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The Influence Of Government Expenditure On Community Welfare In Papua Province Using Simultaneous Equation Model

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Abstract: Improving people's welfare is the most important part of the development process. What's more, welfare is one of the national goals for the Indonesian nation. The aim of this research is how to see the influence of the Special Autonomy Fund and the RREB on people's welfare through Investment and Economic Growth in the Provinces of Papua, using data from 2013 to 2021. Tool The analysis used was SEM using the SPSS 25 application, it was found that the Special Autonomy Fund had a negative and significant effect on people's welfare, but the Special Autonomy Fund had a positive and significant effect on economic growth. Meanwhile, RREB has a positive and significant effect Economic Growth, while the influence of RREB on Community Welfare has a negative and significant effect.

Keywords: Special Autonomy, RREB, Community Welfare, Economic Growth

INTRODUCTION

Community welfare can be measured from measures such as levels of living, basic needs fulfillment, quality of life and human development (Sen, 2008). What is most closely related to the public welfare system for homeless people is the government, by providing life protection, guarantees of protection of living standards for all and there must be no discrimination, and people who live in poverty can claim assistance from the government (Kennett and Iwata, 2003).

There are several indicators of increasing people's welfare, including (1) a quantitative increase in income; (2) qualitatively better family health; and (3) the existence of family economic investment in the form of savings (Imron, 2012). Economists see welfare as an indication of individual income (flow of income) and purchasing power (purchasing power) of society. Based on this understanding, the concept of welfare has a narrow meaning because by only looking at income as an indicator of economic prosperity, it means that welfare is seen as the opposite of conditions of poverty (Widyastuti, 2012).

The presence of Presidential Instruction Number 9 of 2020 is proof of the Government's commitment to making efforts to accelerate welfare development in Papua Province and West Papua Province. There are 7 (seven) strategic sectors that are part of the 2021-2022 quick wins program to build the welfare of the Papuan people, namely; (1) in the education sector, through Papua Pintar, (2) Healthy Papua as a solution to the problem of difficult access for Papuan people to health facilities and services, improving regional hospitals, developing Papuan infrastructure, strengthening community health centers, and sheltering abandoned children. Then, (3) Papua Independent, in the form of developing superior commodities which include tourist areas and Papuan community business development with the 2023 Cenderawasih Bay Sail Determination, integrated tourism, village economic centers, millennial farmers, as well as the development of work training centers and vocational schools, (4) Connected Papua, is an effort route connectivity in Papua which facilitates access to communication and transportation for the Papuan people. The major air bridge project, network improvement from the East Palapa Ring, the trans Papua major project to the economic center, and the construction of several depots in the economic center, (5) are Bright Papua, the Government's efforts to provide electricity access in all corners of Papua, as well as work the same in building new renewable energy, (6) Papua Berkarya, a step by the government

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in advancing Papuan human resources to be able to work in national industry, (7) Papua Proud, highlighting the socio-cultural aspects of Papua which are characteristic of the land of Papua, building houses Papuan culture, training centers based on religious institutions, Papuan talent management, and the bio creative industry.

The Human Development Index (HDI) is a composite indicator to measure development achievements in the quality of human life. In 1990, the United Nations Development Program (UNDP) developed this index to emphasize the importance of humans and their resources in development. The achievement of economic development in a region is influenced by the human development process. This achievement cannot be separated from the quality of the people in a region.

An indicator that can measure human quality in an area is the Human Development Index (HDI). HDI is an indicator used to measure one important aspect related to the quality of economic development results, namely the degree of human development. HDI has three elements, namely health, education attained, and standard of living or often called the economy. So these three elements are very important in determining the level of a province's ability to increase its HDI. These three elements do not stand alone, but influence each other. Apart from that, it is also influenced by other factors, such as the availability of job opportunities, which in turn is determined by economic growth, infrastructure and government policies. So the HDI in an area will increase if these three elements can be increased, a high HDI value indicates the success of economic development in that area (Kacaribu, 2013).

