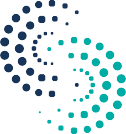
  Indonesia's Ministry of Finance



#### Indonesia's Ministry of Home AffairsIndonesia's Ministry of Home AffairsKNOWLEDGE BRIEF



Special Autonomy Funds:

Policy Shifts and Their Regional Implications

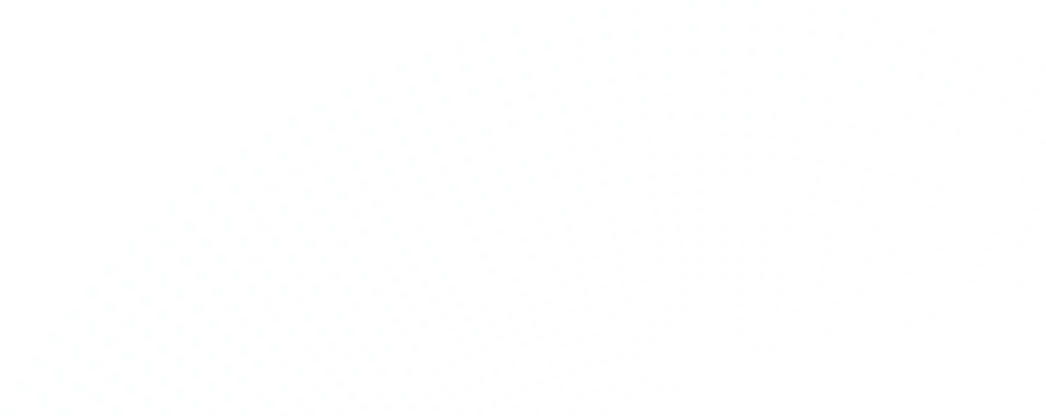
### Objective

This brief is for national and provincial planners, policymakers, and development partners involved with Special Autonomy Funds in Papua and Aceh. It draws from the experience of formulating and applying Minister of Finance Regulation (Peraturan Menteri Keuangan/PMK) Number 33 of 2024 on the Management of Transfer Funds to Regions under the Special Autonomy framework. The regulation is an improvement over PMK Number 76 of 2022 and aims to strengthen Special Autonomy Funds governance to make it more accountable, inclusive, and responsive to the needs of vulnerable groups.

### Context and Rationale

The Special Autonomy Funds (SAF) are a vital element of Indonesia’s fiscal decentralisation framework to drive regional development and support social justice in regions with complex geographic and/or historical context. However, the SAF policy, as set out in Law Number 2/2021 and Government Regulation Number 107/2021 on Receipts, Management, Supervision, and the Master Plan for Accelerated Development in the Context of Implementing Special Autonomy for Papua Province, has faced a number of operational constraints. PMK Number 33/2024 is a response to Government Regulation Number 107/2021 and sets out provisions on planning and budgeting, allocation, disbursement, reporting, and management of an integrated information system for revenues under the SAF.

This policy is implemented differently in Papua and Aceh. In Papua, the focus is on simplified processes and stronger information systems. In Aceh, the focus is on planning, budgeting, distribution, reporting, monitoring, and guidance. Although there are some differences between Aceh and Papua -due to cultural factors- both support the use of SAF to address demands for improved basic services that reflect the needs of vulnerable groups, including women, persons with disabilities, and Indigenous Papuans.



**1**

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**2**

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# Drafting Process of PMK Number 33/2024

The drafting of PMK Number 33/2024 involved collaboration across ministries and institutions. The Ministry of Finance led the process with the Ministry of Home Affairs and the Ministry of National Development Planning (Bappenas), supported by the Ministry of Law and Human Rights and the State Secretariat during the harmonisation and ratification stages. The Provincial Governments of Papua and Aceh, along with the SKALA Program, also provided inputs for consideration. While some input was included in the regulation, other suggestions were not due to efficiency and technical considerations.

