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Sarah Shair-Rosenfield

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Facultade de Ciencias Económicas e Empresariais (USC)

Av. Do Burgo das Nacións, s/n. