

ALLOCATION WITHOUT NEED: DISTRIBUTING A SPECIAL AUTONOMY TRANSFER ACROSS DISTRICTS

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ABSTRACT

A special autonomy transfer is justified by the distinctive needs of the territory that receives it. Whether the transfer reaches the parts of that territory where need is greatest is a separate question, and one that is answerable from published records. This study tests it for a large subnational special autonomy scheme, using official allocation decisions for two budget years against official district indicators of poverty, child stunting and human development across twenty-three districts and cities. Four findings follow. Allocation is not statistically associated with any need indicator in either year: against poverty the correlation is negative but insignificant, against stunting close to zero, and against the human development index effectively nil. Allocation varies less than need does, with a coefficient of variation of 0.181 against 0.249 for poverty and 0.210 for stunting, so the instrument compresses rather than offsets the differences it addresses. Allocation is almost perfectly persistent between the two years, correlating at 0.967 with a near-uniform reduction averaging 11.7 per cent, which identifies the key as fixed rather than responsive. And the one district characteristic that does predict allocation is forest cover, a proxy for territorial area, at a rank correlation of 0.514. The district with the highest stunting prevalence, 47.9 per cent, ranks twenty-second of twenty-three; the district with the lowest poverty rate and the highest human development index ranks third. A needs index belongs in the statute rather than in an annual administrative decision.

ABSTRAK

Transfer otonomi khusus dibenarkan oleh kebutuhan khas wilayah yang menerimanya. Apakah transfer itu sampai ke bagian wilayah yang kebutuhannya paling besar adalah pertanyaan tersendiri, dan pertanyaan itu dapat dijawab dari dokumen yang terbuka. Kajian ini mengujinya pada satu skema otonomi khusus berskala besar, memakai keputusan alokasi resmi untuk dua tahun anggaran berhadapan dengan indikator resmi kemiskinan, prevalensi stunting, dan pembangunan manusia pada dua puluh tiga kabupaten dan kota. Empat temuan mengikutinya. Alokasi tidak berhubungan secara statistik dengan indikator kebutuhan mana pun pada kedua tahun: terhadap angka kemiskinan korelasinya negatif tetapi tidak bermakna, terhadap stunting mendekati nol, dan terhadap indeks pembangunan manusia praktis nihil. Alokasi bervariasi lebih sempit daripada kebutuhannya, dengan koefisien variasi 0,181 berhadapan dengan 0,249 pada kemiskinan dan 0,210 pada stunting, sehingga instrumennya memampatkan alih-alih mengimbangi perbedaan yang hendak diatasinya. Alokasi nyaris sepenuhnya persisten antartahun, berkorelasi 0,967 dengan pemotongan yang hampir seragam sebesar rata-rata 11,7 persen, yang menunjukkan kuncinya tetap, bukan tanggap. Adapun satu-satunya ciri daerah yang memang memprediksi alokasi adalah tutupan hutan, yang mewakili luas wilayah, dengan korelasi peringkat 0,514. Daerah dengan prevalensi

	stunting tertinggi, 47,9 persen, berada di peringkat dua puluh dua dari dua puluh tiga dalam alokasi; daerah dengan angka kemiskinan terendah dan indeks pembangunan manusia tertinggi berada di peringkat tiga. Indeks kebutuhan sebaiknya diangkat ke dalam undang-undang, bukan ditetapkan melalui keputusan administratif tahunan. Kata kunci: dana otonomi khusus; transfer antarpemerintah; rumus alokasi; penilaian kebutuhan; pemerataan antardaerah
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I. INTRODUCTION

Special autonomy transfers are defended on two grounds. The first is political: a territory with a distinct history, a settled conflict or a recognised difference in status is granted revenues that other territories of the same tier do not receive. The second is developmental: those revenues are expected to close a gap between the territory and the rest of the country. The two grounds are usually stated together, and they carry different implications for how the money should be distributed once it arrives.

If the justification is political, an allocation key that treats every district within the territory similarly is defensible, because the entitlement belongs to the territory as a whole. If the justification is developmental, the key must be sensitive to where within the territory the development gap is largest, because otherwise the instrument cannot do the work its justification claims for it. Which of the two logics governs an existing scheme is an empirical question, and this study answers it for one of the largest such schemes in operation.