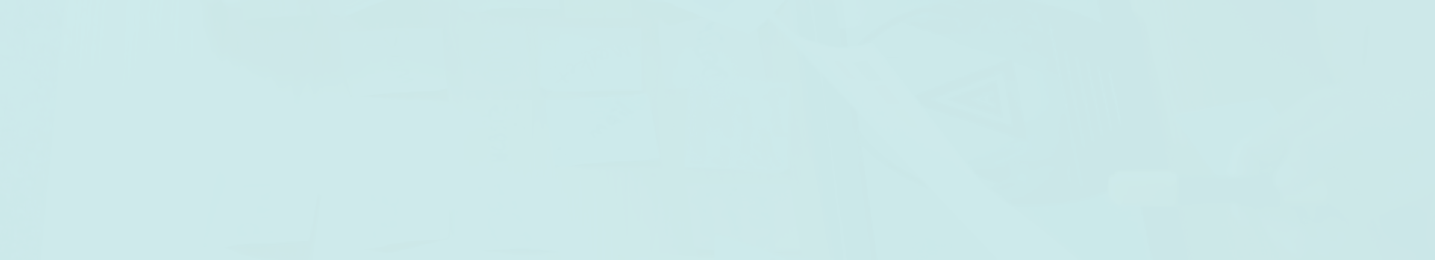
#### Stakeholder Collaboration and Consultation in the Drafting of PMK Number 33/2024

|  |  |  |
| --- | --- | --- |
| Stakeholders | Accommodated Input | Significance |
| Ministry of Finance,  Ministry of Home Affairs and the Ministry of National,  Development Planning,  Aceh Provincial Government,  Papua Provincial Government, | Simplify the number of government budget plans (Rencana Anggaran Pemerintah/RAP) | * More comprehensive regulation content * Synergy between ministries * Ease of implementation |
| Addition of work variables |
| Addition of negative list requirements |
| Sanctions for delays in fund disbursement are eliminated |
| Disbursement deadlines are regulated from provinces to districts/cities (for Aceh). |
| Stage 1 distribution requirements are eliminated |
| Strengthening the role of the Special Autonomy Development Planning Forum (Musrenbang Otsus) |
| Simplify the Special Autonomy RAP |
| Program SKALA | Phased distribution of SAF for Aceh | Ensure commitment to fund disbursement |
| Sanctions for delays of more than 3 days in SAF disbursement to districts/cities | Avoid unused funds |
| Strengthening the negative list for SAF use | Ensure that funds support activities with a direct impact on the community |

*Source: Presentation “Perubahan Kebijakan dan Regulasi di Tingkat Pusat terkait Tata Kelola Dana Otsus.”*

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**3**



Refining PMK Number 33 of 2024:

# Principles and Practice

Improvement of the SAF governance through PMK Number 33 of 2024 is a key step towards intentional and responsive development planning, one that responds to each region’s challenges and needs. SKALA’s support in this process demonstrates how national-local policy alignment, use of regional information systems, promotion of local government participation, and integration of GEDSI principles can bring real implementation in Papua and Aceh.

## Tailored to Local Context

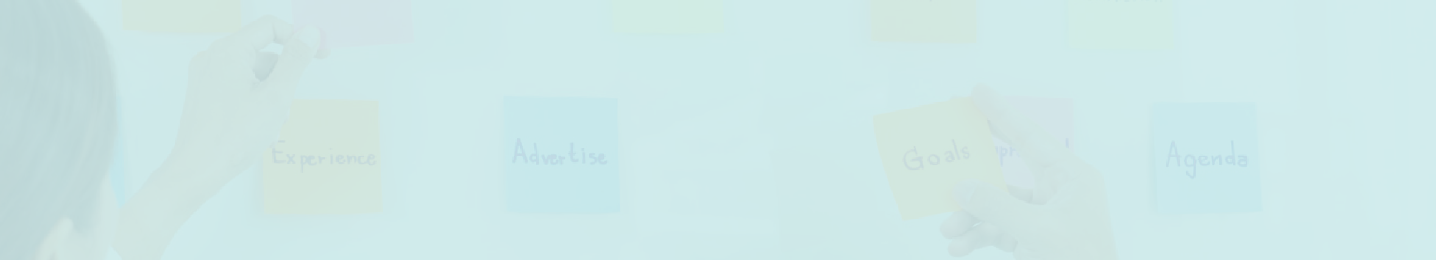
PMK Number 33/2024 affirms the need to move away from uniform policy approaches and instead adapt to each region’s distinct characteristics. In Papua, the foundation for SAF governance has seen major reinforcement, initially under through the revision of the Papua Special Autonomy Law under Law Number 2/2021, along with several implementing regulations, initially under Papua Special Autonomy Law Number 21/2001. This legal change opens space for more operational technical policy. Articles 18 and 23 of PMK Number 33/2024 require that the Government Budget Plans (*Rencana Anggaran Pemerintah/RAP*) in Papua refer to the outcomes of the Special Autonomy Development Planning Forum (Musrenbang Otsus) and be guided by the Papua Development Acceleration Master Plan (RIPPP) and the Papua Development Acceleration Action Plan (RAPPP). These strategic documents need to be integrated into the Medium-Term Regional Development Plans (*Rencana Pembangunan Jangka Menengah Daerah*/ RPJMD) and other official documents. The integration ensures that the use of SAF strengthens the rights and fulfilment of Indigenous Papuans, aligned with local aspirations, medium-term development goals, and annual budgets.

