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# Aceh Special Autonomy Funding Sustainability in Supporting National Resilience

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### ABSTRACT

Aceh has been given the eligibility to manage its own territory and government called special autonomy as one of Helsinki MoU compensation. Moreover, special autonomy fund also presents for Aceh in funding infrastructural development and maintenance, people empowerment, poverty eradication, education, social and health that lasts in five years' time according to existing policy. This research analysed the Aceh special autonomy fund sustainability in supporting national resilience. In analysing the case, descriptive analysis was conducted through identifying existing issues and solution to the issues on both local and national perspective that predominantly on national perspective. The identified issues were less seriousness of Aceh government elite in managing the fund, unclear mechanism in its implementation and less participation of people. The solution offered to the issues were more consistent and appropriate plan for funding implementation, more focus on non-oil and gas allocation, people development concentrated plan.

Keywords: Aceh Special Autonomy Fund, National resilience, Policy, Special Autonomy

## **1. INTRODUCTION**

The long journey of Aceh's legitimacy culminated in the issuance of Law No.11/2006 concerning the Government of Aceh as a solution to solving existing problems. Aceh is given special privileges and authorities to regulate and manage its territory and self-government in accordance with the 1945 Constitution of the Republic of Indonesia which is led by a governor.

This special authority is in the form of special autonomy which is likened to a little king within the framework of the Unitary State of the Republic of Indonesia (NKRI) granted by the central government to create a responsive and aspirational government, to answer the needs of the people of Aceh who live in a conflict that seems to have no end.

Special autonomy is expected to be one of the main pillars in the democratization process with the principles of prioritizing the wider role of society, equitable development and economic access, realizing justice for all by looking at the potential and diversity in Aceh itself.

Special autonomy has the goal of accelerating the rebuilding of Aceh after the devastating earthquake and tsunami that devastated all aspects of life in Aceh, from socio-cultural, economic to politics and security. As compensation for peace in Aceh based on Law No.11/2006 the Government of Indonesia provides the Aceh Special Autonomy Fund – *Dana Otonomi Khusus Aceh* (DOKA) in the form of funds earmarked for and transferred from the central government into the Aceh Revenue and Expenditure Budget – Anggaran Pendapatan Belanja Aceh (APBA) in order to finance district development programs and activities / city in the Aceh region in the form of Aceh government revenue from central transfers to finance the construction and maintenance of infrastructure,

The spirit of struggle and willingness to sacrifice the people of Aceh is currently being eroded by the earthquake, tsunami and prolonged armed conflict in the Veranda of Mecca. The people of Aceh seem to have lost their identity, their fellow people are suspicious of each other and do not trust each other, including their leaders. As a result of the earthquake and tsunami aid from many countries, the people of Aceh have become accustomed to receiving aid. Even though during the struggle the Acehnese people liked to give. This is a big social problem right now in Aceh. Therefore all parties involved must be able to restore the identity of the Acehnese people to achieve common prosperity.

people's economic empowerment, poverty alleviation, education, social / culture, and health.

Based on this anxiety, there is a need for "Sustainability of Aceh's Special Autonomy Fund to Increase National Defense". So that DOKA can accelerate the welfare and sense of justice of the people of Aceh as a whole.

# 2. REVIEW OF LITERATURE

Aceh is a special and special province within the framework of the Unitary State of the Republic of Indonesia (NKRI), located at the western tip of Indonesia on the island of Sumatra. Geographically, Aceh is in a very strategic position both from an economic, political, socio-cultural, security and defense point of view. Aceh is located in the Indian Ocean and the Malacca Strait, which are the arteries of international shipping and the world's busiest sea transportation routes<sup>1</sup>.

Aceh's politics underwent a fundamental change after the 2004 tsunami and the GAM peace agreement with the Government of Indonesia in 2005. These two major events led to significant changes in processes and governance that led to self-government, which pushed the Government of Aceh to be more independent.

The initial milestone for peace in Aceh itself was only signed on August 15 2005, or to be precise ahead of the 60th anniversary of Indonesia's independence. This condition became the turning point for the birth of several regulations which were felt to be able to accommodate the wishes of the people and elites in Aceh to be used as representation and governance in Aceh. The governance model can become a new model in efforts to adopt institutional building through a transformative political process and democracy development<sup>2</sup>.