Human development in West Papua continues to increase. Since 2012, West Papua's human development status has increased from "low" to "medium" level. During 2010-2021, West Papua's HDI increased by an average of 0.79 percent per year, from 59.60 in 2010 to 65.26 in 2021. Not only did it cause a slowdown in 2020, the COVID-19 pandemic is apparently still the cause The main thing is the slowdown in West Papua's HDI in 2021 which only increased by around 0.26 percent (or only increased by 0.17 points)

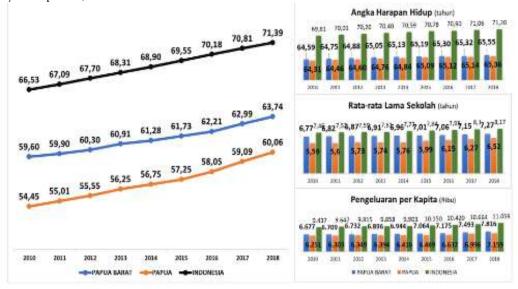


Figure 1. Papua Province Human Development Index (HDI) & West Papua 2010 – 2018 Source : BPS (Papua in Numbers 2020)

The government system in Indonesia recognizes the terms regional autonomy, decentralization and deconcentration. In the context of a unitary state, the principle of decentralization is the provision of freedom to regions to carry out regional autonomy, where regional autonomy is carried out to improve people's welfare. Regional governments also carry out developments tailored to their respective regions. Regional autonomy is an obligation given to autonomous regions to regulate and manage their own government affairs and the interests of local communities in accordance with law. Regional autonomy according to community aspirations can increase the effectiveness and results of government administration in the context of providing services to the community and implementing development in accordance with statutory regulations.

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The regional autonomy policy in its implementation is to provide authority to manage and manage regions, as well as fiscal authority in the form of assistance (grants) to finance expenses spent in the context of implementing regional autonomy. This means that regional autonomy authority is followed by fiscal authority in financing development which is one of the tools that can create increased provision of more efficient services (Steffensen, 2007).

The implementation of regional autonomy has brought changes in regional financial management. Regional governments are expected to be able to optimize spending effectively and efficiently to achieve a better level of community welfare. In principle, the implementation of performance-based budgeting by local governments is how every rupiah spent can be beneficial for improving people's welfare (Sutrisna, 2021).

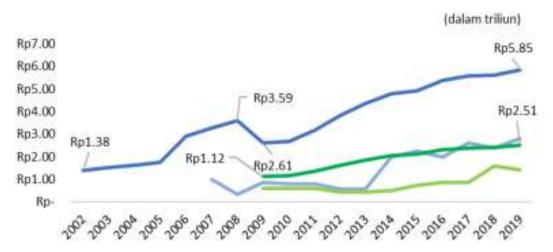


Figure 1.2 Trends in Special Autonomy Funds and Additional Infrastructure Funds for Papua and West Papua

Source: Ministry of Home Affairs (2020)

The aim of this research is to see the impact of government spending on the welfare of the people of Papua and West Papua Provinces. From the several pictures and tables listed, it provides an overview of the economic conditions in Papua and West Papua Provinces, some of which fluctuate and some have increased from year to year, but the economic conditions of Papua and West Papua Provinces are as seen in the picture. and the table above, the author is also interested in the theories of several economists who have developed several theories about the relationship between variables in this research.

Some of the empirical evidence that served as a reference for this research was research conducted by Arif (2017), the results of the research show that government spending in the fields of education, health and infrastructure has not been able to improve people's welfare. Research conducted by SO Shavira (2021) shows that economic growth has a positive and significant effect on community welfare

Research conducted by Rosita (2019), the effect of capital expenditure on economic growth and community welfare, the results of which show that capital expenditure has a negative and significant effect on economic growth and economic growth has a negative and significant effect on community welfare. Furthermore, other research on private investment includes the element of government spending as a determining factor in the size of private investment in a country, Qayyum (2008). These studies show that there is a positive relationship between government spending and private investment. Hurhidayah (2018). Based on the background above, it is interesting to study the influence of government spending through the Special Autonomy Fund (OTSUS) and the Regional Revenue and Expenditure Budget (RREB) on the welfare of the people of Papua and West Papua.

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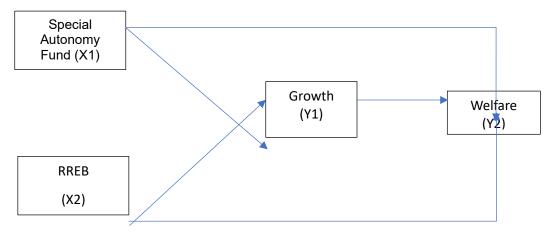


Figure 3. Conceptual Framework

Hypothesis

By referring to the background, problem formulation, theoretical literature review and research conceptual framework, the hypothesis statement can be formulated as follows:

H1: Special Autonomy Funds have a positive and significant effect on Economic Growth

H2: RREB has a positive and significant effect on Economic Growth

H3: Special Autonomy Funds have a positive and significant impact on Community Welfare

H4: RREB has a positive and significant effect on community welfare

H5: Economic growth has a positive and significant effect on people's welfare

METHOD

In this research the author used a quantitative approach. Quantitative research is using and developing mathematical models with a measurement process aimed at testing theories and establishing facts. The variables used in this research are exogenous variables consisting of Special Autonomy Funds and RREB while the endogenous variables are Economic Growth and Community Welfare.