**For SAF governance to be effective, strong policy frameworks**

**and deep local understanding of legal, institutional, and capacity differences across regions must be central.**

## Using Information Systems to Strengthen Governance

##### Effective and accountable SAF governance is possible through the use of information systems.



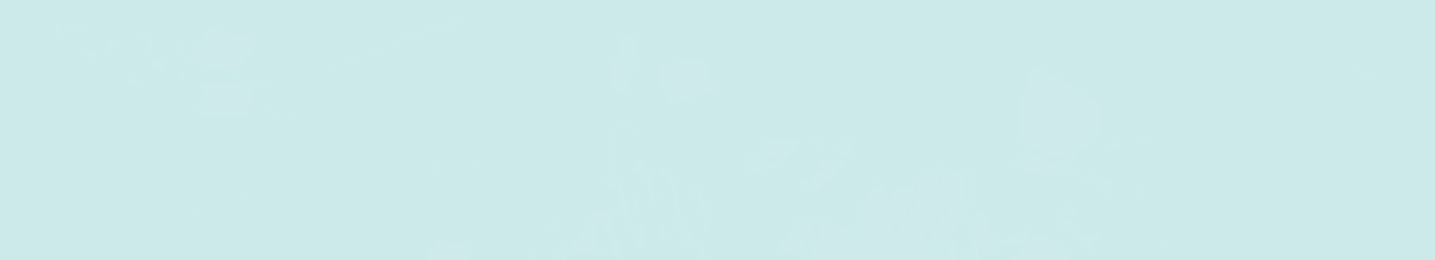
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PMK Number 33/2024 requires the use of an integrated information system at every stage of the SAF management cycle, including planning, budgeting, disbursement, reporting and monitoring. The goal is to ensure traceability, consistency and transparent data across processes and stakeholders. In practice, local governments now use the Special Autonomy Regional Financial Information System (SIKD Otsus) to prepare RAP documents. These documents include activity narratives, budget plans, output indicators and activity locations. However, there are still challenges with technical training, such as difficulty with program logic and ensuring consistent supporting documents, particularly in newly established provinces. Furthermore, interoperability between the SIKD Otsus, the Papua Development Acceleration Information System (SIPPP) and the Regional Government Information System (SIPD) is not yet fully operational. The national government is preparing interoperability measures to streamline workflows across planning, budgeting, reporting and monitoring.

## Increased Local Capacity and Awareness through Dissemination

##### Consistent implementation of the SAF



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**depends on a local understanding of the policy’s content and substance.**

PMK Number 33/2024 introduces several changes, including the Special Autonomy Budget Plan (RAP Otsus), the use of information systems and a focus on vulnerable groups. Dissemination is a key step in ensuring correct application at the local level. In Aceh, the Ministry of Finance, through the Directorate of Specific Transfers, provided outreach and technical assistance to local governments. The focus was on educating local offices about changes to disbursement mechanisms, the negative list and the structure of required documents.

Similar efforts in Papua sought to support local governments in using the RIPPP and RAPPP as a reference for budget preparation. The process faced several challenges. Due to the large number of agencies engaged, dissemination is often limited to online formats, which reduces opportunities for deeper interaction. Most sessions only reach technical- level staff; as a result, senior leadership lacks sufficient understanding of requirements and processes. To address this issue, the national government is preparing digital resources such as manuals and video tutorials to address knowledge and skills gaps. Activities to raise strategic policy awareness at the executive level among local leaders are also under development.

