DECENTRALIZATION AND WELFARE: EVALUATING THE ECONOMIC PERFORMANCE POST-TERRITORIAL DIVISION IN BOVEN DIGOEL REGENCY, PAPUA PROVINCE, INDONESIA

Hengki Yaluwo [1], Alexander Phuk Tjilen [2], Beatus Tambaip [3], Fransin Kontu [4]

1,2,3, 4, Program Studi Administrasi Publik Program Magister, Fakultas Ilmu Sosial Dan Ilmu Politik. Universitas Musamus, Indonesia

~~~~~~

ABSTRACT

This study assesses the economic performance of Boven Digoel following its territorial expansion and the application of local autonomy policies. The methodological approach involves the analysis of secondary data from diverse sources, including governmental reports, regional economic figures, and pertinent scholarly works. Key indicators such as economic growth and poverty levels are scrutinized. Findings indicate that from 2017 to 2022, Boven Digoel Regency has an average Economic Capacity Index of 1.47. This can be attributed to the prevalent influence of the agricultural sector and the lagging development of other sectors closely tied to community endeavors, like trade. Post-expansion, Boven Digoel has exhibited minimal economic growth in contrast to its progenitor region, contributing insignificantly to the overall GDP. This suggests that regional divisions within Indonesia do not guarantee the emergence of new regions at par with their predecessors. From 2012 to 2022, the average poverty rate in Boven Digoel was 20.45%, lower than in comparison areas but still higher than in the originating region. Notably, poverty rates in Boven Digoel Regency have shown a decline.

KEYWORDS: Regional Expansion, Economic Growth, Performance Evaluation, Impact Assessment of Regional Expansion, Community Welfare, Economic Performance.

INTRODUCTION

Regional autonomy in Indonesia is founded on the principles set out in Law Number 23 of 2014 concerning Regional Government. This framework of autonomy grants local governments the authority to manage their territories with the objective of enhancing the well-being of the

CORRESPONDING AUTHOR:	RESEARCH ARTICLE
Alexander Phuk Tjilen Faculty of Social and Political Science, Musamus University Merauke, Indonesia Email: alexander@unmus.ac.id	

17

community across social, economic, and political dimensions. The aim of regional devolution is akin to that of a perfectly competitive economy where local authorities have the power to keep tax rates low, deliver efficient services, and allow every individual in the community to express their preferences for various public services offered at different government levels by choosing their place of residence (Connolly et al., 2023).

In PP No. 129/2000 it is also stated that regional expansion aims to improve community welfare through: (1) improving services to the community, (2) accelerating the growth of democratic life, (3) accelerating the implementation of regional economic development, (4) increasing security and order, as well as (5) increasing harmonious relations between the Center and the Regions. Regional autonomy is expected to be able to bring government bureaucratic service functions closer to the people through good public services in order to accelerate the realization of community welfare(Trisakti & Djajasinga, 2021).

Therefore, regional expansion is often used as an excuse to improve the performance of regional governments in an effort to improve community welfare. Boven Digoel Regency, which is an area resulting from the expansion of Merauke Regency, has similar reasons. Inadequate public services and uneven economic development caused Boven Digoel Regency to decide to separate from Mereauke Regency.

Regional autonomy in Indonesia is based on the principles stated in Law Number 23 of 2014 concerning Regional Government. The existence of Regional Autonomy gives regional governments the authority to manage their own regions to improve the welfare of the community in various aspects, both social, economic and political.(Elia et al., 2020).

Another reason for the expansion of the district is the aspirations of the people to advance their region in the economic sector, that as a new autonomous region the region will have its own authority to manage the government in order to accelerate the development process in the region that will be expanded in accordance with being given the authority to set policies and carry out management. resources in the region(Li et al., 2021).

Economic improvement is the impact of public services such as education, health, infrastructure and licensing as a manifestation of the vision of regional government. It is also responsible for meeting the needs of the community in its region in developing the regional economy, as well as maintaining order and security in the local environment.(Tjilen & Rediani, 2023.)

The positive impacts obtained from regional expansion are (1) improving public services: With the expansion of districts/cities, the government can focus more on public services in smaller areas, so as to improve the quality of public services to the community; (2) Accelerate the development of existing resources so that development can be realized more quickly and can be optimized more effectively; and (3) encouraging community participation to be involved in decision making and regional development, by creating smaller regions, people in new regions can more easily be involved in development(I. Phoek et al., 2024). Meanwhile, the negative impacts of the expansion of a region include increasing the budget burden, and the emergence of unhealthy competition between regions due to inappropriate regional division.(SILALAHI, 2022).

18

Vol-5, Issue-04, April 2024 ISSN (E): 2583-1348
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

The results of an evaluation study of the impact of regional expansion by the National Development Planning Agency (Bappenas) in collaboration with the United Nations Development Program (UNDP) stated that the new expansion area was apparently not in better condition than the parent area. This Bappenas and UNDP study was overall carried out in 6 provinces and 72 districts/cities, including 10 parent districts, 10 new autonomous regional districts and 6 control districts.

The condition of public services which is the reason for the realization of expansion also does not show an ideal situation. The existence of a discrepancy between the objectives of expansion and the facts occurring in the field is something that must be questioned and investigated further.

This research aims to evaluate the impact of regional expansion on economic performance in Boven Digoel Regency. Apart from that, this research also aims to analyze the success of the expansion of Boven Digoel Regency by comparing the performance of Boven Digoel Regency with the performance of Mappi Regency as a comparison district which is an expansion area of Merauke Regency.

THEORETICAL FRAMEWORK AND HYPOTHESIS FORMULATION

Regional expansion is always accompanied by community hopes for increased welfare. Decentralization plays an important role in supporting regional government efficiency and improving public services, as well as strengthening relations between society and government through a bureaucracy that is closer to local needs.

According to the view of fiscal federation theory, decentralization can give rise to allocation advantages in the provision of public goods and can encourage economic growth in the regions, although decentralization cannot directly impact economic growth. Fiscal federation theory is a theory that is often used to explain the relationship between decentralization and the provision of public services and economic growth (I. Phoek et al., 2024).
