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Analysis of Budget Efficiency on Acceleration of Development in Papua from the Point of Financial Governance

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Abstract: Papua is one of the provinces with the largest budget in Indonesia through the Special Autonomy Fund mechanism, but the development paradox remains very real with high poverty rates and infrastructure lag. This study aims to analyze budget efficiency towards accelerated development in Papua viewed from the perspective of regional financial governance, with a normative juridical approach to the dynamics of Special Autonomy regulations post-Law Number 2 of 2021 and PMK Number 33 of 2024. The research method uses a qualitative descriptive-juridical approach with document analysis, literature study, and review of laws and regulations. The results of the study indicate that the fiscal architecture and implementation of Papua's special autonomy regulations face a paradox where the increase in the Special Autonomy Fund ceiling to 2.25 percent of the national DAU has not been followed by a proportional increase in institutional capacity; every 1 percent increase in the Special Autonomy Fund only contributes 0.198 percent to the Human Development Index (HDI) with widening disparities between regions, which from an administrative law perspective indicates a systemic violation of the principle of efficiency as required by Article 3 of Law Number 17 of 2003 concerning State Finance. Second, the factors inhibiting financial governance are structural and multidimensional, including weak human resource capacity of civil servants, fragmentation of planning between levels of government, dominance of operational expenditure, high Construction Cost Index, and the flypaper effect phenomenon which together create normative weaknesses in the form of legal vacuum, weak administrative sanctions, and low implementation of General Principles of Good Governance (AUPB).

Keywords: Budget Efficiency, Accelerating Papua's Development, Financial Governance, Special Autonomy Fund, State Financial Administration Law.

INTRODUCTION

Papua, as one of the outermost and foremost regions of the Unitary State of the Republic of Indonesia, holds enormous natural resource potential, yet paradoxically still faces complex and multidimensional development challenges. Over the more than two decades of special autonomy, the central government has disbursed enormous amounts of funds to Papua, yet human development achievements have not matched the fiscal disbursement. According to data from the Central Statistics Agency (BPS), Papua Province's Human Development Index (HDI) in 2022 was 61.39, making it the province with the lowest HDI in Indonesia.(Statistik 2023) This condition is in stark contrast to the large budget allocation disbursed by the central government each year through various fiscal instruments, including the Special Autonomy Fund (Otsus), General Allocation Fund (DAU), Special Allocation Fund (DAK), and Revenue Sharing Fund (DBH).(Indonesia 2023)

From a legal perspective, this issue finds a deeper dimension. Article 3 paragraph (1) of Law Number 17 of 2003 concerning State Finance stipulates that state finances are managed in an orderly manner, in accordance with laws and regulations, efficiently, economically, effectively, transparently, and responsibly. Thus, budget efficiency is not merely a technical managerial issue, but rather a legal obligation inherent in every state administrator. From a constitutional rights perspective, Papua's development cannot be understood solely through economic indicators or budget size. Development issues in Papua are structural, historical, moral, and multidimensional in nature, concerning the fulfillment of the constitutional rights of Indigenous Papuans (OAP) as stipulated in Articles 27, 28D, and 28H of the 1945 Constitution. Equality before the law and government will only be meaningful if the state actively ensures fair access to education, health, and employment, in line with Articles 28A to 28J of the 1945 Constitution concerning human rights. The state is not only obliged to maintain territorial sovereignty, but also to guarantee a decent, safe, and dignified life for every citizen, including the Papuan people with all their cultural and spiritual identities.

The journey of special autonomy in Papua has entered its third decade with significant structural transformation through the ratification of Law Number 2 of 2021 as the second amendment to Law Number 21 of 2001.(Anon 2021) This regulatory change is not merely an administrative adjustment, but rather a fundamental reorientation of the fiscal architecture and financial governance aimed at accelerating development in Indonesia's easternmost region. Normatively, Law No. 2 of 2021 introduces legal innovation in the form of a differentiation between block grants (1 percent of the national DAU, with no specified use) and performance-based specific grants (1.25 percent, with specified use). Amidst regional geopolitical and economic dynamics, budget efficiency is a key factor determining the extent to which massive central transfer funds can be converted into tangible improvements in the quality of life for the community, particularly Indigenous Papuans.