The setting is a province receiving a statutory share of the national general allocation grant under a special autonomy provision, distributed onward to twenty-three districts and cities by an annual administrative decision. Two features make it unusually suitable for this test. The onward allocation is published in full at district level for each budget year, so the dependent variable is observed without estimation. And the province's need indicators — poverty headcount, child stunting prevalence and the human development index — are published at the same administrative level by the national statistical agency and the health ministry, so the independent variables come from a separate authority than the one making the allocation.

The province's aggregate position establishes that a development gap exists. Its poverty rate stands at 12.34 per cent against a national figure of 8.07 per cent, the highest of the ten provinces on its island (Badan Pusat Statistik, 2026). Its child stunting prevalence is 28.6 per cent against a national 19.8 per cent (Kementerian Kesehatan, 2024). The transfer has been substantial and sustained: the province received Rp73,326 trillion between 2008 and 2019 alone, with the fund supplying 51.58 per cent of its total budget, and unspent balances of Rp5.58 trillion accumulated between 2013 and 2018 (Badan Akuntabilitas Keuangan Negara DPR RI, 2020).

The question this study asks is narrower than whether the fund has worked. It asks whether the fund is distributed to the places within the province where the measured need is greatest, which is a precondition for it working and a matter of published record rather than of evaluation design.

Three questions organise the analysis. First, is the district allocation associated with district need, on any of the three published indicators, in either of the two budget years for which district-level allocations are available? Second, how does the dispersion of allocation compare with the dispersion of need? Third, if need does not predict allocation, what does?

2. LITERATURE REVIEW

What is known about special autonomy transfers and their results

The evaluative literature on special autonomy arrangements reports disappointing outcomes with unusual consistency. Wijatmoko et al. (2023), examining one district after more than thirteen years of such transfers together with resource revenue sharing, find 109,490 people below the poverty line and the fourth-highest unemployment rate in the province, with roughly half of the allocation going to infrastructure against about seven per cent to economic empowerment. Ali (2019) finds annual increases in the same fund unmatched by growth in the local economy or measurable welfare gains, and identifies five unmet institutional preconditions, all of them specification failures. Prabowo et al. (2020), evaluating a second arrangement, find limited effectiveness after two decades and explicitly challenge the claim that asymmetric decentralisation outperforms symmetric decentralisation.

Lele (2023) supplies the comparative condition under which such arrangements do work, finding through a paired comparison that asymmetric decentralisation succeeded where separatist actors were included in policy design and most promised outcomes were delivered, and failed where participation in design was minimal and outcomes limited. Delivery, in that formulation, is the operative variable, and delivery begins with where the money is sent. Rahmatunnisa et al. (2018) argue for extending asymmetry on functional grounds to regions facing distinctive governance problems; Moisio (2020) documents the contemporary shift of asymmetric arrangements from regional to metropolitan units. Neither literature addresses the intra-territorial allocation question this study takes up.

What is known about the design of allocation keys

The transfer literature establishes that formula design changes recipient behaviour, which makes the choice of key consequential beyond its distributive effect. Lago et al. (2024) find crowding-out of own revenue stronger in developing countries and, critically for present purposes, a crowding-in effect where formulas key on fiscal capacity rather than realised revenue. Bury et al. (2024) compute marginal rates of contribution across five decades of one equalisation scheme and find them high enough to constitute almost full skimming of additional own tax revenue. Buettner and Krause (2021) show a different distortion, in which the deadweight loss from a higher tax rate lowers measured fiscal capacity and thereby raises the transfer received.

Dougherty and Forman (2021) classify equalisation systems into pure revenue equalisation, revenue and cost equalisation, and gap-filling, finding a clear inverse relationship between the size of the cost-equalising component and the change in subnational per-capita revenue disparities, and no significant relationship between equalisation transfers and regional economic convergence. Masaki (2018) and Saptono and Mahmud (2023) find transfers raising rather than depressing local revenue where administrative capacity is the binding constraint, with the second study locating the effect in unconditional rather than earmarked instruments.