Even though the top officials of the Free Aceh Movement (GAM) are on average exiled in Scandinavian countries that adhere to the spirit of social democracy, most of GAM's followers are combatants who are not democratically educated at all. This eventually created tension and turbulence in the implementation of peace in Aceh. One of them is the predatory governance and patronage political system that took place within the Aceh Transitional Committee and the Aceh Party<sup>3</sup>. The Aceh Party is still led by Muzakkir Manaf; a charismatic figure who was once the commander of GAM, and is still dominantly influenced by Malik Mahmud; the second person in the Swedish GAM structure who currently serves as Wali Nanggroe.

The peace model carried out in Aceh by embracing GAM elites in Indonesia. The pattern of approach by providing assistance and providing welfare causes GAM elites to be willing to negotiate, the peace model is a profit-oriented model (profitable peace)<sup>4</sup>. The pattern applied to this model later allegedly led to the birth of broker practices in the Aceh government which spread and became an epidemic as well as a problem in the politics of welfare development in Aceh, this practice became known as the nanggroe tax or project fee.

This situation eventually became a problem in politics and development in Aceh. That the process of initiating peace and peace-building efforts that are taking place in Aceh often experience processes of explosion and implosion through non-democratic practices such as a culture of intimidation and violence and corruption, so that the resulting democracy is breech. This can be seen from the management of DOKA which has not given birth to justice and prosperity, instead it has become one of the poorest provinces in Indonesia<sup>5</sup>.

# **3. RESEARCH METHOD**

## **3.1 Theoretical Framework**

## a. Management Theory

The theory used in analyzing the sustainability of DOKA to support national resilience is management theory by George R. Terry which divides management functions into four functions, namely Planning, Organizing, Actualing, and Controlling or called  $POAC^6$ . This is necessary to determine and achieve the goals that have been set through existing resources. Based on this management theory, all available resources can be maximized to strengthen national resilience.

## b. Concept of National Resilience

The conception of Indonesia's National Resilience is a concept for the development of national strength based on the regulation and implementation of balanced and harmonious justice, welfare and security in the harmony of aspects of life that are complete and comprehensive and holistic, integrated in the foundation of Pancasila and the 1945 Constitution of the Republic of Indonesia for the continuation of DOKA in Aceh for the purpose of support national security.

### 3.2 Data and Facts

The Aceh war against the Dutch empire (1873 AD - 1910 AD), which began with a war announcement from the deck of the Citadel van Antwerp military command ship to the Aceh kingdom<sup>7</sup>. The Aceh War was the longest war the Dutch faced in colonial times in the archipelago.

At the beginning of the 20th century, nationalist movements began to emerge in the archipelago, including Aceh. In Aceh the nationalist movement in the form of organizations was also followed by guerrilla warfare against the Dutch, which occurred throughout  $Aceh^8$ .

The issue of poverty during the DOKA period was of concern to many parties, especially by looking at the Aceh Government's performance in terms of reducing poverty each year. It is felt that the APBA budgeting policy needs to be further optimized for programs or activities that do have a significant impact on reducing poverty. Infrastructure development whose outcomes have a direct impact on increasing people's economic activities or economic empowerment that has a direct impact on poverty reduction is needed so that DOKA's momentum can be utilized to increase economic growth in order to catch up with Aceh from other provinces in Indonesia.

In order to accelerate Aceh's new economic development, in accordance with Law Number 39 of 2009 concerning Special Economic Zones (KEK). In accordance with Government Regulation No. 5 of 2017, according to Government Regulation Number 5 of 2017, Aceh was developed the Arun Lhokseumawe Special Economic Zone (KEKAL). Once the attention of the President of the Republic of Indonesia Ir. Joko Widodo to Aceh, then on December 14 2018 KEKAL was inaugurated<sup>9</sup>.

## 3.3 Strategic Environment

The relationship between the Government of Aceh and the Central Government is also not very harmonious, conflicting interests often creates tension, especially with regard to the discussion of the Aceh Qanun which is considered irrelevant to the existing laws and regulations at the Central Government. The relationship between the Center and Aceh often shows the phenomenon of Aceh's dissatisfaction with the Center, over policies deemed inconsistent with the spirit of peace.

The enactment of Law Number 11 of 2006 provides a very wide space for Aceh to regulate itself except for six matters which are still the affairs of the Central Government. The purpose of granting special and special rights to Aceh is to accelerate Aceh's rebuilding after a prolonged conflict. One form of this special and special privilege is the granting of DOKA by the Central Government. The goal is that accelerated development can be realized immediately and the people of Aceh will immediately get a sense of justice and prosperity.