Regional financial governance is the primary foundation for determining the extent to which available budgets can be used efficiently and effectively to drive development. According to Halim and Kusufi, good regional financial governance encompasses planning, implementation, administration, reporting, accountability, and oversight of regional finances.(Halim and Kusufi 2020) In Papua, weak financial governance has become a structural obstacle repeatedly identified by various supervisory institutions, both the BPK and BPKP.(Indonesia 2022a) Mardiasmo emphasized that public sector budget efficiency is not merely a technical administrative issue, but rather a reflection of the government's commitment to the principles of good governance, including transparency, accountability, participation, and responsiveness, which in the Indonesian legal system are operationalized through the General Principles of Good Governance (AUPB) as regulated in Law Number 30 of 2014 concerning Government Administration.(Mardiasmo 2018)

Saragih noted that the accumulated Special Autonomy Funds disbursed to Papua from 2002 to 2022 reached more than IDR 130 trillion, but their impact on poverty alleviation and improving the quality of life of the community has not been commensurate with the size of the budget disbursed.(Hafizrianda, Purbariani, and Kekri 2020) This phenomenon indicates leakage or inefficiency in the budget distribution chain caused by extreme geographical challenges, limited human resource capacity in regional bureaucracies, and suboptimal inter-institutional coordination.(Nugroho and Dahuri 2022) In development economics literature, this condition is known as the fiscal abundance paradox, where large budget availability does not correlate positively with development performance. Legally, this condition reflects the gap between das Sollen (legally mandated efficiency norms) and das Sein (the reality of persistent inefficiency).

Prasetyo and Kurniawati concluded that Papua and West Papua have a very wide fiscal capacity gap compared to other provinces in Indonesia, even though both receive the largest fiscal transfers from the central government.(Risdiyanto, Mollet, and Hutajulu 2023) Simanjuntak and Indrawati strengthen this finding by identifying that the horizontal fiscal capacity inequality between regions in Papua not only impacts the differences in the ability to provide basic public services, but also creates a widening development disparity, a condition that has implications for the state's failure to fulfill its constitutional obligations regarding the basic rights of OAP as guaranteed by Article 28H paragraph (2) of the 1945 Constitution.(Kende, Hafizrianda, and Ngutra 2024)

From a theoretical perspective, Tanzi and Davoodi state that corruption not only reduces the efficiency of public spending, but also systematically distorts the composition of government spending in a direction that benefits corrupt actors, rather than the public interest.(Ubey, Kambu, and Hutajulu 2022) The Corruption Eradication Commission (KPK) in its annual report stated that Papua is among the provinces with the highest risk of corruption in the management of regional government budgets, particularly in the procurement of goods and services and the management of Special Autonomy Funds.((KPK) 2023)

The World Bank, in its study on Papua, emphasized the importance of strengthening local fiscal capacity by increasing Regional Original Income (PAD) as an instrument to encourage accountability in regional financial management.(Bank 2022) Widodo and Hidayati emphasized that transparency and accountability in regional financial management in the Papua region are still at a worrying level, a condition that is contrary to the obligation to be open to information as regulated in Law Number 14 of 2008 concerning Public Information Disclosure.(Masdianah, Wonar, and Siahay 2024) Setiawan and Riyanto also found that the effectiveness of the Special Autonomy Fund in reducing poverty in Papua was greatly influenced by the quality of financial governance of the beneficiary regions.(Kende et al. 2024)

Rahmatunnisa and Mustafa found that weak coordination between provincial and district/city governments in preparing integrated planning was the main factor causing overlapping programs and budget waste in the education and health sectors.(Masdianah et al. 2024) UNDP highlights that the poverty rate in Papua, which remains above 26%, reflects the failure to optimize the budget for community empowerment.(UNDP 2023) This condition is exacerbated by the exploitation of natural resources that does not favor local communities, so that the economic benefits of Papua's natural wealth have not been enjoyed fairly.

Based on the overall background above, this study focuses its analysis on two main sub-topics: first, fiscal architecture, regulatory dynamics, and budget efficiency in relation to macro development indicators from the perspective of state financial administration law; and second, factors inhibiting financial governance along with their normative dimensions and strategies for transforming the legal framework towards sustainable budget efficiency. The research questions to be answered are: what is the condition of budget efficiency in Papua in the context of the fiscal architecture of special autonomy, and what legal factors in financial governance systemically hinder the acceleration of development? This research is expected to provide theoretical and practical contributions in the development of policies and legal frameworks for regional financial governance, particularly in the Papua region.