Where allocation is discretionary rather than formulaic, the political-economy literature establishes how large the departure from need can become. Gonschorek et al. (2018), across more than four hundred districts, find discretionary grant allocation unexplained by need characteristics and concentrated on districts with weaker executive support in election years. Vasvári and Longauer (2024) measure discretionary premiums of 86.4 and 65.2 per cent associated with political alignment; Kitsos and Proestakis (2021) measure electoral-cycle premiums of about thirteen per cent; Schneider et al. (2022) find alignment effects operating on project budgets rather than on the probability of award. Lewis (2023) judges a recent statutory overhaul of the wider decentralisation framework unlikely to improve distributional equity of transfers.

Two further studies bear on the domestic setting. Chalil (2020) finds spatial interaction among municipal fiscal decisions, meaning that a district's allocation and spending are not independent of its neighbours'. Vidyattama et al. (2022) identify local government capacity, bargaining and political factors as determinants of budget delay, which is the administrative channel through which an allocation decision becomes or fails to become expenditure.

What is known about targeting need

The targeting literature is the closest methodological analogue to the present question, because it asks whether a transfer reaches those who need it, and it has developed instruments for answering that question at scale.

Devereux et al. (2017), reviewing the targeting effectiveness of social transfers, establish that targeting error is the norm rather than the exception and that method choice materially changes who is reached. Brown et al. (2018), testing econometric targeting across African datasets, find proxy means tests performing poorly in identifying the poorest. Bah et al. (2019) separate finding the poor from measuring their poverty and show that the two problems have different solutions. Premand and Schnitzer (2021) compare targeting methods experimentally on efficiency, legitimacy and impact and find the three criteria pointing in different directions; Schnitzer and Stoeffler (2024), across nine programmes, find performance varying with programme design rather than with method alone.

Two studies address the specific hazard of allocating through a local intermediary. Alatas et al. (2019) test whether elite capture distorts community-based targeting and find the distortion

smaller than expected but concentrated among the connected. Basurto et al. (2020) find local chiefs allocating subsidies with information advantages that improve efficiency and distributional biases that offset them. Smythe and Blumenstock (2022) demonstrate that geographic microtargeting with high-resolution poverty maps substantially outperforms coarse administrative allocation — which is directly relevant here, because a district-level key is exactly the coarse administrative instrument they benchmark against.

Hanna and Olken (2018) frame the underlying trade-off between universal and targeted transfers in developing countries, and Cahyadi et al. (2020) show that cumulative exposure to a conditional transfer produces effects that a single-year assessment misses. Sumarto (2021) documents the social consequences when a transfer's allocation is perceived as arbitrary, finding welfare policy generating conflict where selection was not understood. That finding matters for a special autonomy fund, whose political justification rests on a settlement that arbitrary distribution could unsettle.

Need indicators and what they measure

Indra and Khoirunurrofik (2022), using fixed effects across 473 districts covering 74,958 villages, find each additional one million rupiah per capita of village funding lowering district stunting prevalence by 1.96 points, with the effect holding outside the most developed island and insignificant on it, and with administrative staffing rather than leadership education carrying the effect. The study establishes that stunting responds to fiscal transfer at district scale, which is what makes it a legitimate allocation criterion rather than merely a descriptive statistic.

Alfons et al. (2024) examine government expenditure, the human development index and regional inequality and find the relationship conditional rather than automatic. Anwar (2018) and Hendajany et al. (2017) apply convergence methods to Indonesian district data and find convergence weak or absent on human capital measures. Amalia and Fitriyanto (2022) find regional disparity persisting in newly created autonomous regions. Together these establish that within-province divergence is the expected condition, not an anomaly, and therefore that an allocation key indifferent to it will not correct it.

Aragon and Winkler (2023) and Corral et al. (2019) supply the resource-windfall comparison. The first finds long-term effects of a resource-based fiscal windfall that dissipate once the windfall ends; the second finds windfall spending raising local outcomes only where administrative capacity permitted conversion. Both suggest that the level of transfer matters less than its allocation and absorption, which is the proposition this study tests on the allocation side.

