the implementation of the special autonomy in Aceh, and how does it contribute to the improvement of the welfare of the Acehese?

This paper is focused on evaluating the impact of the implementation of special autonomy in Aceh on the improvement of the welfare of the Acehese.

In this study, the "welfare" was analyzed based on four aspects of analysis: (1) poverty alleviation, (2) unemployment alleviation, (3) Human Development Index (HDI), and (4) Gini Ratio.

Previous studies related to the implementation of the special autonomy and its impact on the people of Aceh have vastly been conducted. However, most research of the study focuses only on one aspect, poverty alleviation or economic growth, for instance, and the level studied is only at a particular district or city level (Jalil et al., 2019; Setiawan et al., 2020; Zulham et al., 2015). In addition, several studies also focus on the political approach on the failure of the special autonomy implementation to contribute to the improvement of the welfare of the Acehese (Cahyono, 2012; Sanur, 2020).

Another study analyzes the implementation of special autonomy nationally. Thus, the scope of

the study was not only on the implementation of special autonomy in Aceh but also on the special autonomy implementation in Papua (Suharyo, 2016). The aforementioned previous studies showed the novelty of this study. This study complements the data and information on the impact of the special autonomy in Aceh on the welfare of its society in four aspects mentioned earlier. The focus of this study is the Province of Aceh.

II. Methods

This study adopted a qualitative exploratory research design and is of a descriptive nature (Neuman, 2014). Given the complexity of the topic under study, a qualitative approach is considered suitable to analyze the implementation of the special autonomy of Aceh and its impacts on the welfare of Acehnese because a qualitative research design provides immense flexibility (Kumar, 2010, p. 133). The qualitative approach allows researcher to change the direction or focus of the research, and it remains open to unexpected circumstances. Given the qualitative approach adapted to this research, the main research question will also be answered on a qualitative manner.

Data and information were derived from a review of secondary sources through literature study and statistical data analysis. Specifically, the descriptive qualitative approach aims to provide in-depth descriptions of data and information utilizing qualitative aspects of research (Bandur, 2019). The literature study intends to acquire data and information from various sources, particularly on the internet, such as journals, e-books, and any publications related to the object of the study (Farida, 2019, p. 137).

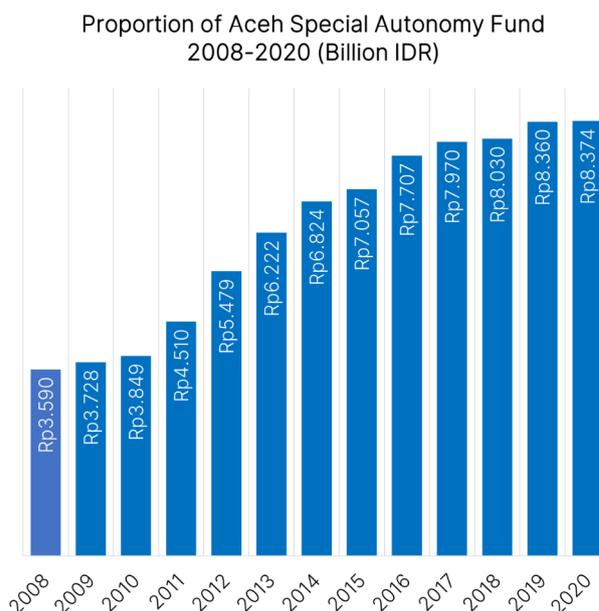
To find relevant literature, the researcher conducted electronic searches on databases, such as Google Scholar and IOP Science. The statistical data were obtained from the Central Statistics Agency of Indonesia (BPS). The literature used in this study was selected based on the following criteria: it has to be peer-reviewed journals; published thesis and dissertations; official documents; articles published by credible organizations and institutions; and the time period was limited from 2010 to 2021. The study used the following keywords and terms: Aceh special autonomy, asymmetric decentralization, Special Autonomy Fund, poverty reduction in Aceh, Aceh’s Human

Development Index, Aceh’s unemployment rate, Aceh’s Gini Ratio, and economic growth in Aceh.

The researcher screened the abstract and preamble of the papers and documents to find if they contain information or data regarding the impact of special autonomy on the welfare of Acehnese. At the same time, tables of each aspect were made. The findings of this literature review presented in the form of sentences and numbers indicated the impact of the special autonomy on the welfare of Acehnese in each aspect. This research was intensively carried out for three months, from May to July 2021.