This research was carried out in Papua Province and West Papua Province. Research data collection will be carried out in 2022 using secondary data, The type of data used in this research is secondary data obtained from Statistics Indonesia. Analysis and research was carried out using time series data for 2013-2021, and cross section data from 13 regencies/cities in West Papua Province and 29 regencies/cities in Papua Province.

In general, the path analysis model follows the structural equation model (Structural Modeling), that is, if each dependent variable (Endogenous) is determined by a set of independent variables (Exogenous) so that the structure of the functional equation can be arranged as follows:

$$Y_1 = f(X_1, X_2)$$
 (1)
 $Y_2 = f(X_1, X_2, Y_1)$ (2)
Where:
 $Y_{1it} = (X_{1it}, X_{2it})$
 $Y_{2it} = (X_{1it}, X_{2it}, Y_{1it})$
 $Y_{1it} = Growth (Rp)$
 $Y_{2it} = Welfare (%)$
 $X_1 = Special Autonomy Fund (Rp)$
 $X_2 = RREB (Rp)$
 $i = cross section$

Research Variables and Operational Definitions

= Period

Operational definitions are used to explain each variable in order to achieve a unified understanding in this research. The following is a description of the operational definition of each variable used.

1. Special Autonomy Fund (X1) is a fund allocated to finance the implementation of special autonomy for a region which is used for routine development, infrastructure maintenance, people's economic

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empowerment, poverty alleviation, education, social and health funding in Papua and West Papua for the 2013 period. until 2021 which is measured in rupiah units.

- 2. Regional Revenue and Expenditure Budget (X2) is the Regional Original Income obtained by the region from sources within its own region which is collected based on regional regulations in accordance with the laws and regulations in force in Papua and West Papua for the period 2013 to 2021 which is measured in rupiah.
- 3. Economic Growth (Y2), is a measure that describes the development of a regional economy in a particular year. In this study, economic growth is measured by gross regional domestic product based on constant prices in Papua and West Papua for the period 2013 to 2021 which is measured in percent .
- 4. Community Welfare (Y3), namely the fulfillment of basic rights or community needs so as to achieve a decent quality of life. Community welfare is measured using the Human Development Index (HDI) indicator from 2013-2021 in Papua Province and West Papua Province because of this data It is available with time series of five years or more based on districts/cities measured in percent.

RESULT

In this chapter, the results of research using the research methods described in chapter III will be discussed. The research data that has been processed can be seen in table 1 below

Table 1 Direct Effect of Special Autonomy Fund Variables, RREB on GRDP and Community Welfare of Papua and West Papua Provinces

Direct	Coefficient	S.E	t-statistic	Prob	Explanation
Impact	Regression				
$X_1 \rightarrow Y_1$	0,001	0.050	0.004	0.004*	Significant
$X_1 \rightarrow Y_2$	-0,001	0.015	-0.057	0.995	Not significant
$X_2 \rightarrow Y_1$	0,151	0.066	2.284	0,023**	Significant
$X_2 \rightarrow Y_2$	-0,069	0.020	-3.457	0,001*	Significant
$Y_2 \rightarrow Y_3$	0,090	0.016	5.571	0,000*	Significant

^{*=} sig 1%, **= sig 5%.

Source: Secondary Data (Processed using SPSS 24)

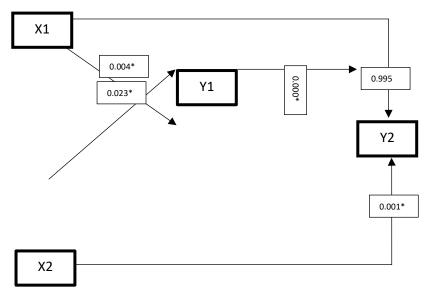


Figure 4 Diagram of Significance Analysis Results Between Variables Based on Simultaneous Model

Direct Influence of Special Autonomy Funds (X1) on Economic Growth (Y1)

The magnitude of the direct influence of the Special Autonomy Fund (X1) on economic growth (Y1) is 0.001, with a significance value of 0.997, in other words the influence of the Special Autonomy Fund (X1) on economic growth (Y1) has an insignificant effect at a significance level of 5%. This means that when the special autonomy fund increases by 1 percent, it will increase economic growth by 0.001 percent.