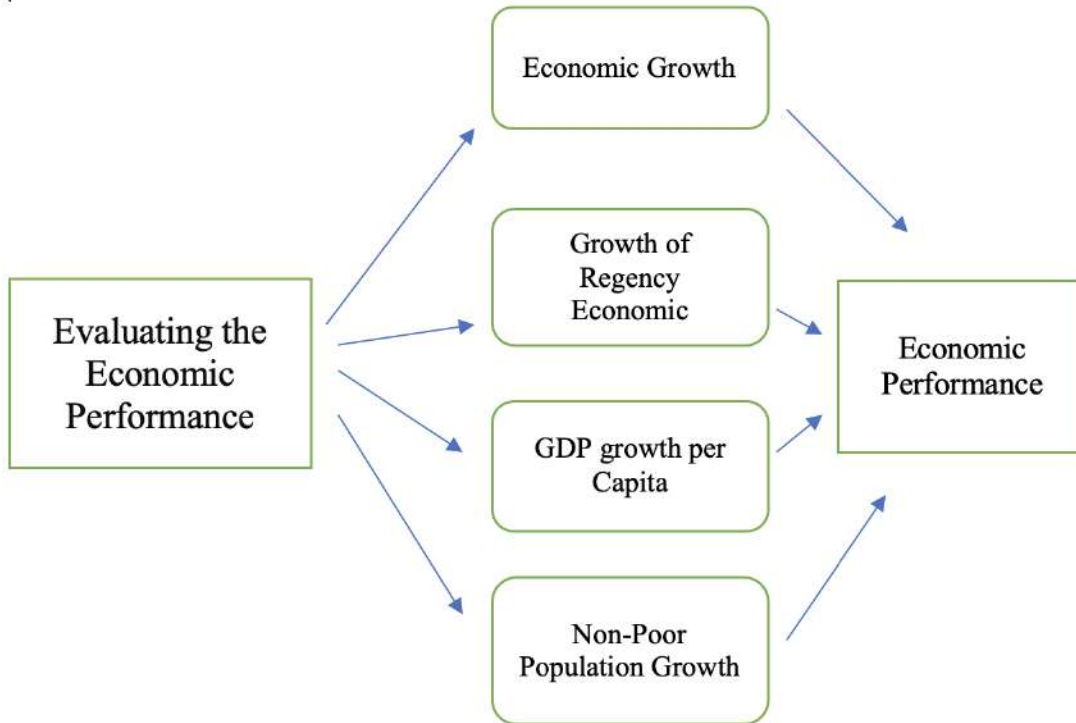
With decentralization, the decision-making process in providing local public goods and services will be more efficient because local governments have better knowledge of their communities than the central government. This will create allocation advantages, especially in the allocation of public goods whose value is very large and cannot be provided by the private sector (Tambaip et al., 2023).

When goods and services are highly mobile, competition among regional governments acts as a key incentive for efficient public service provision, which can spur economic growth. Conversely, if local regulations and services fail to meet market and societal needs, it can drive the factors of production away, adversely affecting economic growth and local welfare.(Ririhena et al., 2023).

In general, regional expansion raises hopes for change for the better, especially in terms of public services, economic growth, and other things that have an impact on the level of community welfare. The realization of a prosperous society is very dependent on the government's efforts to implement and realize the welfare of society itself (ICA Phoek et al., 2022). Therefore, regional performance after expansion needs to be studied to see the extent to which regional expansion has

19

Vol-5, Issue-04, April 2024 ISSN (E): 2583-1348
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

an impact on community welfare, especially on the regional economy. Economic performance can be seen from the index value calculated every year after the area is expanded.

The analysis framework of thought can be explained in figure 1 as bellow :

RESEARCH METHODS

      The analytical method used in this research is the treatment control evaluation method by comparing the parent district (Merauke Regency), focus district (Boven Diogoel Regency) and control district (Mappi Regency) using indexation. The indexation method is used to compare the performance of the new autonomous region with the parent region in the period after expansion (Rad et al., 2020). In order to see regional economic performance and public service performance in Boven Digoel Regency, an index value is used which is a weighted average of variables that reflect regional economic performance and public service performance.

      The variables used in calculating the economic performance index are economic growth, GDP growth per capita, the ratio of District City GDP to Provincial GDP and the poverty rate. In compiling index values, all variables must fulfill the principle of consistency. This means that each variable must have the same direction in determining the results. In addition, each variable must be standardized to eliminate the unit impact of each variable.

      All data used in this research is secondary data obtained from the Boven Digoel Regency Central Statistics Agency, the National Development Planning Agency and related agencies.

      The research location is Boven Digoel Regency, part of four districts in the New Autonomous Region (DOB) of South Papua Province, which was previously part of Merauke Regency which was expanded at the same time as Mappi Regency and Asmat Regency. Established

20

Vol-5, Issue-04, April 2024 **ISSN (E): 2583-1348**
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

in 2002 based on Law Number 26 of 2002. With an area of 27,108.29 km², this district directly borders Papua New Guinea to the east, Merauke Regency to the south, Bintang Mountains Regency and Yahukimo Regency to the north, and Mappi Regency to the west.

Selecting a research site is crucial to grasp how population changes affect local governance and development policies, particularly under regional autonomy and expansion. This study examines the economic effects of regional expansion, including fiscal matters, concentrating on the economic outcomes of new autonomous regions' establishment.

The research focus is analyzed using economic growth indicators as described. Next, each analysis focus has assessment indicators: Economic Growth; Growth of Regency Economic Contribution to the Province; GDP growth per capita; Non-Poor Population Growth.

Regional Economic Performance Index (IKE)

For this reason, so that regional economic development is generally known, a Regional Economic Performance Index (IKE) was created. Economic performance measures the improvement in regional economic conditions after expansion, referring to PP no. 129 of 2000 and PP 78 of 2007, economic capacity is measured by the growth of GDP indicators per capita, economic growth and the contribution of GRDP to total GRDP, which in principle is the average of the four indicators above. For district i in year t, this index is formally formulated as follows:

$$IKE_{it} = \frac{(PNMK_{it} + PPK_{it} + RPK\_PP_{it} + AK_{it})}{4}$$

Where:

Non-oil and gas GRDP growth at constant prices in 2000 (PNMK)

According to PP no. 78 of 2007, the method for calculating this indicator is the value of the non-oil and gas GRDP on the basis of constant prices in the t-th year minus the value of non-oil and gas GRDP on the basis of constant prices in the t-1 year divided by the value of the non-oil and gas GRDP on the basis of constant prices in the t-1 year multiplied.

Growth of non-oil and gas GDP per capita at constant prices in 2000 (PPK)

GDP per capita is the GDP value divided by the number of residents in an area. This indicator reflects the growth in the level of social welfare in the area concerned.

Growth of district GRDP contribution to provincial GRDP (KPK_PP)

The non-oil and gas GRDP contribution is the value of the district's non-oil and gas GRDP based on constant prices in a region divided by the province's non-oil and gas GRDP based on constant prices multiplied by 100. This indicator looks at how much the level of economic development in one region is compared to other regions in a province. The greater its role is correlated with improvements in economic performance.