III. Results and Discussion

Through Law No. 11 of 2006, Aceh Province was granted a special autonomy status along with the special autonomy funds, rights, and constitutional obligations for Acehnese prosperity (Sanur, 2020). From 2008 to 2020, Aceh has received a Special Autonomy Fund of IDR81.4 trillion in total, with the funds increasing every year. In 2008, Aceh received Special Autonomy Funds of IDR3.5 trillion, and this number continued to increase and reached IDR4.5 trillion in 2011. This amount increased in the following years reached IDR7 trillion in 2015 and as of 2020, Aceh received the special autonomy funds amounted IDR8.3 trillion (DitjenPK Kemenkeu RI, 2021) (see Figure 1).



Source: DitjenPK Kemenkeu RI (2021)

Figure 1. The Amount of Aceh Special Autonomy Fund From 2008 to 2020 in Billion Rupiah

From 2008 to 2019, the Special Autonomy Fund provided for Aceh contributed about 51.58% to the total Revenue and Expenditure Budget of Aceh (REBA) of a total of IDR142.157 billion. The percentage of the Special Autonomy Fund to REBA increased year on year. It almost reached 57% in 2012 and continued to rise to reach its peak in 2016 (almost 60% of the REBA). After that, the percentage declined year on year. In 2019, the proportion of the Special Autonomy Fund in the REBA was 48,88% (BAKN DPR RI, 2020) (see Table 1).

Table 1. Proportion of the Special Autonomy Fund in REBA from 2008 to 2019

Year	REBA (Billion IDR)	Special Autonomy Fund (Billion IDR)	Proportion of Special Autonomy in REBA (%)
2008	8,518	3,590	42.15
2009	9,791	3,728	38
2010	8,246	3,849	46.68
2011	7,974	4,510	56.56
2012	9,711	5,479	56.42
2013	12,398	6,222	50.19
2014	12,939	6,824	52.74
2015	12,755	7,057	55.33
2016	12,874	7,707	59.86
2017	14,763	7,970	53.99
2018	15,084	8,030	53.23
2019	17,104	8,360	48.88
Total	142,157	73,326	51.58

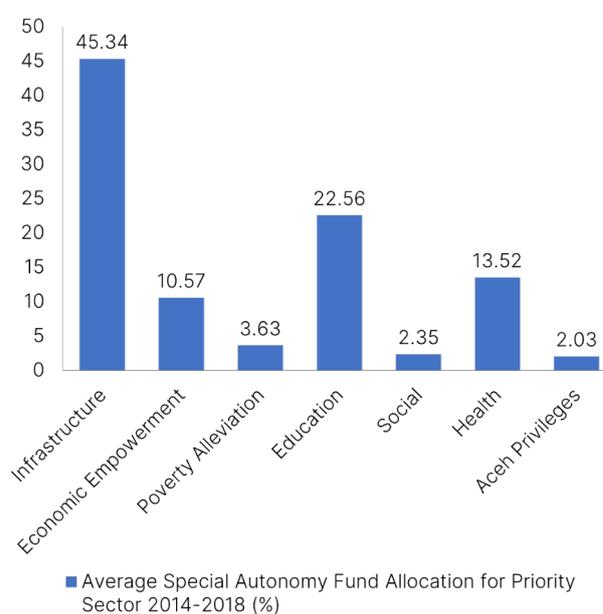
Source: BAKN DPR RI (2020)

Table 2 shows that the Special Autonomy Fund has significantly supported the REBA. It is clear that should the Special Autonomy Fund be discontinued; a budget deficit would occur in Aceh if other regional revenues are not sufficient to replace it.

The infrastructure sector is one of the priorities in the allocation of the Aceh Special Autonomy Fund. Of the seven priority areas (i.e., infrastructure, economic empowerment, poverty alleviation, education, social, health, and Aceh privileges), the infrastructure sector receives the largest portion compared to the others.

The fund's allocation for infrastructure in 2014-2018, for instance, reached IDR3.39 trillion. This number was substantially high compared to

economic empowerment, poverty alleviation, education, social and health, and Aceh privileges, which budget was IDR798.86 billion, IDR278.64 billion, IDR1.69 trillion, IDR175.28 billion, IDR1.02 trillion, and IDR156.77 billion respectively (BAKN DPR RI, 2020) (see Figure 2).