METHOD

This research uses a qualitative approach with a descriptive-analytical design, reinforced by a normative-juridical perspective. This qualitative approach was chosen because this research aims to understand social phenomena and public policy in depth, comprehensively, and contextually. Moleong explains that qualitative research aims to understand phenomena as experienced by research subjects holistically, and through descriptive means in the form of words and language, within a specific, natural context.(Moleong 2019) Creswell and Creswell stated that qualitative research with a descriptive-analytical design is very appropriate for exploring complex public policy issues, especially those related to regional governance and financial issues.(Creswell and Creswell 2018) The normative juridical dimension is added to examine the legal norms governing the management of the Papua Special Autonomy Fund by using a statute approach to analyze the hierarchy and consistency of norms, as well as a conceptual approach to examine the doctrines of the principle of legality, the principle of efficiency, and AUPB in state administrative law.

The data collection technique used library research and document analysis. Sugiyono stated that library research is related to theoretical studies and other references related to the values, culture, and norms that develop in the social situation being studied.(Sugiyono 2019) The data used consists of primary legal materials (statutory regulations, BPK reports, regional planning documents) and secondary legal materials (scientific journals, textbooks, and international agency reports). The data analysis technique uses the interactive analysis model of Miles, Huberman, and Saldaña, which consists of four stages: data collection, data condensation, data presentation, and conclusion drawing/verification.(Miles, Huberman, and Saldaña 2014) Data validity was ensured through source triangulation, method triangulation, and theory triangulation, encompassing the perspectives of state administrative law, public financial governance theory, budget efficiency theory, and agency theory. The normative framework used refers to Government Regulation No. 12 of 2019 concerning Regional Financial Management and Law No. 30 of 2014 concerning Government Administration.(Anon 2019)

RESULTS AND DISCUSSION

The Fiscal Architecture of Papua's Special Autonomy, Budget Efficiency, and Its Implications for Macro-Development Indicators

Financial management in Papua within the framework of special autonomy has legal characteristics that distinguish it from other provinces in Indonesia. This fiscal architecture is designed as a form of affirmative action policy in accordance with the mandate of Article 18B paragraph (1) of the 1945 Constitution. Structurally, these funds consist of the Special Autonomy Fund, Additional Infrastructure Fund (DTI), and Oil and Gas Revenue Sharing Fund (DBH), which have special usage provisions in accordance with the mandate of the law.(Anon 2021, Anon 2024) The transition from Law No. 21 of 2001 to Law No. 2 of 2021 brought significant changes to the special autonomy fund ceiling, from 2 percent to 2.25 percent of the national DAU ceiling. This increase was accompanied by a division of the fund's use into two schemes: a 1 percent block grant and a 1.25 percent specific grant based on performance. As a concrete example of the fiscal control mechanism, the central government adjusted approximately Rp19 billion in the Papua Province Special Autonomy Fund, changing the amount received from Rp918 billion to approximately Rp899 billion.

Minister of Finance Regulation Number 33 of 2024 serves as a normative instrument to tighten oversight and ensure that every rupiah allocated has maximum leverage. This regulation explicitly establishes prohibitive norms prohibiting the use of special autonomy funds for civil servant salaries, council leadership allowances, and other routine administrative costs. The legal implications are significant, requiring regional governments in Papua to comprehensively restructure their budgets to meet the mandate of this new regulation.

Table 1. Fiscal Architecture Components of Papua's Special Autonomy: Normative Construction and Legal Implications

Fund Components	Legal basis	Proportion	Nature of Legal Norms	Focus on Use & Implications of Violation
Special Autonomy Fund (Block Grant)	Law No. 2/2021; PMK 33/2024	1% of National DAU	Discretionary; supervised by APIP & BPK	OAP public services; misuse = state losses (Article 59 of Law 1/2004)
Special Autonomy Fund (Specific Grant)	Law No. 2/2021; PMK 33/2024	1.25% of National DAU	Mandatory (earmarked); performance-based	Education (min. 30%), Health (min. 20%); violation = violation of administrative law
Additional Infrastructure Fund (DTI)	Law No. 2/2021; PMK 33/2024	State Budget Allocation	Mandatory; supervised by the Corruption Eradication Committee (KPK) and the Supreme Audit Agency (BPK).	Transportation, energy, clean water; misappropriation = criminal act of corruption (Law 20/2001)
Additional Oil and Gas DBH	Law No. 2/2021; PMK 33/2024	Oil and Gas Natural Resources Profit Sharing	Sectoral mandatory	Education (35%), Health (25%), Infrastructure (30%), Customs (10%); deviation = state loss