RESEARCH GAP

Two gaps follow. The first is that no study within the reviewed literature tests whether a special autonomy transfer is distributed within its recipient territory in proportion to measured need,

although the data required are published and the test is elementary. The evaluative studies assess outcomes at provincial level; the targeting studies assess household-level instruments; nothing occupies the intermediate level at which the allocation decision is actually made.

The second is that the allocation key itself has not been characterised. Where a key is set by annual administrative decision rather than by statute, its implicit weights can be recovered by regressing allocation on candidate district characteristics. That exercise has not been performed, so the province's own distributional logic is undocumented even to those subject to it.

3. METHOD

Design

The study is a cross-sectional analysis of published allocation decisions against published need indicators, at the level of the twenty-three districts and cities of one province, for two budget years. It makes no causal claim. Its object is descriptive and diagnostic: to establish whether the observed allocation pattern is consistent with a needs-based logic, and if not, what pattern it is consistent with.

Data

The dependent variable is the district allocation of the special autonomy fund, taken from the provincial governor's annual allocation decision for 2024 and from the presidential regulation governing transfers to regions for 2026. The independent variables are the district poverty headcount rate for 2025 and the district human development index for 2025, both published by the provincial office of the national statistical agency, and district child stunting prevalence for 2022 and 2024, published by the health ministry from the national nutritional status survey. District forest cover for 2023, published by the same statistical agency, enters as a proxy for territorial area. All series are administrative or survey records published by authorities independent of the allocating decision, and none was reconstructed or estimated by the author.

Analysis

Three procedures were applied. Pearson and Spearman correlations were computed between allocation and each need indicator for each allocation year, with Spearman reported alongside Pearson because allocation is bounded below and the small sample makes rank-based inference the more conservative test. Coefficients of variation were computed for allocation and for each need indicator, to establish whether the instrument varies more or less than the problem. And allocation in the two years was correlated with itself to establish whether the key is responsive or fixed.

Three limitations follow from the design and are stated here. The sample is twenty-three units, so only large associations would reach conventional significance; the absence of a significant association is therefore evidence that any needs-responsiveness is at most modest rather than proof

that it is zero. Allocation is analysed in levels rather than per capita, because district population is not part of the published allocation record; the per-capita dimension is addressed separately below using the province's own regional aggregates. And a needs-based key might legitimately incorporate criteria other than the three tested, such as fiscal capacity or unit cost of service delivery, which are not published at this level.

4. RESULTS AND DISCUSSION

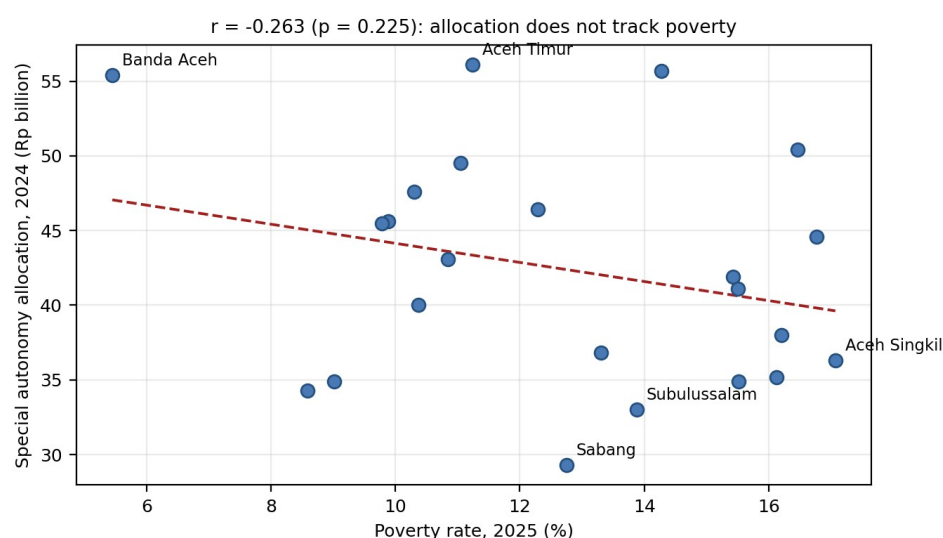


Figure 1. District allocation against district poverty rate, twenty-three districts

Finding one: allocation is unrelated to measured need

For the 2024 allocation, the correlation with the district poverty rate is -0.263 with a p value of 0.225 , and the rank correlation is -0.143 with a p value of 0.516 . Against stunting prevalence for 2022 the correlation is -0.089 with a p value of 0.687 . Against the human development index it is $+0.067$ with a p value of 0.762 . None approaches conventional significance, and the point estimates are in any case small enough that even a significant result would describe a weak relationship.