Growth in the ratio of non-poor population to total population (AK)

Economic development should reduce the level of poverty which is measured using the growth of the non-poor population. Considering that this indicator is counter to welfare, in this study the calculation uses growth and reduction in poverty levels. The percentage of the non-poor population is 100% of the population minus the percentage of the poverty rate.

The sample selection method was determined in stages for the new expansion areas in Papua Province which were expanded based on Law Number 26 of 2002.

The research area is Boven Digoel Regency which experienced regional expansion from district to new district.

Determination of the control area sample is based on the proximity of geographical conditions and population conditions of the Regency. This is intended so that the comparison areas are areas that have similar conditions to Boven Digoel Regency, and The control area is a district that originates from Papua Province so that it has similarities in terms of customs, culture, fiscal treatment from the Central Government, as well as the existence of special autonomous authority.

RESEARCH RESULTS AND DISCUSSION

The success of the expansion of a region can be seen from the extent to which the new autonomous region is able to match or follow the performance of its parent region. If the performance of the new autonomous region is better than the performance of the parent region, then regional expansion can be said to be successful in creating a new autonomous region that is equal. This means that the new autonomous region resulting from expansion is able to stand parallel to the parent region as an independent region.

In this research, regional performance is measured using index values. The results of the index calculation describe economic performance and regional public service performance. The higher the index value, the better the government's performance in that area.

Regional Economic Performance

Elevating economic conditions to bolster community welfare and development in the economic sector is a key goal of regional autonomy. Since its establishment as an autonomous region in 2008, Boven Digoel Regency has undergone various economic changes. The following discussion will delve into the specific trends and shifts in the economic performance of Boven Digoel Regency, analyzing the period before and after the implementation of the expansion policy.

Economic growth

Economic growth is a reflection of the development of economic activity that occurs in an area. The higher the economic growth of a region, the more advanced the region will be and the more jobs will be created which will ultimately have an impact on the welfare of the community.

Ratio of GRDP to GRDP of the Province

The economic role of a region in the regional economy is a reflection of regional economic performance in contributing to the surrounding area. The greater the contribution value, the greater the economic activity in the area which will ultimately affect the welfare of the community.

22

The district's share of provincial GRDP is the ratio of its GRDP to the total for all districts/cities within the province, indicating its economic relevance. GRDP reflects the total value from all regional economic activities, hinging on resources, factors of production, and management, thus also showing a district's resource management prowess.
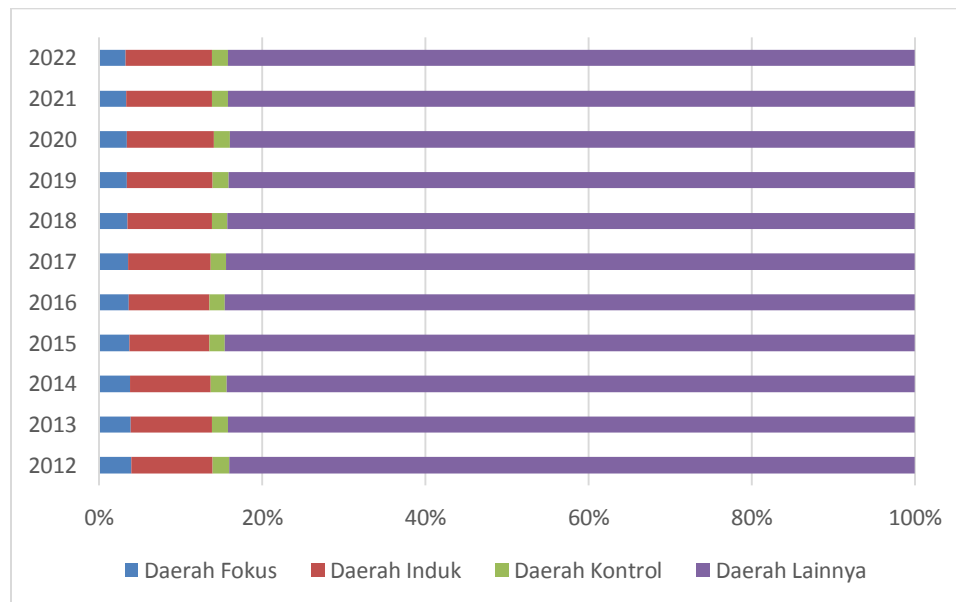
Table 1. Regency GRDP Contribution to Provincial GRDP 2012-2022

Region/Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Focus Area	3.93	3.85	3.77	3.69	3.61	3.56	3.48	3.36	3.35	3.28	3.21	3.55
Parent Area	10.00	9.98	9.92	9.83	9.91	10.08	10.31	10.53	10.68	10.53	10.61	10.22
Control Area	1.98	1.92	1.91	1.90	1.90	1.92	1.94	1.95	1.97	1.96	1.98	1.94

Data source: BPS (processed data)

In table 1, it can be seen that the GRDP contribution of Boven Digoel Regency to the total provincial GRDP in the period 2012 to 2022 reached an average of 3.55%. This figure is lower when compared to the contribution of parent regions to provincial GRDP which reaches an average of 10.22%. However, it is still higher when compared to the contribution of control regions which is only more than 1.94%. However, it should be noted that Papua Province has 28 districts and 1 (one) city as drivers for the formation of provincial GRDP.

Graph 1. Regency GRDP Contribution to Provincial GRDP 2012-2022

Data source: BPS (processed data)

When compared with control areas, the average GDP contribution of Boven Digoel Regency to the Province's GRDP is much greater. This indicates that economic activity in Boven Digoel Regency is better compared to the control area which is also an expansion area.

Meanwhile, if we look at the level of growth rate of contribution of Regency GRDP to Provincial GRDP, the three regions show almost the same contribution growth rate pattern. The level of growth in GRDP contribution of the parent region in the period 2012 to 2022 is almost always higher than the growth in GRDP contribution in Boven Digoel Regency and the control regions. Meanwhile, the level of GDP contribution growth in Boven Digoel Regency is almost always at the same level as the growth level of the control area.