Source: Law No. 2 of 2021 and PMK No. 33 of 2024 (processed by the author)

The 2022-2041 Papua Development Acceleration Master Plan (RIPPP), established by Presidential Regulation, has legal standing as a legally binding normative instrument for the public, establishing minimum standards for development achievements. Failure to meet RIPPP targets could potentially be categorized as maladministration, as stipulated in Law Number 37 of 2008 concerning the Ombudsman of the Republic of Indonesia.(Anon 2022) Based on the results of statistical analysis, special autonomy funds have a positive and significant impact on the HDI, where every 1 percent increase in special autonomy funds contributes to an increase in the HDI of 0.198 percent in Papua Province and 0.187 percent in West Papua. Habibi and Fauziansyah found that every one-point increase in the governance index contributed to a 0.34-point increase in the HDI and a 1.2 percentage point decrease in the poverty rate, confirming that the quality of governance is more determinant than simply the size of the budget.(Hafizrianda 2017)

Wahyuni and Fauzan, using the Data Envelopment Analysis (DEA) method, found that the technical efficiency level of regional spending in Papuan districts/cities only reached an average of 58.7%, far below the national average of 74.3%.(Kende et al. 2024) Yusuf concluded that the allocation of capital expenditure in underdeveloped regions in Eastern Indonesia, including Papua, did not have a significant impact on regional economic growth due to high budget leakage and low quality of project implementation.(Yusuf 2021) Bappenas noted that the average absorption of the capital expenditure budget only reached 62% of the ceiling set during the 2018-2022 period.((Bappenas) 2023)

This declining effectiveness indicates allocative inefficiency and diminishing returns in the fiscal management of special autonomy. The HDI disparity increased drastically from

24.14 percent in 2002-2010 to 62.07 percent in 2010-2020. From a constitutional perspective, this widening disparity has the potential to be qualified as a violation of the principle of justice as guaranteed by Article 28H paragraph (2) of the 1945 Constitution.

Table 2.The Human Development Index (HDI) for Papua in 2024 and its Constitutional Legal Implications

Region	Human Development Index 2024	HDI Status	Growth (%)	Legal Implications of Fulfilling Constitutional Rights
Papua Province (Parent)	73.83	Tall	0.82	Fulfillment of basic rights is relatively fulfilled; approaching the standards of Article 28H of the 1945 Constitution
Jayapura City	81.98	Very high	0.58	Constitutional rights are fulfilled; becoming a normative benchmark for other regions
Jayapura Regency	74.45	Tall	–	Basic rights are relatively fulfilled at the district level
Greater Mamberamo Regency	59.48	Low	1.69	Basic rights have not been fulfilled; an indication of failure of constitutional obligations (Articles 28D, 28H)
Nduga Regency (Historical Data)	25.93	Very Low	–	The state has the potential to neglect its constitutional obligations; a legal mechanism for restoring rights is needed.

Source: BPS Papua 2024, processed by the author. (*Estimate based on poverty data of 40.01%)

Kuncoro emphasized that effective regional economic development requires a close relationship between evidence-based budget planning, orderly administrative implementation, and results-oriented evaluation.(Simamora and Imsar 2025) Poverty alleviation is also a critical measure of budget efficiency. As of March 2024, the percentage of poor people in Papua Province was recorded at 25.97 percent, with the rural poverty rate reaching 34.51 percent. Intan Jaya Regency recorded a poverty rate of 40.01 percent in 2023, a condition which from a human rights law perspective constitutes a serious violation of the right to a decent life as guaranteed by Article 27 paragraph (2) of the 1945 Constitution.