The 2026 allocation, decided two years later under a substantially reduced envelope, reproduces the pattern. Against poverty the correlation is -0.148 with a p value of 0.499 ; against stunting prevalence for 2024 it is $+0.279$ with a p value of 0.209 , the positive sign indicating, if anything, slightly more money where stunting is lower; against the human development index it is -0.010 . Two independent allocation decisions, made under different fiscal conditions, produce the same null result.

Table 1. Association between district allocation and district need indicators

Need indicator	Allocation year	Pearson r	p	Spearman ρ	p
Poverty rate 2025	2024	-0.263	0.225	-0.143	0.516

Stunting prevalence 2022	2024	-0.089	0.687	-0.087	0.693
Human development index 2025	2024	+0.067	0.762	+0.003	0.988
Poverty rate 2025	2026	-0.148	0.499	-0.096	0.664
Stunting prevalence 2024	2026	+0.279	0.209	+0.323	0.143
Human development index 2025	2026	-0.010	0.963	-0.076	0.730
Forest cover 2023 (area proxy)	2024	+0.421	0.058	+0.514	0.017

Note. Computed by the author from official allocation records and published district indicators. $n = 23$ for all rows except stunting 2024 and forest cover, where $n = 22$ and $n = 21$ respectively because two cities report no forest cover and one district is not separately listed in the 2024 nutritional survey table.

The individual cases sharpen what the coefficients state in aggregate. The city with the lowest poverty rate in the province, at 5.45 per cent, and the highest human development index, at 89.55 against a provincial mean of 75.98, ranks third of twenty-three in allocation. The district with the highest stunting prevalence recorded in 2022, at 47.9 per cent — nearly two and a half times the lowest — ranks twenty-second. The district with the highest poverty rate, at 17.07 per cent, ranks seventeenth. Of the five poorest districts, none appears in the top three by allocation and two appear in the bottom half.

Finding two: the instrument varies less than the problem

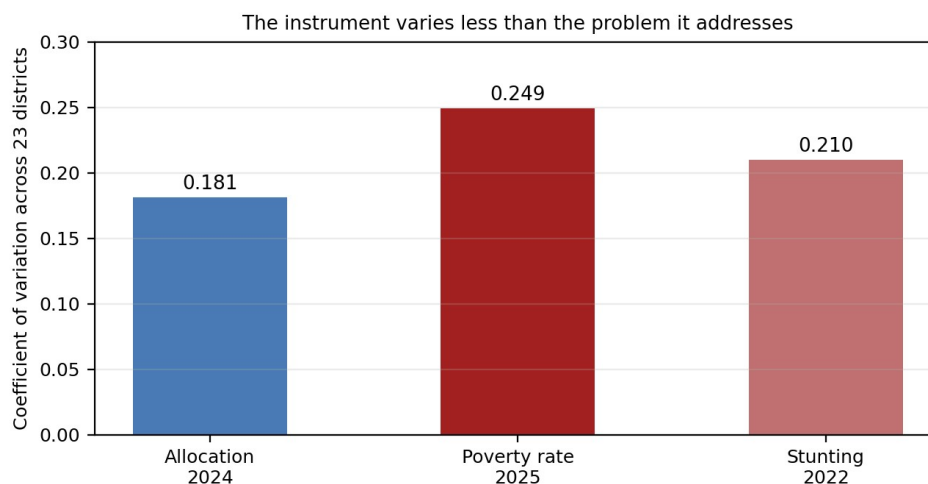


Figure 2. Dispersion of allocation compared with dispersion of need

Allocation across the twenty-three units ranges from Rp29.3 billion to Rp56.1 billion, a ratio of 1.91 and a coefficient of variation of 0.181. The poverty rate ranges from 5.45 to 17.07 per cent, a ratio of 3.13 and a coefficient of variation of 0.249. Stunting prevalence for 2022 ranges from 19.9 to 47.9 per cent, a ratio of 2.41 and a coefficient of variation of 0.210.