Table 2. Average Growth of Regency GRDP Contribution to Provincial GRDP 2012-2022

Region/Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Focus Area	-2.04%	-2.08%	-2.12%	-2.17%	-1.39%	-2.25%	-3.45%	-0.30%	-2.09%	-2.13%	-2.00%
Parent Area	-0.20%	-0.60%	-0.91%	0.81%	1.72%	2.28%	2.13%	1.42%	-1.40%	0.76%	0.60%
Control Area	-3.03%	-0.52%	-0.52%	0.00%	1.05%	1.04%	0.52%	1.03%	-0.51%	1.02%	0.01%

Data source: BPS (processed data)

Furthermore, if we look at the average GDP contribution growth in the period 2012 to 2022, it can be seen that the three regions still have low average contribution growth. The average growth in the GRDP contribution of Boven Digoel Regency in the period 2012 to 2022 was -2.00%, while the parent area reached 0.60% and the control area reached 0.01%. The contribution growth rate which is close to 0% indicates that Boven Digoel Regency and the control area which is a new autonomous region have economic growth rates and contributions at the same level.

Regional Economic Growth

Economic growth is a process of changing economic conditions that occur in an area on an ongoing basis towards a better condition. Economic growth will describe the movement of various development sectors in terms of spending and also sources of job creation (Ahuja & Pandit, 2020). An increase in added value from an economic perspective indicates an increase in economic activity, both internal to the region and in relation to interactions between regions.

In this study, regional economic growth is measured by the growth of the non-oil and gas GDP at 2000 constant prices. This approach is used to negate the effects of price changes or rupiah

depreciation (inflation) and to account for the unequal distribution of natural resources, particularly oil and gas, which only some autonomous regions possess.

Based on the research results, in general Boven Digoel Regency has the lowest GRDP growth compared to the control area, and the main area as a comparison area. This can be seen in the average non-oil and gas GRDP data at constant prices from 2000 from 2012 to 2022 which was obtained from the average GRDP growth of each sample district.

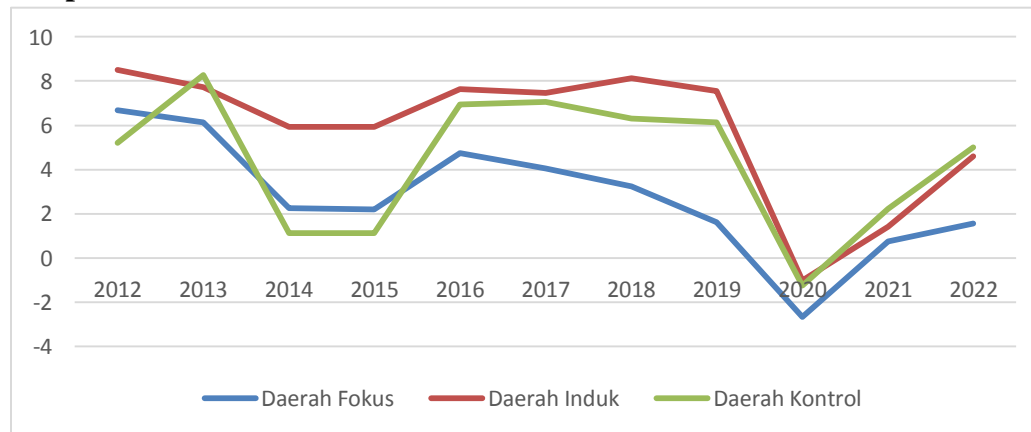**Table 3. Non-Oil and Gas ADHK Economic Growth/GRDP in 2012-2022**

Region/Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Focus Area	6.67	6.14	2.25	2.21	4.74	4.06	3.24	1.62	-2.65	0.75	1.57	2.78
Parent Area	8.5	7.73	5.94	5.93	7.65	7.45	8.13	7.56	-1.01	1.41	4.6	5.81
Control Area	5.22	8.28	1.13	1.13	6.94	7.05	6.32	6.12	-1.26	2.24	5	4.38

Data source: BPS (processed data)

In the table, it can be seen that in the period 2012 to 2022 the average growth in PDRB ADHK Non-Oil and Gas Boven Digoel Regency was 2.78%. This figure is lower compared to control areas which are also new autonomous regions with an average of 4.38% and parent areas which reach an average of 6.08%.

Even though the average GRDP growth of Boven Digoel Regency is low, if we look at the average size of ADHK Non-Oil and Gas GRDP during 2012 to 2022, the average GRDP of Boven Digoel Regency is IDR 2,943 billion greater than in the control area amounting to IDR 1,625 billion, but lower than the parent district which reached IDR 1,625 billion. ADHK Non-Oil and Gas GRDP of Boven Digoel Regency has increased from previously in 2012 IDR 2,367 billion to IDR 3,215 billion.

Graph 2. Non-Oil and Gas GRDP Growth at Constant Prices 2012-2022

Data source: BPS (processed data)

The graph shows that during the period 2012 to 2022, the GDP growth of the three regions experienced changing circumstances or conditions with similar patterns. Even though Boven Digoel Regency is under the parent area and control area. Meanwhile, the parent region's position level is almost always above the other two comparison regions. In 2020, during the Covid-19 pandemic, the three regions experienced quite deep contractions, but were able to grow again in 2021.

Table 4. Average Contribution of the Business Sector to GRDP for 2012-2022

No.	Business Sector	Focus Area	Parent Area	Control Area
1	Agriculture, Forestry and Fisheries	**25.88**	**26.09**	**24.00**
2	Mining and excavation	1.28	1.50	0.32
3	Processing industry	**24.28**	3.75	0.61
4	Procurement of electricity and gas	0.00	0.06	0.01
5	Water supply, waste management, waste and recycling	0.00	0.12	0.00
6	Construction	**23.70**	**16.72**	**32.23**
7	Wholesale and retail trade, motorcycle and motorbike repair	5.03	**14.77**	**6.93**
8	Transportation and warehousing	1.68	7.99	2.61
9	Provision of accommodation and food and drink	0.21	1.30	0.25
10	Information and Communication	0.27	7.48	0.58
11	Financial Services and Insurance	0.93	2.41	0.54
12	Real Estate	1.32	2.65	1.78
13	Company Services	0.17	1.51	0.11
14	Government Administration, defense and mandatory social security	**10.95**	**8.58**	**23.90**
15	Education Services	2.04	2.05	2.95
16	Health Services and Social Activities	1.60	1.81	2.30
17	Other Services	0.67	1.20	0.89
	GRDP	100.00	100.00	100.00

Data source: BPS (processed data)

The table shows that the average contribution of the agriculture, forestry and fisheries sectors is still the largest in these three regions. In Boven Digoel Regency, the contribution of the agricultural sector to GRDP is 25.88% and in the main area it is 26.09%. Meanwhile, in the control area, the contribution of the agricultural sector was lower, namely 24%.

Boven Digoel Regency is the only region that has a fairly large contribution from the processing industry sector to GRDP, namely reaching 24.28%, in fact this figure is much greater

26

Vol-5, Issue-04, April 2024 ISSN (E): 2583-1348
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

than the contribution of the processing industry sector in the main region of 3.75% and the control region of 3.75%. 061%.

