

ABSTRACT

The province of Papua, as a special autonomous region, has unique economic characteristics, with high dependence on the mining sector and central government transfer payments, but still faces development challenges. Fluctuations in economic growth, uneven distribution of Special Autonomy Funds (DOK) and Revenue Sharing Funds (DBH), as well as limitations in infrastructure and human resource quality indicate a mismatch between the size of fiscal allocations and regional development achievements.

This study aims to analyze the effect of special autonomy funds, revenue sharing funds, goods and services expenditure, labor, and mining exploration dummy variables on economic growth in 29 districts/cities in Papua Province during the 2011-2020 period. This study uses panel data and the Least Square Dummy Variable (LSDV) analysis tool, commonly known as the Fixed Effect Model (FEM).

The estimation results show that special autonomy funds, goods and services expenditure, and the number of workers have a positive and significant effect on economic growth in regencies/cities in Papua Province. Mining exploration dummy revenue sharing funds have a negative and significant effect. These findings imply that strengthening local government to manage special autonomy funds and regional spending effectively, improving the effectiveness of revenue sharing funds, and enhancing the quality of the workforce are strategic steps in promoting more inclusive and sustainable economic growth in Papua. It also encourages mining exploration activities at the production stage.

Keywords: Panel Data, Economic Growth, Fiscal Decentralization, Papua Province, Special Autonomy