DOKA revenue continues to increase gradually in accordance with the increase in the National DAU. The increase in the national DAU depends on the increase in the State Revenue and Expenditure Budget (APBN). However, from 2023 to 2027 the revenue of the Aceh government through DOKA will decline, because the amount of DOKA is only 1% of the National DAU.

- 1. The presence of DOKA is expected to spur Aceh's economic development. The use of DOKA is expected to,
- 2. Reduce disparities between regions and between sub-regions and between citizens, (2) empower communities and alleviate poverty,
- 3. Create or increase employment opportunities,
- 4. Increase people's income and welfare, and
- 5. Maintain the sustainability of natural resources.

# 4. RESULTS AND DISCUSSION

#### 4.1 General

The goals of the nation and state as stated in the fourth paragraph of the 1945 Constitution of the Republic of Indonesia are to protect the entire Indonesian nation and all of Indonesia's bloodshed, promote public welfare, educate the nation's life and implement world order based on freedom, eternal peace and social justice. The phrase focuses on creating a just and prosperous society. The national strategy for realizing a just and prosperous society must be translated by the government at the regional level (provincial and district/city) including village governments in accordance with their respective authorities.

Regional administration is for; accelerating the realization of public welfare through service improvement; Community empowerment and participation; and Increasing regional competitiveness by taking into account the principles of democracy, equity, justice, and the uniqueness of a region within the system of the Unitary State of the Republic of Indonesia. The efficiency and effectiveness of regional government administration needs to be increased by paying more attention to aspects of the relationship between the Central Government and the regions and between regions, the potential and diversity of regions, as well as the opportunities and challenges of global competition in the unified system of administering state government.

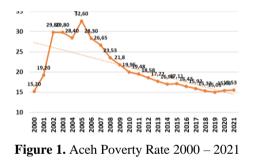
Regional governments carry out government affairs according to the principle of autonomy and coadministration with the principle of broadest autonomy in accordance with the system of the Unitary State of the Republic of Indonesia. Regional governments, in this case the governors and regents/mayors carry out the delegation of authority from the president for general government affairs with financing from the state budget.

#### 4.2 Poverty rate in Aceh

Peace between the Government of Indonesia and the Free Aceh Movement (GAM) in 2005 and the availability of post-earthquake and tsunami rehabilitation and reconstruction support for Aceh from countries around the world as well as the availability of the Central Government's commitment related to DOKA transfers have caused since 2006, Aceh's poverty rate has decreased significantly. quickly, namely to 15.43% in 2021.

The poverty rate in Aceh Province is an accumulation of poverty rates in districts/cities. For this reason, the Government of Aceh must take a strategic role in supporting districts/cities in poverty alleviation. One of the effective solutions to support the achievement of poverty alleviation targets, in the midst of district/city fiscal limitations is through an incentive mechanism. Incentives will be an attraction for districts/cities and gampong governments to compete in achieving the development targets of the provinces and districts/cities themselves, particularly for poverty alleviation.

Based on the above conditions, an innovative breakthrough is needed through a solution approach and an effective and efficient way to accelerate the achievement of national and regional targets in accordance with the regional development plan documents that have been prepared and ratified.

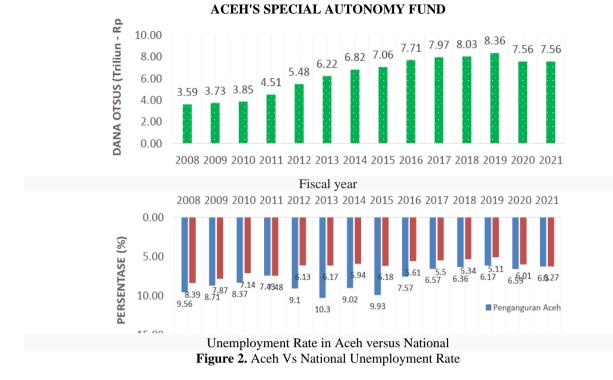


However, Aceh's poverty rate will still be above the national average (9.71%) in 2021. Figure 1 shows Aceh's poverty rate for the period 2000 - 2021.

#### 4.3 Unemployment Rate in Aceh

One of the successes of economic development in Aceh can be calculated by the unemployment rate. The level of welfare is also one indicator of the success of economic development. The population of Aceh which continues to grow every year is followed by an increase in the unemployment rate if there are no jobs available in Aceh. Population growth has apparently not been followed by absorption of labor in Aceh, as a result of increasing unemployment.