Budget efficiency is inseparable from the quality of financial governance, as reflected in the audit opinion of the Supreme Audit Agency (BPK). In Indonesia's financial legal system, the BPK holds constitutional standing under Article 23E of the 1945 Constitution. Since 2019, the Papua Provincial Government has demonstrated progress in accountability by achieving Unqualified Opinions (WTP) for several consecutive years, a result of synergy between OPD leaders and technical guidance from the BPK and the Corruption Eradication Commission (KPK).(Indonesia 2022b) In the New Autonomous Region (DOB), Southwest Papua Province in 2024 received a Fair with Exceptions (WDP) opinion, an improvement from the previous year's "Unfair" opinion.(Indonesia 2022b) The BPK audit findings in this region highlighted major inefficiencies in budget use, including the realization of goods and services spending worth Rp14.54 billion that was not supported by adequate evidence, grant spending worth Rp10.55 billion with the remaining funds not yet returned to the regional treasury, and capital expenditure (equipment and machinery) worth Rp5.34 billion with a shortage of work volume and indications of price overruns. Non-compliance with documentation standards and the existence of overpayments that have not been recovered to the regional treasury are clear evidence that the acceleration of development is often hampered by unprofessional financial management practices.

Table 3. The 2024 Audit Findings of the Supreme Audit Agency (BPK) of the Southwest Papua Provincial Government: Legal Qualifications

Audit Finding Categories	Mark	Forms of Inefficiency & Violation of Law	Violated Legal Instruments
Shopping for Goods and Services	Rp14.54 billion	Insufficient evidence; excess of provisions	PP No. 12/2019 Ps. 3; UU no. 15/2004 Ps. 20
Grant Shopping	Rp10.55 billion	Remaining funds not returned; accountability invalid	UU no. 15/2004 Ps. 1(15); UU no. 1/2004 Ps. 59
Capital Expenditure (Equipment & Machinery)	Rp5.34 billion	Volume shortage; indication of price mark-up	Law No. 20/2001 Article 2; Presidential Decree No. 16/2018 concerning Procurement
Third Party Debt (2023)	Rp2.25 billion	Cause of Unqualified opinion; in reconciliation stage	UU no. 1/2004 Ps. 24; PP No. 12/2019 Ps. 105

Source: BPK RI (processed by the author)

Suhardjanto and Fauzi found that the characteristics of local governments and the number of BPK audit findings had a significant influence on local government financial performance.(Ramdhany, Karneli, and Othman 2023) Ghozali and Chariri explain that the agency problem is at the root of various public sector financial governance issues, where agents (government officials) do not always act in the interests of the principal (the public) due to information asymmetry. In administrative law, this gap should be closed through the implementation of the AUPB, as stipulated in Law Number 30 of 2014.(Ghozali and Chariri 2022) Digital transformation through the implementation of the Financial Management Information System (FMIS) and the Regional Government Information System (SIPD) is a key pillar in increasing transparency and accountability. With an integrated system, the verification process for supporting documents for the distribution of special autonomy funds phases I, II, and III, as mandated by PMK 33/2024, can be carried out more quickly and accurately.

Table 4. Digital-Based Budget Management Instruments in Papua: Legal Basis and Normative Obligations

Stages	Digital Instruments	Legal Foundation	Efficiency Targets & Normative Obligations
Planning	RPJPD 2025-2045, SIPD	Law 23/2014 Article 263; Presidential Decree on the RIPPP 2022-2041	Alignment of regional plans with RIPPP; principle of AUPB harmony (Law 30/2014)
Implementation	FMIS, Government Credit Card	PP 12/2019; Law 1/2004 Article 7	Acceleration of absorption; fulfillment of the principle of efficiency (Law 17/2003 Article 3)
Reporting	LRA Digital, SIPPP	Law 17/2003 Ps. 55-56; Law 14/2008 (KIP)	Timely reporting obligations; transparency of public budget information
Control	Integrated APIP, SIPD-Audit	PP 60/2008 (SPIP); Law 30/2014 Article 10	Early detection of deviations; SPIP obligation as a precautionary principle of AUPB

Source: processed from PMK 33/2024 and various sources

Factors Inhibiting Financial Governance: Normative Dimensions and Legal Framework Transformation Strategies

Budget efficiency in Papua is hampered by structural challenges, the first and most fundamental of which is limited basic infrastructure. The Ministry of Public Works and Public Housing (PUPR) reports that accelerating infrastructure development in Papua still faces obstacles such as limited road and bridge access, high construction costs due to geographic remoteness, and a limited local building materials industry.(Rakyat 2023) The cost per unit of infrastructure output in Papua can be three to five times higher than in other regions in Indonesia. From a procurement law perspective, this situation creates a legal vacuum: the absence of specific regulations governing cost standards and the Construction Cost Index (CCI) for each geographic cluster in Papua leaves procurement officials faced with the dilemma of following unrealistic national cost standards or adjusting to actual costs, potentially deeming them deviations.