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The possibility of obtaining a t value of 0.004. This means that the direct influence of special autonomy funds on economic growth is not in accordance with the hypothesis at the beginning of the discussion. Direct Influence of Special Autonomy Funds (X1) on Community Welfare (Y2)

The magnitude of the direct influence of the Special Autonomy Fund (X1) on Community Welfare (Y3) is -0.001, the possibility of obtaining a t value of -0.057 with a significance value of 0.955, in other words the influence of the Special Autonomy Fund (X1) on Community Welfare (Y2) has an insignificant effect at a significance level of 5%. These results show that when special autonomy funds increase by 1 percent, it will reduce Community Welfare (Y2) by 0.001 percent. This means that the direct influence of special autonomy funds on community welfare is not in accordance with the hypothesis at the beginning of the discussion.

Direct Influence of RREB (X2) on Economic Growth (Y1)

The magnitude of the direct influence of the RREB (X2) on economic growth (Y1) is 0.151, the possibility of obtaining a t value of 2.284 with a significance value of 0.023, in other words the influence of the RREB (X2) on economic growth (Y1) has a significant effect at a significance level of 5%. This means that when the special autonomy fund increases by 1 percent, it will increase economic growth by 0.151 percent. These results show the direct influence of the RREB on economic growth in accordance with the hypothesis at the beginning of the discussion.

Direct Influence of RREB (X2) on Community Welfare (Y2)

The magnitude of the direct influence of the RREB (X2) on Community Welfare (Y3) is -0.069, the possibility of obtaining a t value of -3.457 with a significance value of 0.001, in other words the influence of the RREB (X2) on Community Welfare (Y2) has a significant effect at the significance level 5 %. These results show that when the RREB increases by 1 percent, it will reduce Community Welfare (Y2) by 0.069 percent. This means that the direct influence of the RREB on Community Welfare is not in accordance with the hypothesis at the beginning of the discussion.

Direct Effect of Economic Growth (Y1) on Community Welfare (Y2)

The magnitude of the direct influence of Economic Growth (Y1) on Community Welfare (Y2) is 0.090, the possibility of obtaining a t value of 5.747 with a significance value of 0.000, in other words the influence of Economic Growth (Y1) on Community Welfare (Y2) has a significant effect at the significance level 5 %. These results show that when economic growth increases by 1 percent, it will increase Community Welfare (Y2) by 0.090 percent. This means that the direct influence of Economic Growth (Y1) on Community Welfare is in accordance with the hypothesis at the beginning of the discussion.

DISCUSSION

Special Autonomy Funds Have a Positive Influence on GRDP

The research results show that the direct influence of the Special Autonomy Fund on economic growth is positive and not significant. This shows that the greater the additional special autonomy funds will increase economic growth in Papua and West Papua Provinces. These results prove that the growth of economic growth in Papua and West Papua Provinces has improved in the last ten years, where the central government also allocates a budget every year one of which is that the Special Autonomy Fund is increasing every year.

These results are different from the results obtained by Tamberan et al (2019) where this research aims to determine the effect of the allocation of the Special Autonomy Fund in the field of education, the Special Autonomy Fund in the field of education in the health sector and the Special Autonomy Fund in the field of education in the infrastructure sector on economic growth both directly and indirectly through the Human Development Index in Merauke Regency. The type of data used is time series data and data collection is carried out using the documentation method. Data were analyzed using a simultaneous equation model approach with the help of SPSS Amos 24 software. The research results showed that the Special Autonomy Fund variable in the education sector had a significant positive effect on economic growth directly, indirectly through the Special Autonomy Fund Human Development Index in the education sector was not significant on economic growth. The Special Autonomy Fund variables in the health sector and the Special Autonomy Fund in the infrastructure sector are directly significant

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to economic growth. Meanwhile, indirectly, through the Human Development Index, the variables of the Special Autonomy Fund in the health sector and the Special Autonomy Fund in the infrastructure sector have a significant positive effect on economic growth.