The comparison is the substantive core of this study. Even an allocation key perfectly correlated with need would fail to offset the need differential if its own dispersion were narrower, because the additional resource reaching a high-need district would be proportionally smaller than the additional burden that district carries. Here the key is both uncorrelated with need and less dispersed than need, which means it neither targets nor compensates.

This is what Dougherty and Forman (2021) predict for a scheme with a weak cost-equalising component, and it is the pattern Smythe and Blumenstock (2022) identify as the characteristic weakness of coarse administrative allocation relative to targeted geographic instruments. The remedy they demonstrate — higher-resolution allocation using published poverty surfaces — is available here, since the province publishes poverty at district level and the national agency publishes it at finer resolution still.

Finding three: the key is fixed, not responsive

Allocations in the two years correlate at 0.967 by Pearson and 0.964 by Spearman. The change between them averages -11.7 per cent with a standard deviation of only 4.7 percentage points, ranging from -2.6 to -18.6 per cent. In other words, when the envelope contracted, almost every district was reduced by close to the same proportion, and the ordering of recipients was preserved almost exactly.

This is the signature of a fixed distribution key rather than an annual needs assessment. It is not in itself objectionable — predictability has real value for planning, and Vidyattama et al. (2022) show that budget delay is itself a capacity problem that unpredictable allocation would worsen. But it settles an interpretive question. The absence of correlation with need in any single year is not noise or a one-off administrative accident; it is a stable property of a key that has been carried forward, and it will persist for as long as the key does.

It also means that the reduction in the envelope, examined below in its own right, was distributed without reference to which districts could least absorb it. A district whose stunting prevalence is twenty points above the provincial mean lost approximately the same proportion of its allocation as a city whose human development index is thirteen points above it.

Finding four: what does predict allocation is area

Of the district characteristics available in published form, the one that predicts allocation is forest cover, correlating at +0.421 by Pearson with a p value of 0.058 and at +0.514 by Spearman with a p value of 0.017. Forest cover is not plausibly a criterion in its own right; it is a proxy for territorial area, since the four districts with the largest cover are the four largest by land area and the two units reporting no cover are the two smallest cities.

The inference is that the key rewards extent. That is a coherent basis for a transfer if the purpose is to fund territorial administration, where cost per resident rises with dispersion. It is not a basis for

a transfer whose stated purpose is to close a development gap, because area and need are different quantities, and in this province they are close to orthogonal: forest cover correlates with the poverty rate at -0.054 , which is indistinguishable from zero.

Read together with the finding on dispersion, this suggests the fund operates as a territorial entitlement administered through a stable areal key rather than as a developmental instrument. That characterisation is consistent with the political justification for special autonomy and inconsistent with the developmental one, and the two justifications are advanced together in the governing statute.

Finding five: per capita, the pattern inverts

Level allocation and per-capita allocation tell different stories, and the province's own regional aggregates make the difference visible. Grouped into three analytical regions, the eastern and northern coast receives Rp44.7 billion per district on average, the western and southern coast Rp40.3 billion and the central highlands Rp43.6 billion — a spread of only Rp1.1 billion. Per resident, the same allocations are Rp139 thousand, Rp288 thousand and Rp255 thousand respectively, a ratio of 2.07 between the highest and the lowest.

The per-capita ordering is the reverse of what the level ordering suggests, and it favours the two regions with the smaller populations. Whether that is defensible depends on the criterion. If the criterion is need, it is difficult to sustain: the region receiving least per resident has a poverty rate of 12.10 per cent and stunting of 29.81 per cent, both below the highland region's 13.76 and 35.08 per cent, but the eastern and northern coast contains the districts with the largest absolute numbers of poor residents, and a transfer allocated per district rather than per resident systematically under-serves them.