This is a positive side for the economy of Boven Digoel Regency, where the processing industry sector has the potential to improve the regional economy. However, even though it has a fairly large contribution to regional GRDP, the processing industry still requires the attention of the regional government so that it will be able to increase the GDP growth of Boven Digoel Regency.

Apart from that, the construction sector has a significant role in the economy of Boven Digoel Regency, where the average contribution to PRDB reaches 23.70%, this figure is much greater when compared to the control area of 16.72%. This can show that regional infrastructure development activities by the Regional Government are able to encourage economic growth in Boven Digoel Regency.

If arranged in order of one to four based on the contribution of each sector to the GRDP of each sample region, it can be seen that the sectors in the three regions are similar as described in the table.

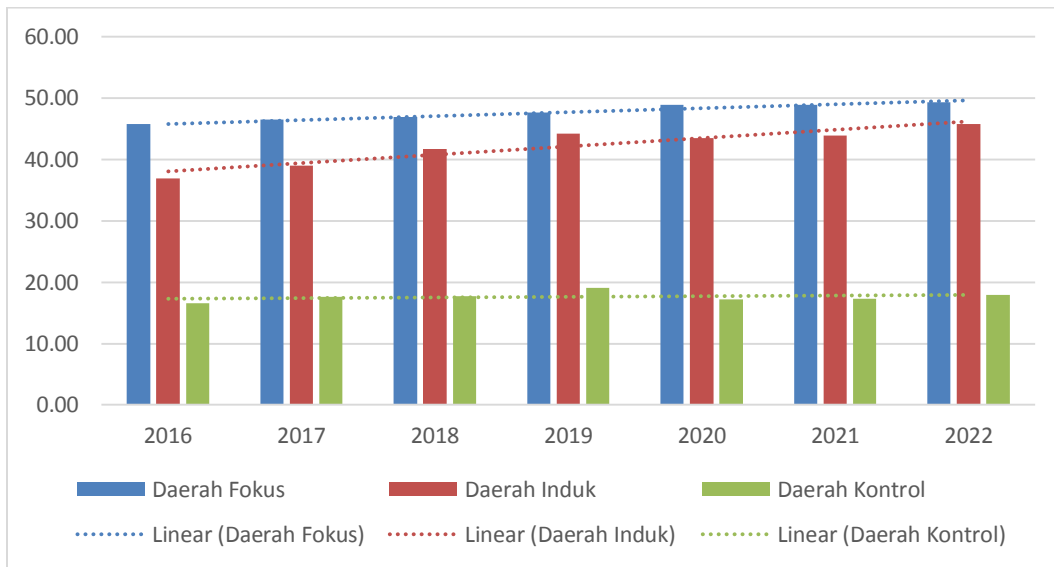**Table 5. Business Sectors with the Highest Contribution to GRDP in 2012-2022**

Sample Area	Sectoral Contribution			
	First	Second	Third	Fourth
Focus Area	Agriculture, Forestry and Fisheries	Processing industry	Construction	Government Administration, defense and mandatory social security
Parent Area	Agriculture, Forestry and Fisheries	Construction	Wholesale and retail trade, motorcycle and motorbike repair	Government Administration, defense and mandatory social security
Control Area	Construction	Agriculture, Forestry and Fisheries	Government Administration, defense and mandatory social security	Wholesale and retail trade, motorcycle and motorbike repair

Data source: BPS (processed data)

The main sectors contributing to the GRDP in Boven Digoel Regency and the control area are similar, suggesting comparable GDP growth in both areas. GDP per capita is a welfare indicator,

with higher values indicating better social welfare. Comparing GDP per capita between regions highlights their success in raising residents' income.Because what will be analyzed is the growth of real added value per capita/population and the intention is to eliminate the influence of oil and gas, the non-oil and gas GDP growth per capita used is the growth of non-oil and gas GDP per capita on the basis of constant prices in 2000. Due to data limitations, the ADHK GDP per Capita data is used in This research is limited to data from 2016 to 2022.

Graph 3. GRDP per Capita Constant Prices 2016-2022

Data source: BPS (processed data)

As can be seen in the graph, the GDP per capita of Boven Digoel Regency in the period 2016 to 2022 has always been the largest when compared with the other two comparison regions. In fact, if you look at the trend line as in the graph above, it can be seen that the GDP per capita of Boven Digoel Regency is experiencing an upward trend. At its peak in 2022, Boven Digoel Regency's GDP per capita will reach IDR 49.36 million, while the parent region will reach IDR 45.81 million, and the control region will only reach IDR 17.92 million. The same thing can also be seen when presented in the form of average GDP per capita at constant prices in 2000 starting from 2016 to 2022, as presented in the following table:

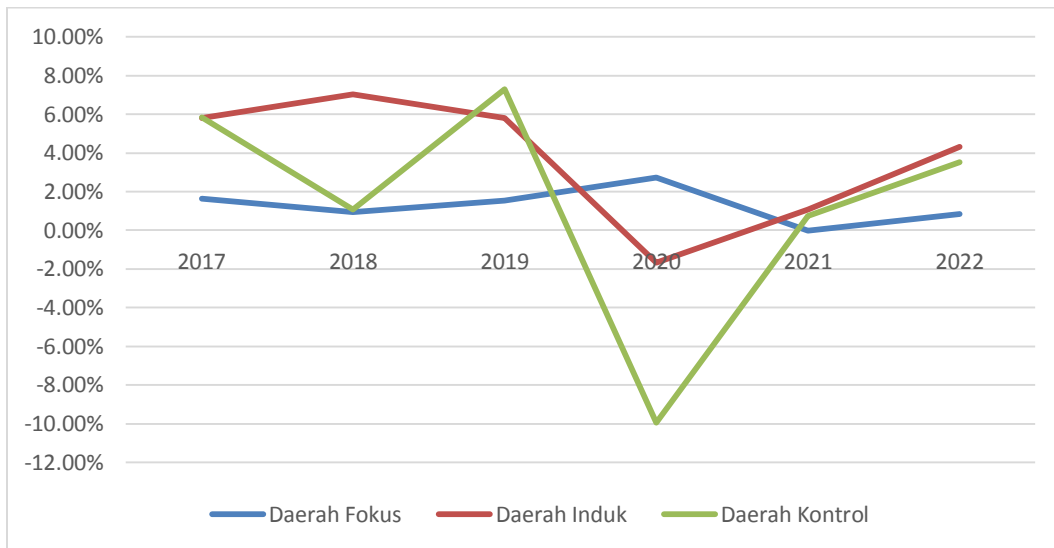**Table 6. Average GRDP per Capita at Constant Prices 2012-2022**

Region/Year	2016	2017	2018	2019	2020	2021	2022	Average
Focus Area	45.76	46.51	46.95	47.67	48.97	48.96	49.36	47.74

28

Vol-5, Issue-04, April 2024 ISSN (E): 2583-1348
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

| Parent Area | 36.87 | 39.02 | 41.75 | 44.18 | 43.45 | 43.92 | 45.81 | 42.14 |
| Control Area | 16.62 | 17.59 | 17.77 | 19.07 | 17.18 | 17.30 | 17.92 | 17.63 |

Data source: BPS (processed data)

From the table it is known that the average GDP per capita ADHK of Boven Digoel Regency in the period 2016 to 2022 is the largest compared to the other two regions. The average GDP per capita of Boven Digoel Regency reached IDR 47.74 million, while the main area reached IDR 42.14 million, and the control area only reached IDR 17.63 million. This illustrates that the welfare of the people in Boven Digeol Regency is better than the main area, even much better than the control area.