Apart from that, apart from receiving special funding in the form of the Special Autonomy Fund and DTI, Papua has also been allocated other types of Transfers to Regions and Village Funds (TKDD) with a value greater than the Special Autonomy Fund and DTI. On average, TKDD in the last 5 years contributed 70.29% of the RREB in Papua Province. The allocation of Special Autonomy and DTI Funds as well as other types of TKDD which are quite significant in the Papua Regional Budget need to be managed effectively and efficiently to produce great benefits for the development and welfare of the Papuan people. This is in sharp contrast to the research results found in this study which found that the impact of special autonomy was not significant on economic growth in Papua and West Papua.

The implication of these findings is that the Special Autonomy Fund has a positive influence on Economic Growth, although the impact is still relatively small, the influence is strong enough to encourage a significant increase in Economic Growth in Papua and West Papua. It is hoped that the special autonomy funds for Papua and West Papua will be carried out on target so that they can have a greater impact on economic growth.

Special Autonomy Funds Have a Negative Influence on Community Welfare

The research results show that the direct influence of the Special Autonomy Fund on community welfare is negative and not significant. This shows that the greater the additional special autonomy funds, the lower the level of community welfare in Papua and West Papua Provinces. These results also prove that fiscal decentralization in Papua and West Papua Provinces is not on target. In the management of the special autonomy funds in Papua and West Papua Provinces, there are often problems, especially regarding budget equalization among districts in Papua and West Papua, which creates disparities for the people in Papua and West Papua Provinces.

The theory of economic policy analysis (Knutt Wicksell 1896 with the concept of consensus or Wicksellian unanimity and Stokey and Zechgauser in 1978, the theory of economic policy analysis is the basis for budget politics regarding logical financial sources and capabilities so that they act rationally with wise choices, for example how much ideal allocation of funds from existing budget availability to meet public demands in order to improve people's welfare.

These results are in line with research conducted by Maulana (2019) where the Aceh government's revenues are aimed at financing development, especially infrastructure development and maintenance, people's economic empowerment, poverty alleviation, as well as education, social and health funding. With the existence of special autonomy funds which are a source of regional income, the Aceh Government and Regency/City Governments are also based.

The research method used is a descriptive approach, while the type of data used is secondary data. The data source was obtained through secondary data originating from BPS and Bepeda, Bireuen Regency. Data collection techniques were carried out by literature studies and field studies. The analysis technique used is descriptive analysis. Based on the conclusions of the Bireuen Regency Government's revenue receipts which are aimed at financing development, especially infrastructure construction and maintenance, people's economic empowerment, poverty alleviation, as well as funding for education, social and health, all of these are indicators of welfare for the people of Bireuen Regency so that if financial management is appropriate target, increasing welfare will have a positive impact on the people of Bireuen Regency. The special autonomy policy can indeed be said to have succeeded in significantly improving the regional finances of Bireuen Regency, but this policy has not succeeded in improving the economy and welfare of the people of Bireuen Regency.

What is the impact of the Special Autonomy funds on the welfare of the people of Papua and West Papua? In terms of implementation, there has been an increase in school enrollment rates, literacy rates, and average length of schooling, additional health infrastructure and medical personnel, as well as a decrease in the percentage of poor people. In 2021, the percentage of poor people in Papua will be 31.98 percent, while in West Papua it will be 28.2 percent. However, according to West Papua Governor Mandacan, even though there has been a decrease in the percentage of poor people, West Papua is still ranked as the second poorest province. The number of open unemployed is also still around 5.5 percent,

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although it has decreased compared to 2019 which was 7.73 percent. 6 If you look at the trend in the percentage of poor people in Figure 2, it can be seen that the Special Autonomy funds actually do not have a significant impact.

The implication of this finding is that the Special Autonomy Fund has a negative and insignificant impact on community welfare, although the impact is still relatively smaller, it is hoped that the Papua and West Papua Special Autonomy Fund will be implemented in a targeted manner towards the community so that it can have a greater impact on the welfare of the community in Papua and West Papua.

