

## THE GOVERNANCE OF THE SPECIAL AUTONOMY FUND IN IMPROVING WELFARE IN SPECIAL REGION OF YOGYAKARTA

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### 1. INTRODUCTION

Inequality in the welfare of the Indonesian people is an unresolved problem. This inequality is mainly reflected in the Gini index which is stagnant with an average of 0.39 in 2015-March 2020 (BPS, 2020). The impact of the COVID-19 pandemic has certainly increased inequality in welfare (Shidiq, 2020). The contribution of inequality in welfare can be seen in the poverty rate which is still high in Indonesia. The poverty rate is still high, at 25.14 million people or 9.22 percent of the total population (BPS, 2019). The magnitude of the poverty rate in Indonesia is also the cause of inequality which is still high at 0.38 in 2019 (BPS, 2019). Poverty directly affects welfare which affects the fulfillment of basic needs in society (Sen, 1981), and further creates social vulnerability (Kakwani and Silber, 2008; Ellis, 1984). Moreover, the World Bank (2019) estimates that 20.19 percent of Indonesia's population is in the poverty line, vulnerable to falling back below the poverty line if inflation and economic stabilization are not maintained. The COVID-19 pandemic, which has infected more than 1 million people until early 2021, will certainly accelerate the return of vulnerable Indonesians to being below the poverty line.

This research focuses on the Special Region of Yogyakarta (DIY). DIY has the highest welfare inequality problem in Indonesia. BPS (2020) reported that in DIY the Gini index surpassed the national level, namely at 4.36. The poverty rate in DIY also reflects the same thing, amounting to 11.53 percent or 326.13 of the population (BPS, 2020). This figure has not been added to the population who are at the poverty line of 321,056 people and the severity of poverty is at 0.43 or twice the national figure (BPS, 2020). The condition of welfare inequality in DIY, especially poverty, is of course quite contradictory considering that DIY is the area with the second-highest national Human Development Index (HDI) (figure 79.97), far exceeding the national average of 60.44 (BPS, 2020).

A great opportunity in alleviating poverty lies in the special autonomy policies in several regions. The implementation of special autonomy is a golden opportunity for the community to self-regulate (Joku, 2007). The policy provides more flexibility to local governments in regional management and provides more fiscal space through special autonomy funds. The special autonomy fund that applies in DIY is called the special fund. The Yogyakarta privilege fund continues to show an upward trend. In 2013, it only reached Rp 115.7 billion but in the 2018 State Budget, it increased to Rp 1 trillion, and increased in 2019 by 1.2 trillion and in 2020 by 1.3 trillion. The total distribution of Privileges Funds for seven years (2013 to 2019) has reached Rp 4.34 trillion. Milward and O'Toole (2009) provide an interpretation of governance in two important levels, namely: governance as a study of the structural context of organizations or institutions at various levels (multi-layered structural context) and governance

as a study of networks. This study is important so that the special funds in DIY are not only considered as a source of increasing the government's fiscal capacity but are a tool that can encourage policies to be more innovative, well-targeted, and broadly beneficial to the community.

## 2. METHODOLOGY

This type of research is qualitative with a literature study approach (Creswell, 2014). This research was conducted in the Special Region of Yogyakarta which became the region that received special autonomy funds in Indonesia. The Special Region of Yogyakarta received special autonomy funds because the special law gave special autonomy authority to manage the affairs of filling positions, institutions, land, culture, and spatial planning which were the responsibility of the regional government. The data sources for this research are data collected from literature reviews from journals, scientific reports, and various other documents produced by relevant local governments, such as the Ministry of Finance, Ministry of Home Affairs, and BPS. Secondary data needed is in the form of Report on Performance Achievement of the Implementation of annual Privileges, Report on Accountability of the Head of the DIY Region, Government Performance Accountability Report (LAKIP) for the Government of DIY, Yogyakarta in Figures, and other relevant documents in the form of reports, journals, articles, and media coverage. The data analysis of this research is data unit processing, data reduction, data categorization including checking data validity, and data interpretation.

## 3. RESULTS AND DISCUSSION

The special autonomy implemented in Yogyakarta plays an important role in the development and fulfillment of community needs. The granting of special autonomy is in line with efforts to accommodate the needs, conditions, and characteristics of an area (Zuber, 2011; Wehner, 2000). Law Number 13 of 2012 concerning Yogyakarta as a Special Region provides flexibility in institutional development and better fiscal capacity with the existence of special funds. The implication of this privilege encourages local governments in Yogyakarta to optimize policies that are following regional needs. Martinez-Vasquez (2007) said that asymmetric decentralization usually aims to increase the efficiency and effectiveness of the government in providing public services and improving the quality of policymaking. Li (2018) says that the successful practice of asymmetric decentralization has resulted in more flexibility for local governments to manage financial strategies. The success of the DIY Regional Government in financial management can be seen from the results of financial reports to the BPK which received an Unqualified Opinion (WTP) and was the only province that received an AA score in the management of SAKIP. This success is also in line with Li and Chan (2017) who say that in regions that are given special autonomy, it often brings better self-development to individual and institutional performance.