Graph 4. ADHK GRDP per Capita Growth in 2017-2022

Data source: BPS (processed data)

If measured from the growth rate of PDRB per capita ADHK, it can be seen as depicted in the graph, when compared with the two comparison regions, the growth of GRDP per capita in Boven Digoel Regency, although fluctuating, is still more stable, even in 2020 when the Covid-19 pandemic occurred, GRDP per capita Boven Digoel Regency was able to grow by 2.74%. Meanwhile, the parent region and the control region had more fluctuating GDP per capita growth, even in 2020 when the Covid-19 pandemic occurred, both regions contracted quite deeply.

Table 7. GDP growth per capita at constant prices 2012-2022

Region/Year	2017	2018	2019	2020	2021	2022	Average
Focus Area	1.64%	0.94%	1.53%	2.74%	-0.03%	0.83%	1.28%

29

Vol-5, Issue-04, April 2024 ISSN (E): 2583-1348
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

Parent Area	5.82%	7.02%	5.82%	-1.66%	1.09%	4.30%	3.73%
Control Area	5.83%	1.06%	7.31%	-9.94%	0.75%	3.53%	1.42%

Data source: BPS (processed data)

By looking at the growth rate of GRDP per capita from 2017 to 2022 as in the table, the average growth rate for Boven Digoel Regency is 1.28%, lower than the main area which has an average growth of 3.73% and the control area is 1, 42%. However, the growth of GRDP per capita in Boven Digoel Regency is more stable from year to year.

The high or low GDP per capita of a region is influenced by two factors, namely the amount of GRDP produced by a region and the population of the region. The low growth rate of GRDP per capita in Boven Digoel Regency, the main area and the control area is partly influenced by the population growth rate. Boven Digoel Regency during the period 2013 to 2022 experienced growth of 1%, the main area by 1.22%, and the control area by 2.56%. Population growth from 2013 to 2022 can be described in the following table:

Table 8. Population Growth Rate 2013-2022

Region/Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Focus Area	1.98%	1.46%	2.83%	2.62%	2.37%	2.28%	2.20%	-7.12%	0.68%	0.74%	1.00%
Parent Area	1.99%	1.67%	1.45%	1.58%	1.54%	1.04%	0.75%	1.55%	0.33%	0.29%	1.22%
Control Area	1.84%	2.03%	2.32%	1.87%	1.15%	5.21%	3.71%	4.84%	1.19%	1.43%	2.56%

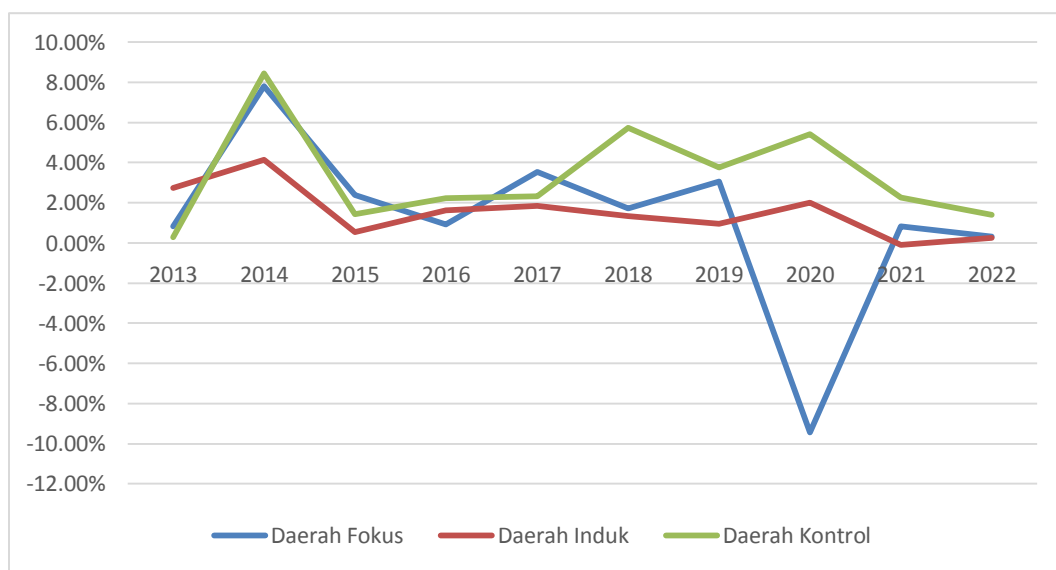Data source: BPS (processed data)

Poverty

In several studies that have been conducted, it has been concluded that population growth has a strong-negative and significant relationship to the rate of economic growth, and the rapid decline in fertility provides a relevant contribution to reducing poverty (Birdsall and Sinding, 2011).

In Indonesia, the issue of poverty has always been a government priority and is a routine agenda in the National Development Plan. Poverty alleviation is a multidimensional problem that covers various aspects of life, not only the economic side, but also the social and cultural side. The Indonesian government has made various efforts to alleviate poverty through various social assistance programs, community empowerment and improving livelihoods.

Non-Poor Population Growth

30

Poverty indicators have a negative relationship with community welfare, the lower the poverty level in an area, the higher the level of welfare. This is different from other indicators of economic capacity which have a positive relationship with community welfare. Therefore, so that the relationship is in line with other indicators, the poverty indicator used to measure population growth is not poor.

Graph 5. Growth of the Non-Poor Population

Data source: BPS (processed data)

In the graph above, it can be seen that the growth trend of the non-poor population in Boven Regency is still fluctuating and in line with the trend in the control area. However, in 2020 Boven Digoel Regency experienced quite a deep contraction due to the Covid-19 pandemic. However, in 2021, the non-poor population in Boven Digoel Regency will again experience positive growth, even higher than the growth of the non-poor population in the main area.