Source: BAKN DPR RI (2020)

Figure 2. Average Percentage of Special Autonomy Fund Allocation for Priority Sector From 2014 to 2018

Behind the large amount of Aceh's Special Autonomy Fund, there are issues related to the use of the budget. Based on the 2013 to 2018 ARBU (Aceh Remaining Budget Usage) data, the Special Autonomy Fund was not fully utilized. The total ARBU for 2013-2018 was IDR5,580 trillion or 12.73%. The largest ARBU was in 2018, which reached IDR2,090 trillion or 25.02% of the total Special Autonomy Fund, amounting to IDR8,030 trillion (BAKN DPR RI, 2020).

Based on the 2020 State Financial Accountability Agency report, the large amount of ARBU was caused by the low absorption of the budget in the infrastructure sector of about IDR889.5 billion or 24.15%. However, the lowest budget absorption occurred in the poverty alleviation sector, with a value of IDR400.5 billion or 86.64% of the Aceh Special Autonomy Fund ARBU in 2018 (BAKN DPR RI, 2020). Meanwhile, according to the Aceh provincial government, the low level of budget absorption was due to programs that were not effectively utilized because of time constraints, regional conditions, and ineffective coordination. Thus, budget

Table 2. Priority Sectors of Aceh's Special Autonomy

No.	Sector	Targets
1	Infrastructure	Construction of: a. Roads and bridges b. Airports; c. Harbors; d. Dams; e. Irrigation systems; f. Ponds.
2	Economic Empowerment	Establishment of: a. small and medium-sized industrial centers (SIKIM) for food, woods, nutmeg, patchouli, lemongrass, and marine and fishery products processing and production; b. Arun Lhokseumawe Special Economic Zone; c. Aceh Industrial Zone of Ladong; d. Lampulo Fisheries Processing Industry; e. Bersela Special Economic Zone.
3	Poverty Alleviation	a. Construction of 11,400 houses for poor households; b. Improvement of Fishery productivity; c. Optimizing the use of oil palm plantations in the expansion of smallholder plantation areas; d. Provision of Agricultural and plantation production facilities.
4	Education	a. Scholarships for Acehnese (Diploma to Doctorate degree); b. Scholarship for orphans and the poor; c. Budget realization for early childhood education; d. Budget realization for nine-year compulsory basic education; e. Budget realization for secondary education; f. Budget realization for non-formal education; g. Budget realization for extraordinary education; h. Quality improvements program for educators and education personnel.
5	Health	a. Construction of Hospitals; b. Implementation of Aceh's health insurance system.
6	Social	a. Implementation of Aceh Health Insurance system; b. Assistance from the central government through the Family Hope Program and Non-Cash Food Assistance in the form of rice for the poor; c. Establishment of social welfare organization to deal with children involved with legal problems; d. Food assistance for orphanages; e. Establishment of public kitchens by the Social Service for disaster victims in the form of social assistance for compensation, business assistance, and wheelchair assistance for disabled victims.
7	Aceh Privileges	a. Construction/rehabilitation of 997 units of mosques in Aceh from 2012–2014; b. Improvement of the landscape and infrastructure of the Baiturrahman Grand Mosque; c. Financial incentive for Imum Meunasah and Dayah.

Source: Adapted from [BAKN DPR RI \(2020\)](#)

absorption was not optimal even though planning and budgeting are well prepared. Furthermore, one important reason for the low budget absorption was the delay in the procurement process that affects delays in disbursement ([BAKN DPR RI, 2020](#); [Universitas Syiah Kuala, 2021](#)).

Aceh's special autonomy was implemented based on the Aceh Medium-Term Development Plan (MTDP) and the 2008-2027 Aceh Special Autonomy Fund Utilization Master Plan ([BAKN DPR RI, 2020](#)). The following is a table of the achievements of the priority sectors of Aceh's special autonomy.

Since it was initially disbursed in 2008, the Aceh's Special Autonomy Fund has had a positive impact on the welfare of the Acehnese. The Special Autonomy Fund has contributed to the reduction of the poverty rate from 23.53% in 2008 to 14.99% in 2020; a decrease in the

unemployment rate from 9.56% in 2008 to 6.59% in 2020; an increase in the HDI figure from 67.09 in 2010 to 71.99 in 2020. However, the level of inequality increased from 0.290 in 2008 to 0.323 in 2020.

