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The Impacts of Privilege Funds on Inclusive Development: The Case of Yogyakarta Special Region Province, 2013-2024

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Abstract

This study assesses the macroeconomic and distributional impacts of the Privilege Fund (Dana Keistimewaan/Danais) in the Daerah Istimewa Yogyakarta (DIY) over 2013–2024. Established under Law No. 13/2012 as a pillar of asymmetric decentralization, Danais represents a distinctive model of cultural–institutional fiscal transfer within Indonesia’s regional governance framework. Using a mixed-method design that integrates descriptive trend analysis and mean difference tests, the paper evaluates changes in economic growth, GRDP per capita, poverty, unemployment, inequality (Gini ratio), and Human Development Index (HDI) before and after the fund’s implementation. The findings reveal a statistically significant decline in poverty (from 15.2% to 10.6%) and unemployment, alongside a substantial rise in GRDP per capita and HDI, confirming improvements in material welfare and human capital formation. However, inequality increased significantly, with the Gini ratio reaching 0.43 in 2024—the highest among Indonesian provinces. Spatial concentration of economic activity in Sleman Regency and Yogyakarta City continues to generate urban–rural disparities, while peripheral districts such as Kulon Progo and Gunungkidul lag in productivity and income diversification. The analysis suggests that Danais functions primarily as a productivity-oriented redistribution mechanism—leveraging cultural preservation, women’s empowerment, and village entrepreneurship—rather than as a compensatory welfare transfer. To enhance inclusive development outcomes, the study recommends reallocating resources toward peripheral districts, strengthening performance-based monitoring, deepening integration with regional planning (RPJMD), and fostering rural digital and creative ecosystems. Without such recalibration, Danais risks remaining fiscally significant yet structurally limited in reducing inequality.

Keywords: Inequality; Inclusive Development; Poverty Reduction; Privilege Funds; Yogyakarta