If the average growth is analyzed from 2013 to 2022, the average growth of the non-poor population in Boven Digoel Regency is the lowest with an achievement of 1.20%. The parent region gained an average of 1.53%, while the control region had the largest growth with an average growth of 3.33%.

Table 9. Average Growth of the Non-Poor Population in 2012-2022

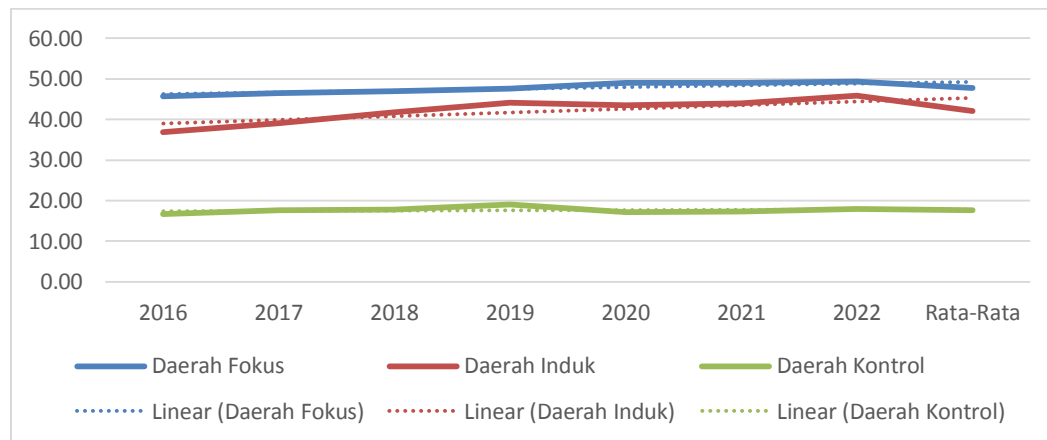| Region/Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average
Focus Area	0.84 %	7.82 %	2.39 %	0.93 %	3.54 %	1.72 %	3.05 %	-9.43 %	0.82 %	0.31 %	1.20%
Parent Area	2.73 %	4.15 %	0.53 %	1.61 %	1.84 %	1.33 %	0.96 %	2.02 %	-0.08 %	0.26 %	1.53%
Control Area	0.30 %	8.46 %	1.43 %	2.22 %	2.31 %	5.72 %	3.77 %	5.43 %	2.25 %	1.40 %	3.33%

Data source: BPS (processed data)

The non-poor population in Boven Digoel Regency has shown slower growth compared to other areas from 2013 to 2022 due to high poverty depth and inequality (Gini ratio). However, regional autonomy has helped reduce poverty there, as the local government now has more responsibility for poverty alleviation.

Trade Of f Gross Regional Domestic Product Per Capita and Poverty

Per capita GRDP at constant prices reflects the real economic value generated per person. Higher per capita income generally means greater prosperity and ability to meet needs (Jiménez, 2021).
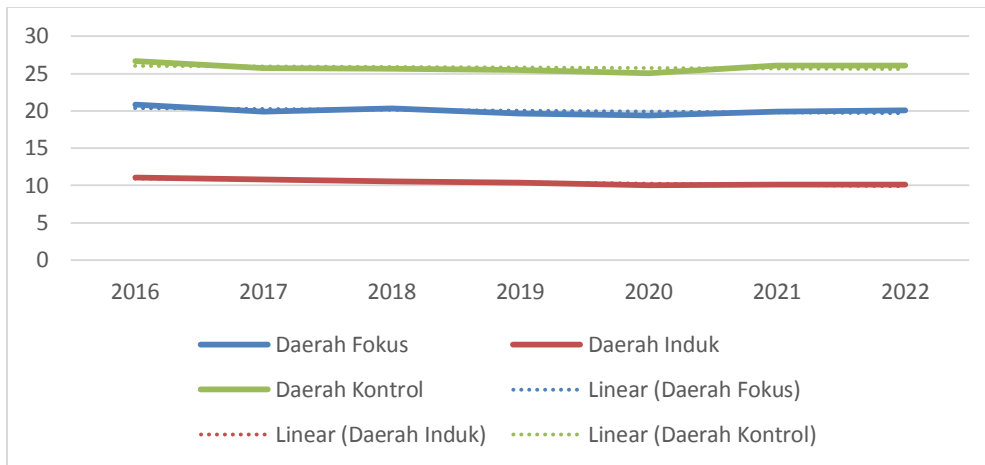
However, the true measure of societal welfare depends on both rising per capita income and equitable income distribution. Income disparity can lead to social issues and hinder economic growth. Therefore, assessing welfare improvements requires looking at both per capita GRDP and poverty rates, as reduced poverty accompanies meaningful increases in welfare (De Haan et al., 2022).

Graph 6. GRDP per Capita Constant Prices 2016-2022

Data source: BPS (processed data)

Graph 7. Percentage of Poverty Levels 2016-2022

32

Vol-5, Issue-04, April 2024 ISSN (E): 2583-1348
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

Data source: BPS (processed data)

The graph shows that in the three regions, both Boven Digoel Regency, the parent region and the control region, when there was an increase in GDP per capita, it was also accompanied by a reduction in poverty. Likewise, in table 10 the growth of GRDP per capita and the table of growth of the poor population, both Boven Digoel Regency, the main area and the control area, when the growth of GRDP per capita is positive, the growth in the percentage of poor people is negative even though since 2020 there has been a slight shift in the trend due to the pandemic Covid-19.

Table 10. GDP growth per capita in 2012-2022

Region/Year	2017	2018	2019	2020	2021	2022	Average
Focus Area					-		
	1.64%	0.94%	1.53%	2.74%	0.03%	0.83%	1.28%
Parent Area				-			
	5.82%	7.02%	5.82%	1.66%	1.09%	4.30%	3.73%
Control Area				-			
	5.83%	1.06%	7.31%	9.94%	0.75%	3.53%	1.42%

Data source: BPS (processed data)

Table 11. Growth in the Percentage of Poor Population in 2012-2022

Region/Year	2017	2018	2019	2020	2021	2022	Average
Focus Area	-		-	-			
	4.42%	2.26%	3.39%	1.27%	2.52%	0.70%	-0.99%
Parent Area	-	-	-	-		-	
	2.44%	2.50%	1.80%	3.09%	1.30%	0.59%	-2.25%

Control Area	- 3.34%	- 0.43%	- 0.55%	- 1.80%	4.03%	- 0.04%	-1.03%

Data source: BPS (processed data)

Regional Economic Performance Index

Based on the presentation of data analysis results from 4 (four) economic indicators, the regional economic performance index is then calculated. Due to limited data, the index calculation was carried out in the period 2017 to 2022. As explained in Chapter III Research Methods, the Regional Economic Performance Index is calculated by averaging the sum of the four indicators above, namely indicators of economic growth, growth of economic contribution district areas to provincial areas, growth in per capita income and growth in the non-poor population.