A. Poverty Alleviation

As aforementioned, Aceh is one of the provinces that received special attention from the central government and has received a special autonomy status. With this special autonomy, Aceh received a larger proportion of revenues from oil and gas resources, which is 70%. This is more than the usual autonomy that regulates the distribution of other provincial revenues, which are only 15% from oil and 35% from gas ([Mantsani et al., 2020, p. 467](#)). In addition, Aceh is also entitled to a Special Autonomy Fund which are transferred by the central government every year. The special autonomy is expected to have an impact on

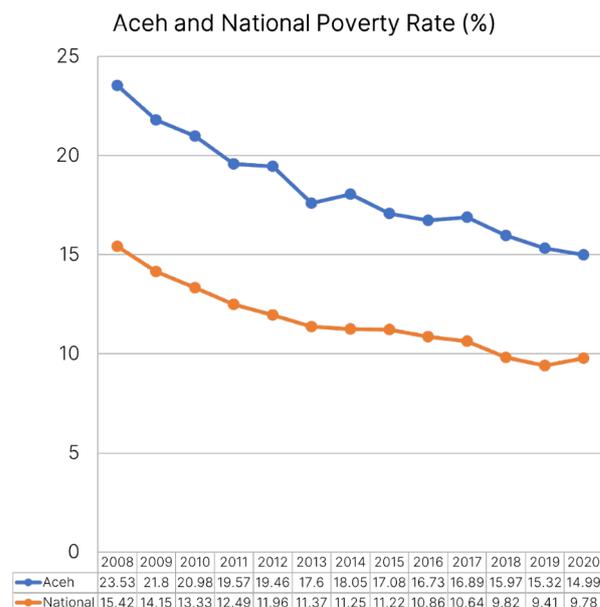
maximizing regional potential, increasing regional income, and boosting economic development and economic growth in Aceh. Nonetheless, it turns out that this policy has not had a substantial impact in overcoming poverty in Aceh (Mantsani et al., 2020).

Compared to the rate in 2008, Aceh's poverty rate in 2020 was lower. In 2008 the percentage of people living below the poverty line in Aceh reached 23.53%. This percentage gradually decreased in the following years to reach 21.80% in 2009, 20.98% in 2010, and continued to decline steadily to 17.60% in 2013. A minor fluctuation occurred in 2014 when the percentage increased to 18.05%. However, this number gradually declined to 14.99% in 2020 (Badan Pusat Statistik, 2021c). Overall, from 2008-to 2020, the percentage of people living below the poverty line in Aceh decreased by 8.54%.

The 14.99% poverty rate in Aceh is still high. This figure is higher than the national poverty rate, which has always been the case in recent periods. The government's efforts to reduce poverty are expected to continue to be optimized by encouraging the growth of the real sector through the micro, small, and medium enterprises.

Based on data issued by the Indonesian Central Statistics Agency, the national poverty rate shows a gradual decrease. The percentage of national poverty fell from 15.42% in 2008 to 11.96% in 2012. Then it gradually decreased to 9.41% in 2019 but in 2020 it increased slightly to 9.78% (Badan Pusat Statistik, 2021c). In total, the national poverty rate decreased by 5.64% from 2008 to 2020 (see Figure 3 to see the comparison of Aceh and the National poverty rate from 2008 to 2020).

According to Bank Indonesia, the COVID-19 pandemic has been devastating to the country as well Aceh economy. The pandemic is suspected to be one of the drivers of the increase in the unemployment rate both nationally and in Aceh. A total of 388,000 people of working age (10.01%) were affected by the pandemic, which resulted in unemployment, temporary unemployment, or working hours reduction (Kantor Perwakilan Bank Indonesia Provinsi Aceh, 2021). Apart from that, structural factors, such as policies or programs that have not targeted the root causes of poverty, are one of the causes of the obstacles to poverty reduction in Aceh. Compared to other provinces in Sumatra, Aceh possessed the highest poverty rate in September 2020, with 15.43% of the population being poor. This percentage is higher than the average poverty rate both for the



Source: Badan Pusat Statistik (2021c)

Figure 3. Comparison of Aceh and National Poverty Rate

Sumatra provinces (10.22%) and Nationally (10.19%).

The vast number of poor people is concentrated in North Aceh, Pidie, and West Aceh District, while the high poverty levels are in the Aceh Singkil, Gayo Lues, Pidie Jaya, Bener Meriah, Nagan Raya, Southwest Aceh, Simeulue, and Subulussalam (Kantor Perwakilan Bank Indonesia Provinsi Aceh, 2021).

The rural area has a larger number of poor people compared to urban areas. About 694,000 poor people reside in rural areas or approximately 19.44% of the total population whereas there are about 157,570 poor people living in urban areas or equal to 11.13% of the total population (Setiawan et al., 2020, p. 7).

The Special Autonomy Fund should have a major impact on community welfare. With the large funds provided by the central government, the local government is expected to be able to stimulate development within its region, thus improving the welfare of the community, especially the poor. Area-based poverty alleviation can be focused on strengthening the local economy and providing aid programs targeted at the centers of poverty. Aceh possessed abundant natural resources in various regions. These natural resources can be a source of strength and opportunities to improve the economy and as the source of income for the poor and vulnerable people in Aceh.

B. Unemployment Rate

As discussed earlier, the Special Autonomy Fund has been utilized by the government of Aceh to develop new projects in seven priority areas (see Table 2) for the welfare of the Acehnese and to create job opportunities.

The increased number of job opportunities and the wider business opportunities managed to decrease Aceh's open unemployment rate. The more conducive regional security and the better condition of various regional facilities and infrastructure have encouraged the community to participate more in accelerating Aceh's development.

This is indicated by the growing number of small and medium-sized businesses (Ikhsan, 2015). Nevertheless, the increase in the number of the working-age population, combined with the low absorption of the government budget and the low economic growth that absorbs labor, greatly affect the (still) high open unemployment rate in Aceh, even though statistical data shows that there is a decrease in the percentage of open unemployment from 2008 to 2020.

The open unemployment rate is used to depict the general economic situation of a region or even a country and provides an overview of community prosperity. The open employment rate is calculated based on the percentage of the unemployed workforce, which is influenced by several factors including environmental, social,

cultural, economic, and even personal issues of the workforce itself (Setiawan et al., 2020).

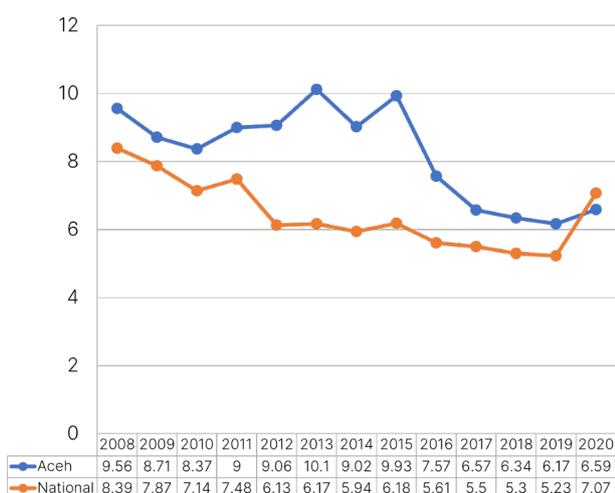
The percentage of Aceh's open unemployment decreased from 9.56% in 2008 to 8.37% in 2010, then increased to a peak of 10.12% in 2013. This figure was very high compared to the national open unemployment rate, which in the same period was 6.17% (Badan Pusat Statistik, 2021d). The limited manufacturing sector that can be developed and Aceh's dependence on the commodity sector are some of the reasons for the high unemployment rate in Aceh (Kanwil Ditjen Perbendaharaan Provinsi Aceh, 2018). The percentage of Aceh's open unemployment declined steadily over the next seven years until it reached 6.59% in 2020 (Badan Pusat Statistik, 2021d).

Meanwhile, the percentage of the national open unemployment rates also underwent a fluctuation but was better than Aceh. The percentage of the national open unemployment rate in 2008 was 8.39%. This figure then declined steadily to 5.23% in 2019. Due to the COVID-19 pandemic, the national open unemployment rate increased drastically to 7.07% in 2020 (Badan Pusat Statistik, 2021d) (see Figure 4 to see the comparison of Aceh and the National open unemployment rate from 2008 to 2020).

Based on data from the Central Statistics Agency of Aceh, several sectors absorbed labor and reduced the unemployment rate in Aceh, although the percentages of Aceh's open unemployment rate were not as good as the national rate. Among them are the agricultural and plantation sectors with workforce absorption of 36.49% with a total of 810 thousand workers. The second was the trade sector, which reached 35.74% with a total of 349 thousand workers. The manufacturing sector absorbed 8.20% with a total of 187 thousand workers, and education services absorbed 7.60%, or equal to 183 thousand workers. The electricity supply sector, water gas, waste management, and recycling were the lowest sector of employment, only absorbing 0.42% or only 11 thousand workers (Jamaan, 2019).

The total workforce was 2.52 million people, or an increase of approximately 122 thousand people from the total workforce in August 2019, which was 2.40 million people. Jobs that showed a decrease in the percentage were mainly government administration and education services, while those that showed an increase were mainly in agriculture, forestry, and fisheries. The number of employed people is increased by

Aceh and National Open Unemployment Rate (%)



Source: Badan Pusat Statistik (2021d)

Figure 4. Comparison of Aceh and National Open Employment Rate

122 thousand people, while the number of unemployed people increased by 19 thousand people compared to the same period in the previous year to 167 thousand people. This indicates that the addition of the labor force during the period of 2019 to 2020 was not absorbed by the labor market (Kantor Perwakilan Bank Indonesia Provinsi Aceh, 2021) (see Table 3 to find out the percentage of labor by sector as of August 2020).

Table 3. The Percentage of Labor by Sector As of August 2020

No.	Sector	August 2020 (%)
1	Agriculture	37.22
2	Commerce	15.76
3	Education Services	6.99
4	Government administration	6.91
5	Construction	6.24
6	Processing industry	8.26
7	Others	18.62

Source: Kantor Perwakilan Bank Indonesia Provinsi Aceh (2021)

Based on the education level, Aceh's workforce was dominated by workers with high school education. In August 2020, Aceh's workforce with a high school education was 742 thousand people (3.44%), while the ones with elementary education and below were 636 thousand people (26.95%). On the other hand, the highest open unemployment rate in the labor force was those with a Vocational High School education (10.87%) (Kantor Perwakilan Bank Indonesia Provinsi Aceh, 2021) (Table 4 depicted the percentage of workforce by education in Aceh in the interval of 2019–2020).

Table 4. The Percentage of Workforce by Education in Aceh in the Interval of 2019–2020

No.	Level of Education	August 2019	August 2020
1	University	13.53	12.95
2	Diploma	4.33	4.15
3	High Senior School	29.76	31.44
4	Vocational High School	4.91	4.83
5	Junior High School	18.88	19.68
6	Elementary School	28.59	26.95

Source: Kantor Perwakilan Bank Indonesia Provinsi Aceh (2021)

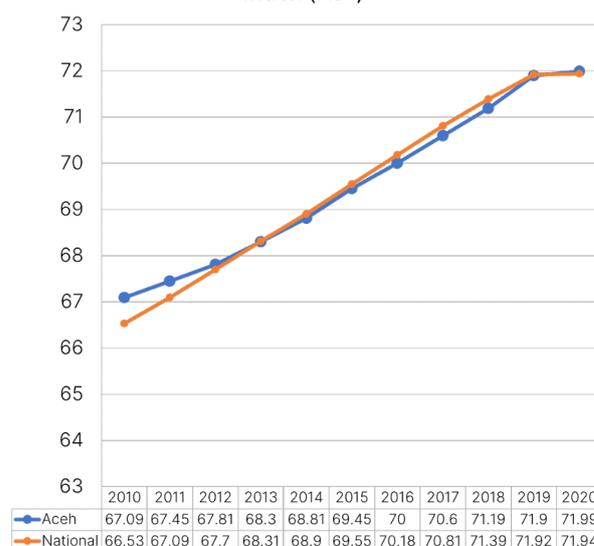
The decreased unemployment rate in Aceh shows that there has good progress in regard to the creation of job opportunities and the economy of the Acehnese has started to grow. Nevertheless, the use of the Special Autonomy Fund must continue to be optimized to create as many job opportunities as possible because the unemployment rate in Aceh is still quite high.