The province's own regional summary reports a highland disadvantage of 1.66 percentage points on poverty, 5.27 points on stunting and 0.93 points on the human development index, alongside per-capita expenditure Rp234 thousand below the leading region. Those are the differentials a developmental allocation key would be designed to close. The observed key varies by 2.5 per cent across the three regions in level terms.

What follows for design

Three implications follow. First, the criterion should be stated. At present the distribution is set by an annual gubernatorial decision whose weights are not published, which means neither recipients nor legislators can establish what the key is intended to reward. Publishing the weights would permit the test performed here to be conducted internally and continuously rather than externally and once.

Second, if a developmental purpose is intended, a needs index should be constructed from the indicators already published at district level and given statutory rather than administrative

standing. The components exist: poverty headcount, stunting prevalence, human development index, and a service-cost adjustment reflecting dispersion and area. Indra and Khoirunurrofik (2022) establish that stunting responds to per-capita fiscal transfer at district scale, which supplies the evidentiary basis for including it. Elevating the index to statute would also address what Ali (2019) identifies as the governing weakness of the scheme, namely that its distributional principles were never specified in the instrument that created it.

Third, per-capita rather than per-district allocation should be the default, with an explicit and separately justified area component rather than an implicit one. The present arrangement contains an areal weighting that nobody has defended in public, because nobody has identified it.

A caution is in order about what these findings do not establish. They do not show that the fund has failed, that particular districts have been favoured deliberately, or that a needs-based key would have produced better outcomes. The absorption and conversion stages lie between allocation and result, and Aragon and Winkler (2023) and Corral et al. (2019) both find windfall effects conditional on administrative capacity. What the findings establish is narrower and prior: the allocation stage is not doing developmental work, so any developmental effect the fund has must be produced despite the key rather than because of it.

Limitations

Four limits bound the results. The unit count of twenty-three restricts statistical power, so weak needs-responsiveness cannot be excluded. Allocation is analysed in levels because population is not part of the allocation record, and the per-capita analysis therefore relies on the province's own regional aggregation rather than on district-level computation. The need indicators are drawn from different reference years, which is unavoidable given publication schedules but means the tests are not strictly contemporaneous. And criteria that a defensible key might legitimately include, such as fiscal capacity or unit service cost, are not published at this level and could not be tested.

5. CONCLUSION

A special autonomy fund distributed across twenty-three districts shows no statistical association with district poverty, child stunting or human development, in either of the two budget years for which district allocations are published. It varies less than the need it addresses, with a coefficient of variation of 0.181 against 0.249 for poverty. It is almost perfectly persistent between years, correlating at 0.967 with a near-uniform proportional reduction. And the district characteristic that does predict it is territorial extent.

Taken together these describe a territorial entitlement administered through a stable areal key, not a developmental instrument responsive to where development is weakest. The characterisation is not a criticism of anyone's conduct. An annual administrative decision that carries forward a

previous key is the ordinary behaviour of an administration operating without a statutory allocation principle, and the governing statute supplies none.

The remedy is correspondingly specific. The indicators required to construct a needs index are already published at the necessary resolution by authorities independent of the allocating government. What is missing is a statutory instruction to use them, and a requirement to publish the weights so that the test performed here can be run every year by the people the allocation is meant to serve.

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Author contributions (CRediT)

Ludwina Harahap: conceptualisation; methodology; formal analysis; writing - original draft; writing - review and editing.

Conflict of interest

The authors declare that they have no competing interests.

Data availability

All data supporting the findings of this study are available within the article and from the publicly accessible sources cited therein.

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Declaration on the use of artificial intelligence

In accordance with COPE, ICMJE and WAME positions, and with the RCP AI Use Declaration requirement, the authors disclose that generative artificial intelligence tools were used in preparing this manuscript, specifically to assist with literature identification, synthesis of the reviewed sources, and language editing of the draft. Artificial intelligence was not used to generate data, results or citations. Every reference in this article was verified by the authors against the publisher's own record, a digital object identifier record or an indexing database record before inclusion, and sources whose bibliographic details or indexing status could not be confirmed were excluded. No artificial intelligence tool is listed as an author. The authors take full responsibility for the accuracy, integrity and originality of the entire content of this article.

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