The second obstacle is the still very limited bureaucratic readiness, particularly in newly created regions (DOB). Nugroho and Dahuri explained that low budget absorption in Papua is substantially influenced by limited transportation infrastructure, a scarcity of certified experts, and the complexity of administrative procedures for procurement of goods and services.(Nugroho and Dahuri 2022) Sutrisno and Purnasari found a strong positive correlation between the competence of financial management apparatus and the quality of regional government financial reports in Papua.(Jumati, Nacikit, and Digdowiseiso 2023) The Ministry of Home Affairs' LPPD report revealed that of the 42 regencies/cities in Papua, only 8 of them achieved the "Very High" rating in terms of governance performance, while 23 regencies/cities were still in the "Medium" and "Low" categories.(Negeri 2023) KPPIP noted that of the total PSN allocated in Papua, only around 43% had been successfully completed on schedule.((KPPIP) 2023)

The third obstacle is the fragmentation of planning between levels of government. Rahmatunnisa and Mustafa found that inconsistent coordination between provincial and district/city governments was a major factor leading to overlapping programs and budget waste.(Masdianah et al. 2024) Samekto and Hadi found that the technical efficiency of local government is significantly influenced by the quality of road infrastructure and the average education level of government officials, two factors that are still very weak in Papua.(Kumpangpune, Saerang, and Engka 2019) Pramusinto and Purwanto identified that incomplete bureaucratic reform is one of the root causes of financial governance problems in Papua.(Pramusinto and Purwanto 2020) Fadilah and Hernawati highlighted that the weak internal control system at the village government level is the most critical point of vulnerability for budget leaks, a condition which normatively constitutes a violation of the SPIP obligation based on PP Number 60 of 2008.(Masdianah et al. 2024)

The fourth fundamental obstacle is the extremely high dependence on central transfer funds, often reaching over 90 percent of total regional revenue. Faraday noted that horizontal fiscal inequality between regions in Papua is a serious obstacle to achieving overall budget efficiency.(Risdiyanto et al. 2023) Abdullah and Halim discovered the flypaper effect phenomenon, where an increase in transfers from the central government actually encourages a disproportionate increase in regional government spending compared to the increase in PAD.(Hafizrianda et al. 2020)

Arief explained that Papua's highly dualistic economic structure creates unique challenges in budget planning that is responsive to the needs of all levels of society.(Agustinus 2016) The OECD, in its study on fiscal decentralization, also highlights the importance of matching development program design with local characteristics as an absolute requirement for efficient public spending.(OECD 2019) The BPKP (Financial Supervisory Agency) identified four main problems that systematically hamper budget efficiency: inaccurate data in the planning framework; weak monitoring and evaluation mechanisms; inadequate human resource capacity for financial management; and minimal synergy between central and regional programs.((BPKP) 2022) The Inspectorate General of the Ministry of Finance also identified weaknesses in the planning and budgeting system as the most fundamental root problem in the management of the Papua Special Autonomy Fund.(Keuangan 2022)

Table 5. Matrix of Factors Inhibiting Budget Efficiency: Legal Qualifications and Long-Term Policy Implications