## GEDSI Integration for Tangible Inclusion

##### The inclusion of vulnerable groups is the end goal of strengthened SAF, which goes beyond fiscal efficiency and accountability.



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PMK Number 33/2024 essentially reiterates the mandate set out in Law Number 2/2021, which states that the fund must be used to provide vulnerable groups with basic services such as education, healthcare, and economic empowerment. In Aceh, GEDSI principles have been mainstreamed into the RAP preparation process through training and technical assistance. In Papua, the annual budget planning process already outlines support for Indigenous Papuans, and the national government includes provisions to ensure that RAP documents prioritise programs that improve basic services for priority groups.

However, evaluation results show that most RAP proposals from local governments still focus on administrative spending, such as travel and coordination, which has limited impact on the empowerment of vulnerable groups. In both Aceh and Papua, stronger indicators and information systems that track program impact on target groups are needed to integrate GEDSI into budgeting. Only through this can the vision of inclusion be realised.

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### Key Takeaways for the Effective Implementation of PMK Number 33 of 2024

Several practical lessons come from the drafting process and early implementation of PMK Number 33 of 2024:

###### Synergy and participation as foundation.

Active participation from ministries, local governments and development partner programs such as SKALA, is critical at every stage, from formulation to harmonisation. This fosters a sense of ownership and minimises resistance. Consequently, the regulation gains broad acceptance and is ready for consistent implementation at the local level.

###### RAP as a tool to improve regional planning quality.

The RAP Otsus document serves as both an administrative requirement and a space for institutional learning. In Papua, for example, the obligation to prepare a RAP encourages local governments to improve their planning structures, speed up budget approval and align development forums with medium-term planning. In Aceh, despite greater challenges, local governments are beginning to align budget ceilings and programs with performance criteria.