The increase in the fiscal capacity of the DIY Regional Government can be seen from the central to regional transfers in the form of special funds. Until 2020, the DIY Regional Government has received special funds of 5.7 trillion rupiahs. The funds are used for several main purposes, namely filling the governor, institutions, culture, land, and spatial planning. When viewed from the ratio to total regional income, it also continues to grow, namely 4.48% in 2013 to 24.14% in 2019. This condition shows that special funds are one of the most significant contributors to regional income. In its utilization mechanism, the DIY Regional Government uses the Special Financial Assistance (BKK) mechanism for the Privileges Fund

to districts/cities in DIY. To see the governance of DIY privileges, four governance indicators can be used, namely: public sector management, accountability, rule of law, and transparency (World Bank, 1992; Bevir, 2010). This concept at the ideal level seeks to comprehensively collaborate in solving public problems through the integration of roles, as well as public services held together (Span, et. al, 2012). The first indicator, namely public sector management, shows that the DIY local government has used an electronic-based system using the jogjaplan system to capture public aspirations, and the Sengguh system for planning and evaluating development in DIY.

The second indicator is accountability. The government of the DIY local government utilizes the Government Agency Performance Accountability System (SAKIP) to create accountable governance. The DIY Regional Government in 2020 became the only province in Indonesia that received the Government Agency Performance Accountability System (SAKIP) with an AA predicate in the Government Agency Performance Accountability Evaluation Results Report (LHESAKIP). The award has been obtained for three consecutive years since 2018. This accountability can be seen from the indicators, namely policy, budget, data/information, and legal compliance.

The third indicator is the rule of law. The special autonomy policy for the privilege of Yogyakarta is the authority of the central government which is carried out by the Regional Government of Yogyakarta. Even though it has the unique authority to formulate the legal basis for special privileges at the regional level, as an implementer in the region, the DIY Regional Government must comply with the guidelines given by the central government. Procedures for planning, implementing, monitoring, and evaluating programs that are activities in matters of privilege follow the rules of the ministry of finance. The program planning process must obtain approval from the central government and if there are changes, adjust the policies of the central government, for example on the provision of non-privileged affairs financed by funds as an effort to handle the Covid-19 pandemic and its impacts. After obtaining approval, the central government disburses privilege funds to finance privilege programs transferred using the Special Allocation Fund mechanism. Strict legal rules avoid the risk of inter-institutional conflict between the central and local governments in the programs being implemented.

The fourth indicator is information and transparency. The DIY local government realizes that the public services provided need support from the community. To gain support, governance must be open and accessible to the public. This is followed up by the use of information technology to bridge the interests of providing public information for the community as well as a form of transparency in the use of public funds for both government affairs and privileges. The four governance indicators describe the serious efforts of the DIY Regional Government to implement privileged programs. Even though privileges are under the authority of the central government, the DIY local government still involves the community in the process of designing and monitoring activities. The DIY local government realizes that public participation is very important in public sector governance because it shows a level of trust in local governments. Danais governance that allows for the allocation of non-privileged activities provides budgetary support for efforts to reduce the impact of extraordinary conditions due to the Covid-19 pandemic. The central government has used various schemes to avoid an economic downturn and authorized the DIY Regional Government to use Danais for handling the pandemic. This policy can be an opportunity for budget planning that focuses not only on privileges but also on efforts to increase welfare. In this endeavor, privilege matters become the main signs, but the creativity of local governments can develop programs that have a greater leverage effect on the welfare of the community.

#### 4. CONCLUSION

The implementation of special autonomy in the form of the privilege of Yogyakarta has fulfilled the principles of good governance. The Government of the Special Region of Yogyakarta is very serious in seeking public involvement in the implementation of privileged affairs. This is realized by the use of information technology-based applications to capture public participation in planning, monitoring, and supervising programs financed with privileged funds. Although the allocation of funds can only be used to finance privileges and must follow the guidelines stipulated by the central government through the Ministry of Finance, the extraordinary conditions due to the Covid-19 pandemic provide an opportunity to utilize funds for special assistance programs. Although this may change after the pandemic is successfully controlled, the DIY Regional Government can continue to develop programs that provide a greater leverage effect on people's welfare. This is following the spirit and one of the goals of the privilege of Yogyakarta, namely to realize the welfare and peace of the community.

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