Graph 8. Regional Economic Performance Index

Data source: BPS (processed data)

From the calculation results, as shown in graph 8. Boven Digoel Regency, like the other two regions, shows a fluctuating economic performance trend. In general, the three regions experienced a decline in economic performance, this can be seen in the trendline of each region which is decreasing in a straight line. This illustrates that the development of economic performance in the three regions in the last 8 years has decreased. Apart from that, the graph shows that both Boven Digoel Regency, the parent region and the control region are at the same level of economic performance.

Table 12. Regional Economic Performance Index

Region/Year	2017	2018	2019	2020	2021	2022	Average

Focus Area	2.78	1.24	6.07	-0.04	-1.53	0.27	1.47
Parent Area	3.63	2.41	7.54	0.39	-1.21	1.03	2.30
Control Area	2.98	1.43	6.63	0.64	-1.03	0.60	1.87

Likewise, if we look at the average development of the economic capacity index from 2012 to 2022, it can be seen that the average economic performance index for Boven Digoel Regency is below the parent and control areas. However, it is worth noting that Boven Digoel Regency has a larger GDP per capita compared to the control areas which are both DOB.

CONCLUSION

The impact of expansion on the welfare of the people of Boven Digoel Regency, as a new autonomous region, has had a positive impact. The GDP contribution of Boven Digoel Regency to the GRDP of Papua Province during 2012-2022 is higher than the control area, although it is still below the parent area. PDRB per Capita ADHK Boven Digoel Regency reached IDR 47.74 million in 2016-2022, surpassing the parent and control areas, with stable growth showing increased prosperity.

The level of non-poor people in Boven Digoel Regency is lower than in the main area, but higher than in the control area. Even though the non-poor population growth in Boven Digoel Regency is lower than the control area, it is still better than the parent area. Overall, this regional expansion succeeded in increasing economic contribution, GRDP per capita, and poverty levels, showing positive benefits for community welfare after the formation of Boven Digoel Regency as a new autonomous region.

SUGGESTION

Efforts are needed to encourage equal growth in all existing economic sectors. So far, the economy of Boven Digoel Regency has tended to be focused on the trade sector which is consumptive in nature so that the existing economic growth has not been able to increase people's real wages and encourage the growth of GDP per capita.

The Boven Digoel Regency Government needs to bring education services closer to the poor in order to improve the quality of human resources.

REFERENCE

1. Ahuja, D., & Pandit, D. (2020). Public expenditure and economic growth: Evidence from the developing countries. *FIIB Business Review*, *9*(3), 228–236.
2. Connolly, K., Greig, A., McGregor, P. G., Roy, G., & Swales, J. K. (2023). Devolved fiscal powers, increased competitiveness and 'levelling up': a simulation approach. *Regional Studies*, 1–16.
3. De Haan, J., Pleninger, R., & Sturm, J.-E. (2022). Does financial development reduce the poverty gap? *Social Indicators Research*, *161*(1), 1–27.

35

Vol-5, Issue-04, April 2024 ISSN (E): 2583-1348
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science

4. Elia, A., Yulianto, Y., Tiawon, H., Sustiyah, S., & Indrajaya, K. (2020). *Government expenditure and poverty reduction in the proliferation of new administrative areas of Central Kalimantan, Indonesia.*

5. Jiménez, J. P. (2021). Fiscal reforms and institutional changes in the Andean region: Revenues volatility and unequal distribution of regional income. In *Andean States and the Resource Curse* (pp. 39–53). Routledge.

6. Li, G., Guo, F., & Di, D. (2021). Regional competition, environmental decentralization, and target selection of local governments. *Science of The Total Environment*, *755*, 142536.

7. Phoek, I., Bhaumik, A., Isaac, O., & Tjilen, A. (2024). *HOW VILLAGE FuNDS INFLuENCE ECONOMIC DEVELOPMENT IN SOuTH PAPuA, INDONESIA*. https://www.businessperspectives.org/images/pdf/applications/publishing/templates/article/a ssets/19583/PPM_2024_01_Phoek.pdf

8. Phoek, I. C. A., Tjilen, A. P., & Cahyono, E. (2022). Village factors influencing the effectiveness of village fund program by Indonesian government in empowering local community economy in Merauke Regency. *AIP Conference Proceedings*, *2472*(1).

9. Rad, S. V., Valadabadi, S. A. R., Pouryousef, M., Saifzadeh, S., Zakrin, H. R., & Mastinu, A. (2020). Quantitative and qualitative evaluation of Sorghum bicolor L. under intercropping with legumes and different weed control methods. *Horticulturae*, *6*(4), 78.

10. Ririhena, S. W., Manuhutu, F., Nahumury, M., & Tjilen, A. P. (2023). Potential Regional Economic Development Strategy of Sota Border. *International Journal of Social Science and Business*, *7*(01), 141–149.

11. SILALAHI, A. F. (2022). *IMPLEMENTASI PEMEKARAN DAERAH BERDASARKAN (UNDANG-UNDANG NOMOR 23 TAHUN 2014 TENTANG PEMERINTAHAN DAERAH)*.

12. Tambaip, B., Tjilen, A. P., Ohoiwutun, Y., Studi, P., Administrasi, I., Ilmu, F., & Politik, I. (2023). *JEKKP (Jurnal Ekonomi Keuangan dan Kebijakan Publik) Model Transformasi Budaya Lokal Dalam Pelayanan Publik*. *5*(1), 1–9.

13. Tjilen, A. P., & Rediani, N. N. (n.d.). *Educational Assessment: Parental Economics and the High Incidence of Learning Loss*.

14. Trisakti, F., & Djajasinga, N. (2021). Impact of Decentralization and Regional Autonomy in the Context of Improving the Quality of Public Services Towards Good Governance. *2nd Annual Conference on Blended Learning, Educational Technology and Innovation (ACBLETI 2020)*, 49–53.

■ ■ ■

36

Vol-5, Issue-04, April 2024 **ISSN (E): 2583-1348**
AGPE The Royal Gondwana Research Journal of History, Science, Economic, Political and Social science