Inhibiting Factors	Impact on Efficiency	Legal Qualifications & Violated Norms	Long-Term Legal Policy Implications
Topography & High IKK	Construction costs 3–5x; budget unrealistic	Legal vacuum (rechtsvacuum); the dilemma of procurement regulation	Revise the Presidential Regulation on Procurement to include special cost standards for Papua based on the IKK per geographic cluster.
Low Human Resource Capacity	High BPK findings; unfair financial reports	Violation of the principle of merit (Law 5/2014 Article 55)	Mandatory certification of regional financial managers in Papua; tiered administrative sanctions
Planning Fragmentation	Overlapping programs; remote areas not reached	Failure of the principle of lex superior; normative inefficiency of decentralization	Mandatory synchronization regulations (Papua One Data Regional Regulation); strengthening of the BPP
Flypaper Effect & Low PAD	Transfer dependence >90%; weak fiscal discipline	The vacuum of fiscal sanction norms (Law 23/2014 Article 285); decentralization anomalies	Establishment of PAD incentive/disincentive norms; development of tourism, fisheries, and agricultural export economies
Social Conflict & Security	Project delayed; additional security costs	Legal uncertainty; obstacles to fulfilling the constitutional rights of indigenous Papuans	Peace-based development approach; involvement of customary law in planning and monitoring
Agency Problem & Corruption	Leaks, mark-ups, fictitious procurement	Violation of AUPB (Law 30/2014); indication of corruption (Law 20/2001 Article 2)	Strengthen APIP; integrated e-procurement; public budget transparency; proportional administrative sanctions

Source: compiled from various sources

Kurniasih and Supriyadi concluded that the quality of governance, not merely the size of the budget, is the main determinant of the HDI level.(Kende et al. 2024) Nasrun and Sadik also found that governance quality directly affects the efficiency of local government spending through mechanisms that reduce transaction costs, improve planning quality, and strengthen public accountability.(Yunus 2021) Pratolo emphasized that transparency and accountability in regional governance are two sides of the same coin that cannot be separated (Kurniati, 2025). Wrihatnolo and Dwijowijoto stated that one of the fundamental problems in the development of underdeveloped regions is the mismatch between the planning paradigm that is oriented towards administrative processes and the real need for accelerated development that is oriented towards results.(Wrihatnolo and Dwijowijoto 2019)

In the RIPPP evaluation, the Healthy Papua dimension requires a reduction in the prevalence of stunting and maternal and child mortality; the Smart Papua dimension requires a consistent allocation of at least 30% of the Special Autonomy Fund to the education sector; the Productive Papua dimension requires economic transformation based on local commodities; and the Peaceful Papua dimension requires strengthening inclusive governance, which ultimately is also a prerequisite for budget efficiency itself (Anon., 2022). The first legal strategy is to refine programs based on micro-data on poverty and the Human Development Index (HDI) per district using a money-follows-program approach, which requires a regulatory framework requiring that each Special Autonomy Fund allocation be accompanied by measurable outcome indicators. The mid-year evaluation of the 2024 RIPPP shows that central-regional planning integration is improving through the SIPPP, but consistent implementation of the RAPPP at the district/city level still requires strengthening and adopting more binding legal instruments (Papua Development Acceleration Information System [SIPPP], 2022). The second legal strategy is to continuously strengthen the capacity of the APIP based on the obligations of Government Regulation Number 60 of 2008 concerning SPIP. The third strategy is to increase fiscal independence through the development of productive sectors of tourism based on indigenous peoples' culture, fisheries, and export-oriented agriculture, which require affirmative regulation. The fourth strategy is to strengthen the participation rights of indigenous peoples by granting binding legal force to the results of the Musrenbang Otsus in the process of determining the Regional Budget (APBD), making indigenous peoples active legal subjects in the special autonomy budgeting system.(Anon 2008; Arief 2019)

CONCLUSION

Budget efficiency for accelerated development in Papua still faces various structural obstacles, indicating that increased allocations of Special Autonomy Funds have not automatically translated into improved public welfare. Although policy changes through Law Number 2 of 2021 have strengthened fiscal support for Papua, low regional spending efficiency, suboptimal capital expenditure absorption, and increasing development disparities indicate that the main problems lie in the quality of financial governance, institutional capacity, and the effectiveness of regulatory implementation. Geographical barriers, limited human resources, fragmented planning, regional fiscal dependency, social conflict, and weak oversight mechanisms further widen the gap between policy objectives and development outcomes. Therefore, accelerating Papua's development requires a performance-oriented transformation of financial governance, strengthening oversight and transparency systems, optimizing the use of financial management technology, developing local productive sectors, and increasing the participation of Indigenous Papuans in development planning and decision-making processes. Thus, the success of Papua's development is not only determined by the size of the allocated budget, but primarily by the ability of the state and regional governments to ensure that every rupiah of the budget is managed effectively, efficiently, accountably, and in line with the constitutional mandate to realize social justice and sustainable prosperity for the Papuan people.

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