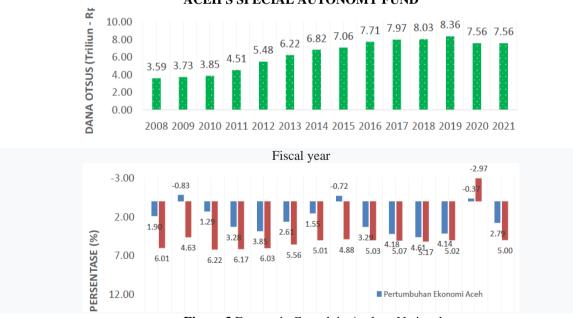
The unemployment rate in Aceh in 2021 is at 6.3%, slightly above the national unemployment rate of 6.27%. There was a significant decrease compared to 2008, namely 9.56%. The unemployment rate in Aceh province compared to the national one from 2008 to 2021 can be seen in Figure 2.



The data above shows that the higher the education, the greater the chance of getting a job. This further reinforces that college graduates are better prepared to compete for jobs. The lower the unemployment rate of college graduates, is an indicator of the success of education. The issue that states the increasing unemployment rate of college graduates sends a disturbing signal to the higher education system.

#### **Economic Growth in Aceh**

Development is carried out to raise the dignity of the people of Aceh and improve aspects of people's lives towards a prosperous and just society. Economic development in Aceh is being carried out to change the social structure, attitudes of the people, minimize inequality, accelerate economic growth, and eradicate poverty. Figure 3.3 shows Aceh's economic growth versus the National.



## ACEH'S SPECIAL AUTONOMY FUND

Figure 3 Economic Growth in Aceh vs National

Economic growth is closely related to the level of welfare of the people of Aceh. Factors that influence development and economic growth in Aceh include Human Resources (HR), Natural Resources (SDA), socio-

cultural society, advances in information technology and capital. Economic growth will be good in Aceh if there is an increase in people's income, more people work than are unemployed, and there are fewer poor people. Apart from these indicators, it can also be seen from the increase in the production of economic goods or services.

Economic growth in Aceh in the period from 2008 to 2021 as Aceh received DOKA, was very volatile. Aceh's economic growth from 2008 to 2015 even though getting DOKA was not very helpful. Aceh's economic growth was very low compared to national economic growth in the period 2008 to 2015, meaning that the result of the prolonged armed conflict plus the earthquake and tsunami really hit Aceh's economic foundations at that time. In fact, between 2005 and 2010 the budget for Aceh was so large that it was managed by the Aceh-Nias Aceh Rehabilitation Agency (BRR) and assistance from foreign countries, foreign institutions/institutions and those managed by NGOs. But still unable to accelerate Aceh's economic growth at that time.

Aceh's economic growth from 2016 to 2019 looks to be improving, with Aceh's economic growth rate being only around 1% compared to national economic growth. Aceh's economic growth fell again during the Covid-19 pandemic, as has also happened in all regions of Indonesia in general.

# **5. CONCLUSION**

Based on the background, problem formulation, theoretical studies and analysis, the following conclusions are drawn:

a. In an effort to encourage the sustainability of DOKA for development financing in Aceh, several things must be done, namely:

1) There must be repentance at the Acehnese elite level so that they no longer play around with DOKA funds. It must be understood that DOKA is a fund that comes from Aceh's blood and suffering in the past as a result of development projects that are not locally sensitive and the implementation of military operations. The accumulation of negative approaches towards the people of Aceh has led to setbacks in many sectors;

2) DOKA which will decrease in 2023 to 1% of DAU-N and will end in 2027. Currently various components of society start from the DPD RI, DPR RI, Aceh DPRD, Aceh Governor, Aceh Wali Nanggroe Institution, Political Parties, Academics, Ulama, Community Leaders, former combatants and the wider community are pushing for the revision of Law No. 11 of 2006 concerning the Government of Aceh so that the revision of the law will be strengthened and continue DOKA with an increase reaching 2.25% of DAU-N;

b. In the remaining time, in an effort to continue development by strengthening the focus on DOKA. Several things must be done to improve the efficiency of DOKA management, as follows:

1) Planning that is more mature and on target, consistent, and complies with the governing regulations. DOKA activities must conform to the respective regional RPJMD;

2) DOKA allocation in the remaining time until 2027 must focus on increasing the non-oil and gas economic sector, especially the agricultural sector in a broad sense (plantation, horticulture, food crops, livestock and fisheries), including the development of downstream industries which will increase the added value of the agricultural sector;

3) Avoid using DOKA for small-scale programs/activities. More focus on priority and strategic programs/activities, not divided according to function and also does not need to be evenly distributed;

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