RREB has a positive influence on GRDP

The research results show that the direct influence of RREB (X2) on PMTB (X2) has a positive and significant effect. This shows that the larger the RREB will increase Gross Fixed Capital Formation in Papua and West Papua Provinces, when investment increases it will increase economic growth in the districts/cities of Papua and West Papua Provinces. Because investment can stimulate the production of each sector in the region so that by increasing production activities and spending on added value as well as the flow of payments to the region it can cause the rate of economic growth to increase. The existence of a fiscal decentralization policy which gives regional governments the authority to manage budgets in accordance with their own regional policies has had a positive impact in terms of regional spending, where regional spending can be implemented in the Provinces of Papua and West Papua. This is in line with Wagner's Law, known as "The Law of State Expenditure", emphasizing that economic growth is the main determinant of public sector growth (G. Mankiw, 2012), which means that government spending is a function of economic growth. The analogy for this relationship is that with increasing economic growth, the level of government revenue also increases, which ultimately increases government spending. Apart from that, high economic growth also reflects the increasing need for government services so that large subsidies from the government are needed.

The same results were obtained by Nekky (2016) who examined the role of RREB in economic growth in East Java Province. The research results found were that theoretically compared to routine expenditure, development expenditure has a greater multiplier effect in shaping economic growth. This is because development expenditure has a direct impact on people's lives. In the literature, the implementation of Development Expenditure is equated with Government Investment in the form of Social Investment which tends to take the form of Autonomous Investment. Theoretically, social investment is multiplier on a large scale compared to private investment. However, this expenditure must exist and must be increased from year to year in order to improve the welfare of society, which is realized to finance public goods that society needs.

The large amount of regional government development expenditure in East Java shows a tendency for an increasingly large increase, both in nominal value and in proportion. All regions in East Java, both areas with high and low economic growth. If the proportion of development funds before Decentralization/Autonomy was in the range of 26–33 percent, the Autonomy value range was higher, namely 38–67 percent, except for Blitar City. Development funds only amounted to 25.32 percent of the size of its RREB. This reflects an encouraging trend because the allocation of public funds should be for purposes that are directly related to the public interest. Because development spending will have a faster and greater multiplier impact on economic growth than routine spending.

Tommy Prio Haryanto (2013) conducted research on the Influence of Government Expenditures on Regency/City Economic Growth in Central Java Province in 2007-2011. The results of this research are that indirect spending has a positive effect on economic growth as well as indirect spending and direct spending together. -the same effect on economic growth.

Based on the growth theory developed by Robert Solow (Massachussets Institute of Technology) and Trevor Swan (The Australian National University, this theory states that economic growth depends on increasing the supply of production factors (population, labor, and capital accumulation) and the level of technological progress. This view is based on classical analysis, that the economy will continue to experience full employment levels and the capacity of capital equipment will remain fully utilized at all times

Papua's economic recovery process continued in the fourth quarter of 2021. The Papuan economy in the fourth quarter of 2021 grew by 17.16% (yoy), higher than national economic growth of 5.02% (yoy). This

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growth is also higher than the growth in the third quarter of 2021 which was recorded at 14.89% (yoy). Overall, Papua's economy during 2021 grew by 15.11% (yoy), higher than in 2020 of 2.39% (yoy).

Overall in 2021 Papua's economic growth will be mainly driven by the performance of mining and quarrying LU which grew from 16.62% (yoy) in the previous year to 40.80% (yoy). Non-increasing LU growth.

RREB Has a Negative Influence on Community Welfare

The research results show that the direct influence of the RREB (X2) on Community Welfare (Y3) has a negative and significant effect. This shows that the larger the RREB will actually reduce the level of community welfare in Papua and West Papua Provinces, this negative influence of the RREB indicates that the regional government is not serious about designing financing policies in the relevant regional RREB. Surpluses or deficits in regional financing occur only because there is a 'forced' difference between regional income and expenditure. A surplus or deficit is not something that is 'deliberately' designed to achieve better economic development goals. For example, surplus financing is to maintain regional macroeconomic stability that is too enthusiastic and under threat of inflation, or a deficit is designed to carry out fiscal expansion to stimulate regional economic activity, and so on.

Different results were found by Paramita (2020) where the aim of this research was to analyze the influence of RREB realization, which is represented by the variables Capital Expenditure and Operational Maintenance Costs in the education and health sectors as well as the Special Allocation Fund variable for the education and health sectors, on the Development Index Humans in Makassar City. The research method used in this analysis is Ordinary Least Square (OLS), using the multiple linear regression method. Bearing in mind that the effects of RREB realization require several periods to be able to feel the impact, a time lag is used. The regression results from this research show that only the variables Capital Expenditure and Operational Maintenance Costs in the education sector have a positive and significant effect on the Human Development Index with a confidence level of 95%. Meanwhile, the other three variables, namely Capital Expenditures and Operational Maintenance Costs in the health sector, DAK in the education sector and DAK in the Health sector, do not affect the Human Development Index in Makassar City.