###### Building understanding at every level, from bottom to top.

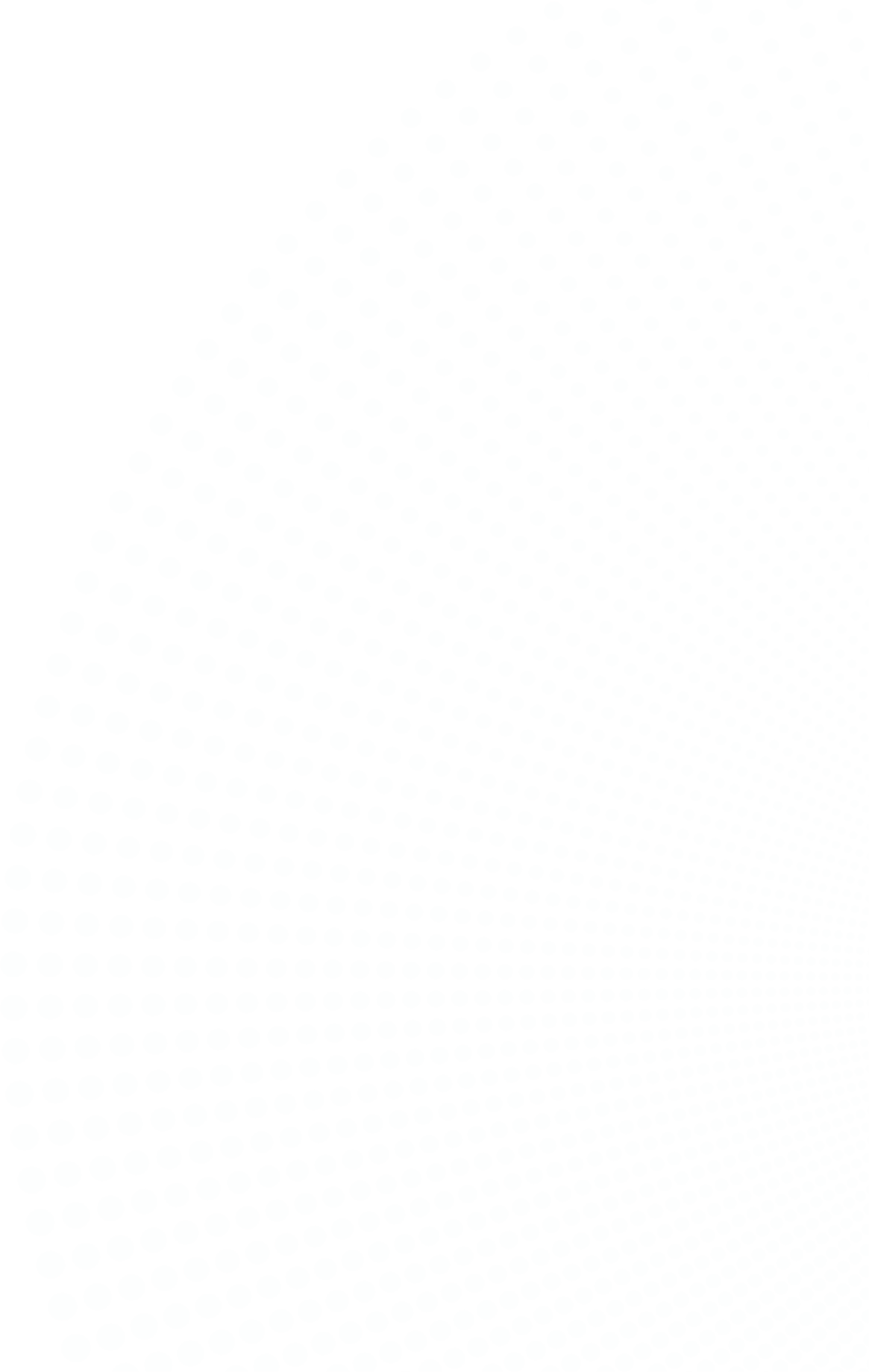
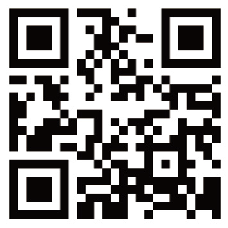
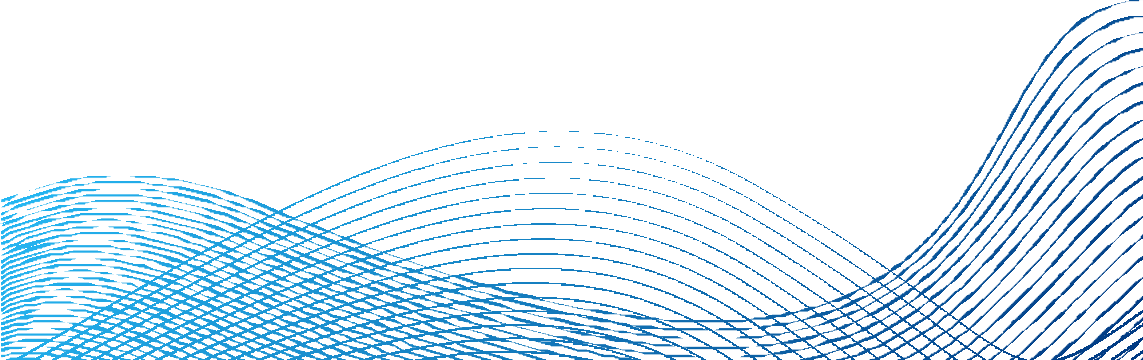
A significant obstacle to the implementation of PMK Number 33 of 2024 is the gap in understanding between technical staff and decision-makers. Most technical workshops target only technical officers, which limits the potential for a broader change in budget direction. Dialogue with regional leaders is necessary to build understanding and strengthen commitment to the policy direction.

###### Systemic support for Indigenous Papuans as part of the GEDSI agenda.

PMK Number 33/2024 affirms support for vulnerable groups through the SAF for basic services. However, implementation remains limited due to a lack of mechanisms that reflect GEDSI issues, particularly those relating to Indigenous Papuans, in planning and budgeting. Responsive planning systems, disaggregated data and consistent technical support are essential to realise this commitment in budgeting practice.

###### System interoperability enables accountability.

PMK Number 33/2024 promotes the use of information systems, such as SIKD Otsus and SIPPP, to ensure transparency and accountability. Continued support to improve system interoperability is necessary to achieve transparent, responsive and accountable governance of the SAF.



**Website SKALA: WA Channel SKALA:**

**IFC Tower 2, Level 17**

**Jl. Jendral Sudirman Kav. 22-23 Jakarta 12920 skala.or.id** [**communications@skala.or.id**](mailto:communications@skala.or.id)