C. Human Development Index (HDI)

Based on data from the Indonesian Central Statistics Agency, the HDI figure in Aceh shows a positive trend from 2010 to 2020. The Central Statistics Agency uses four indicators to determine the HDI, namely Life Expectancy at birth, Literacy Rate, combined Gross Enrollment Rate, and Gross Domestic Product per capita (Isnadi & Fikriah, 2019, p. 31). Aceh's HDI showed an increase from year to year, starting with 67.09 in 2010, and ending up with 71.99 ten years later. Similar to Aceh, Indonesia's HDI has also increased in the last ten years. Starting at 66.53 in 2010, Indonesia's HDI gradually increased from year to year to 71.94 in 2020 (Badan Pusat Statistik, 2021b).

The increase in Aceh's HDI for the last ten years (4.9) was not better than the increase in Indonesia's HDI (5.41) for the same period. Nevertheless, the Indonesian Central Statistics Agency data shows that Aceh's HDI in 2020 was 71.99. This means that Aceh's HDI is in the High

Aceh and National Human Development Index (HDI)



Source: Badan Pusat Statistik (2021b)

Figure 5. Comparison of Aceh and National HDI

HDI category. It was slightly exceeded the National HDI (71.94). And the trend of Aceh's HDI is relatively stable from year to year (see Figure 5 for the comparison of Aceh and National HDI from 2010 to 2020).

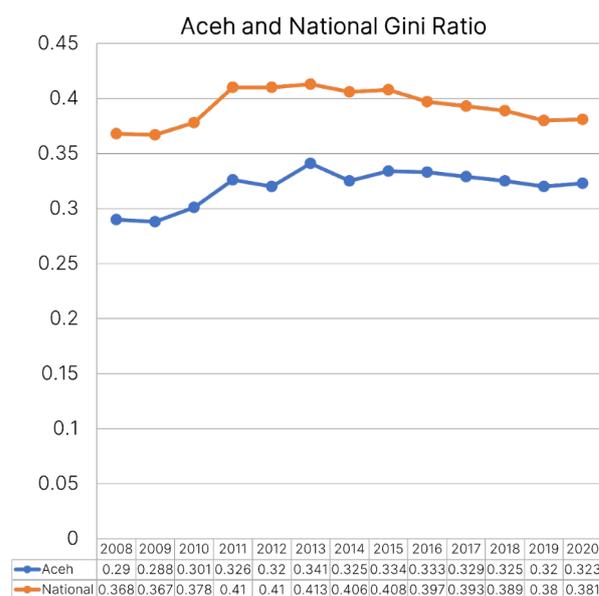
According to a report by the State Financial Accountability Agency in 2020, the increase in Aceh's HDI was due to the use of the Special Autonomy Fund, even though Aceh's HDI figures were still slightly below the national HDI figures. Since the education sector is one of the priority areas of Aceh's Special Autonomy Fund, this is a challenge for the Aceh Government to optimize the use of the Special Autonomy Fund in the education sector (BAKN DPR RI, 2020).

Although Aceh has shown a positive trend in its HDI, the Aceh Government is encouraged to create more effective and efficient policies in planning, implementation, and transparency of the Special Autonomy Fund management. The regional revenue sources, especially revenues from the Special Autonomy Fund, can be channeled to various leading sectors, not merely directed and focused on the infrastructure sector. There should be an adequate quota for the allocation of the fund to human development, most importantly, to the education sector. It has to be understood that the improvement in community welfare is supported by a good and higher level of education. With a good level of education, the Human Development Index will improve accordingly.

D. Gini Ratio

From 2008 to 2020, Aceh's Gini ratio was not stable. The highest inequality was in 2013, with a Gini ratio of 0.341. This figure decreased in the following year to 0.325 and increased by 0.009 in 2015. It then gradually decreased to 0.320 in 2019, and in 2020, it slightly increased to 0.323 (Badan Pusat Statistik, 2021a). Aceh's Gini ratio was better than the Gini ratio at the national level. Nevertheless, the figure of Aceh's Gini ratio is steadily increasing.

Meanwhile, in 2008, the Gini ratio at the national level was 0.368. This figure then increased to a peak of 0.408 in 2015. It then decreased gradually to 0.381 in 2020 (Badan Pusat Statistik, 2021a). Figure 6 shows the comparison between Aceh and National Gini Ratio from 2008 to 2020. The graph shows that although Aceh is still below the national average in terms of regional gross domestic product per



Source: Badan Pusat Statistik (2021a)

Figure 6. Comparison of Aceh and National Gini Ratio

capita, Aceh Province is better in terms of the income distribution.