Community welfare is the goal of development. In order to achieve this goal, financing sources are needed, and requires a strong commitment from the government and private sector in terms of investment. Even though the welfare of the people of Bali Province has increased, the increase tends to be low and there are still disparities in income distribution between regions. This research was conducted by Ni Putu Intan (2019) to analyze the influence of government spending and investment on disparities in income distribution and welfare of district/city communities in Bali Province. Based on the analysis, the results show that government spending has a negative and significant effect, while investment has a positive and insignificant effect on disparities in the income distribution of districts/cities in Bali Province. Government spending and investment have a positive and significant effect, while disparities in income distribution have a positive and insignificant effect on the welfare of district/city communities in Bali Province. Government spending and investment do not have an indirect effect on community welfare through disparities in district/city income distribution in Bali Province.

The results are different from those of Willman Fogatiz ebua (2013) who conducted research on the influence of regional spending on the quality of human development as reflected through the Human Development Index (HDI). The test results show that Capital Expenditures and Goods and Services Expenditures have a positive and significant effect on HDI, while Grant Expenditures and Social Assistance Expenditures have no effect on HDI.

Papua is one of the areas rich in natural resources in Indonesia. However, this wealth has not been able to be utilized optimally. The power of several foreign parties and the inability of local residents to manage local Papuan assets resulted in the poverty rate in Papua reaching 27.43% in the second semester of 2018, which is the highest figure of 34 provinces in Indonesia and is above the national poverty rate average. namely 9.66% (BPS, 2018).

Apart from that, according to a survey by the Ministry of Public Works and Public Housing (Ministry of PUPR RI) with the PUPR Infrastructure Competitiveness Index indicator from 2010-2014, Papua consistently ranks at the bottom with a score of 50.13 and is below the national average which has score

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67.04. The Infrastructure Competitiveness Index itself is built by indicators of road quality, availability of adequate drinking water, home ownership, index of non-slum and urban settlement areas, as well as availability of access to adequate sanitation.

Among these five indicators, Papua needs to highlight three indicators, namely road quality, availability of adequate drinking water and access to sanitation. This low index is also a factor in the large number of poor people in Papua.

GRDP has a positive influence on community welfare

The research results show that the direct influence of GRDP. This shows that greater economic growth will improve the welfare of the people in Papua and West Papua Provinces. These results indicate that the impact of economic growth on people's welfare is getting better, economic growth which is supported by massive infrastructure development has occurred in Papua and West Papua Provinces in the last ten years.

The agreement of all countries in the world is that to measure the economic welfare of a nation, the indicator used is the value of gross national product per capita. The higher the gross national product per capita, the more prosperous the country in question. Economic growth is a prerequisite for increasing the welfare of a nation (Irawan & Suparmoko, 2002). Amartya Sen in Todaro (2006) provides an overview and rational process towards releasing society from obstacles to achieve progress (unfreedom). Economic growth by itself cannot be considered an ultimate goal. Development must pay more attention to improving the quality of life lived and the freedoms enjoyed. Todaro (2006) said that the welfare of the lower middle class can be represented by the community's level of living. The level of living of society is characterized by the eradication of poverty, better levels of health, attainment of a higher level of education, and increased productivity of society

The same results were found by Yasa & Arka (2016) who conducted research entitled the influence of economic growth and inter-regional income disparities on the welfare of society in Bali Province. This research aims to determine inter-regional income disparities in Bali Province and the relationship between economic growth, inter-regional income disparities. to the welfare of society. This research uses secondary data, then analyzed using Williamson Index analysis and path analysis. The results of the analysis show that income disparities between regions in Bali Province in 2001-2012 decreased with an average value of 0.29, meaning the level of disparity is relatively low. Economic growth has a negative and significant effect on income disparities between regions, but has a positive and significant effect on community welfare. Income disparities between regions have a negative and significant effect on community welfare. Economic growth has an indirect effect on community welfare through income disparities between regions. Regional governments in development policies must pay attention to economic growth and income distribution in order to create community prosperity.

The Papua Province Central Statistics Agency (BPS) stated that the decline in PT Freeport Indonesia's mining production in Mimika Regency caused Bumi Cenderawasih's economic growth to contract by minus 20.13 percent in the first quarter of 2019 compared to the previous year.