According to the 2020 State Financial Accountability Agency report, Aceh's inequality increased from 2008 to 2020 due to the massive development projects in Aceh that led to an uneven share of the economic benefits and opportunities (BAKN DPR RI, 2020). Furthermore, it should be noted that economic inequality was one of the triggers of the past conflict in Aceh. The asymmetric decentralization and special autonomy are expected by the central government to be a solution to avoid conflicts. It is also a form of a democratic and peaceful response to complaints or problems faced by minority groups (Ikhsan & Pribadi, 2015). Aceh's Special Autonomy is expected to be able to reduce poverty faster. The management of the Special Autonomy Fund has to be driven by good governance. Special autonomy in Aceh will inevitably increase the efficiency of resource allocation. This is critical to prevent the recurring conflict in Aceh.

IV. Conclusion

The special autonomy was implemented through the enactment of Law No. 11 of 2006. Since then, the Province of Aceh has been granted the Special Autonomy status and received the Special Autonomy Fund. In the period of 2008–2020, the Special Autonomy Fund received increased

annually and reached IDR81.4 trillion in total. These funds were allocated to seven priority sectors set by the Aceh Provincial Government: infrastructure, economic empowerment, poverty alleviation, education, social, health, and Aceh privileges.

Since the first disbursement in 2008, the Special Autonomy Fund has contributed to approximately 51.58% of the REBA. Since 2008, the REBA has been relying heavily on the Special Autonomy Fund. The proportion of the Special Autonomy Fund reached 48.88% of the REBA in 2019, irrefutably showing that Aceh is greatly dependent on the Special Autonomy Fund to induce development within the province.

Aceh Provincial Government relies heavily on the Special Autonomy Fund. The total Aceh Special Autonomy Fund from 2008 to 2019 was IDR73.326 trillion, or 51.58% of the total REBA of IDR142,157 trillion. Moreover, of the Special Autonomy Fund disbursed to priority sectors, spending for infrastructure dominated the other sectors with an average of IDR3.39 trillion or 45.34% of the total Special Autonomy Fund from 2014 to 2018.

Furthermore, Aceh's ARBU in the interval of 2013–2018 was IDR5.58 trillion. The large value of Aceh 2018 ARBU was caused by the low absorption of the budget in the infrastructure sector, which was only approximately IDR889.5 billion followed by the poverty alleviation sector with IDR400.5 billion. The low budget absorption level was also due to under-utilized programs caused by: (1) time constraints, (2) Aceh's regional situations, and (3) ineffective coordination among the stakeholders. One other important reason for the low budget absorption was the delay in the procurement process that caused setbacks in fund disbursement.

In general, the special autonomy has had a positive impact on the welfare of the Acehnese, although the Gini Ratio is still high. The poverty rate in Aceh has been decreasing since 2008 and reached 14.99% in 2020. From 2008 to 2020, the percentage of the poor in Aceh decreased by 8.54%. Considering the number of populations in Aceh, the 14.99% poverty rate is still high. The percentage of Aceh's open unemployment rate has decreased from 9.56% in 2008 to 6.59% in 2020. The decrease in the open unemployment rate in Aceh shows that there has been good progress concerning job provision. This also indicates that the Aceh economy has started to grow. However, optimization of the use of the

Special Autonomy Fund must continue to be carried out to create more job opportunities since the open unemployment rate in Aceh is still considerably high.

Aceh's HDI had been increasing steadily from 67.09 in 2010 to 71.99 in 2020. Aceh's HDI was in a high HDI category, and it was slightly surpassed the National HDI, which was 71.94 in 2020. The Special Autonomy Fund had a positive and significant impact on the HDI. The increase in the Special Autonomy Fund coincided with an increase in the HDI. As such, it can be concluded that the increase in the Special Autonomy Funds had a positive effect on the HDI. Aceh's Gini ratio was also increasing steadily from 0.290 in 2008 to 0.323 in 2020. This increase in inequality was caused by the failure to spread the economic benefit and opportunity brought about by massive development projects in Aceh evenly amongst its residents.

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