This growth contraction was mainly caused by the mining and quarrying business field experiencing a deep contraction of minus 51.52 percent due to the decline in Freeport's mining production. PT Freeport's metal ore production in the first quarter experienced a decline in production due to the mining transition period from open pit mining to the Grasberg Block Cave (GBC) underground mine. It is estimated that during 2019 PT Freeport's metal ore production will decrease compared to 2018.

Meanwhile, the Papuan economy in the first quarter compared to the previous quarter experienced a growth contraction of minus 13.64 percent. Economic activity in the first quarter of 2019, which was not as busy as the fourth quarter of 2018, caused almost all business fields to experience negative growth in the mining and quarrying business field, which was the deepest contracting category, namely minus 25.04 percent.

In the first quarter of 2019, the structure of Papua's Gross Regional Domestic Product (GRDP) according to business fields based on current prices did not show any significant changes. Meanwhile, GRDP per capita in the first quarter of 2019 reached IDR 12.95 million, while GRDP without mining and quarrying was IDR 10.05 million.

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Not only economic growth in Papua, it turns out that the economy in West Papua has also recorded a decline due to low receipts of liquefied natural gas (LNG) from gas fields around the area. This condition caused economic growth in Papua and West Papua to be recorded as negative at 20.13 percent and 0.26 percent respectively in this period.

The Central Statistics Agency or BPS noted that Papua's economic growth in the first quarter of 2019 was minus 10.44 percent. From this growth, Papua contributed 2.19 percent to Gross Domestic Product (GDP).

CONCLUSION

This research aims to analyze the influence of special autonomy funds and the RREB on community welfare where Economic Growth is the mediating variable. This research was conducted in the provinces of Papua and West Papua 2011-2021 using SPSS 24 and AMOS software as tools.

Based on the problem formulation, objectives, hypotheses and research results as well as the discussion that has been described previously, in general the conclusions of the research results can be presented as follows.

The special autonomy fund has a positive and significant effect on economic growth. These results show that the special autonomy fund increases economic growth in Papua and West Papua. This is influenced by several factors, firstly increasing investment where special autonomy funds are used effectively resulting in increased investment in the area. Economic sector development: Special Autonomy Funds can be used to develop potential economic sectors in the area. Improving the quality of human resources: Special Autonomy Funds can also be used to improve the quality of human resources through investment in education, training and workforce development. Domestic consumption stimulus: If Special Autonomy Funds are allocated to improve community welfare, such as social assistance programs, health services, or poverty alleviation programs, this can encourage increased purchasing power and domestic consumption. Tourism sector development: Special Autonomy Funds can be allocated to promote and develop the tourism sector in areas that receive these funds.

The special autonomy fund has a negative and insignificant effect on people's welfare. These results show that the special autonomy fund actually reduces the welfare of the people in Papua and West Papua. There are several factors that cause this. Ineffective fund management: If the Special Autonomy Fund is not managed well and effectively by the local government, its benefits for community welfare can be limited. Lack of transparency and accountability: A lack of transparency in the use of Special Autonomy Funds can make it difficult for the public to know how these funds are used and whether they have had a real impact on their welfare. Lack of proper planning and management: If local governments do not have proper planning and management regarding the use of Special Autonomy Funds, the potential for achieving community welfare will be limited. Dependence on special autonomy funds: If a special autonomous region relies heavily on the Special Autonomy Fund as the main source of funding, this can create detrimental dependency. Absence of community development programs: If the Special Autonomy Fund is not used to support community development programs, such as education, health, social infrastructure, and economic empowerment, then its impact on community welfare can be limited.

RREB has a positive and significant effect on Economic Growth, these results show that RREB increases Economic Growth in Papua and West Papua. Providing a budget for infrastructure where the RREB can be allocated for infrastructure development such as roads, bridges, airports, ports and transportation systems. Support for the business sector where the RREB can be used to provide support to the business sector, especially small and medium businesses. Investment in education and training and development of the tourism sector.

The RREB has a negative and significant effect on community welfare. These results show that the RREB actually reduces the welfare of the community in Papua and West Papua. The implications of this research identify irregularities and corruption, inappropriate spending priorities, lack of investment in human resources, injustice in budget allocation and RREB that is not long-term sustainable.

GRDP has a positive and significant effect on Community Welfare. These results show that GRDP improves Community Welfare in Papua and West Papua. There are several reasons why this result can occur, firstly, there is an increase in employment opportunities, an increase in per capita income, an

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increase in quality of life, an increase in access to education, an increase in consumption choices and capabilities.

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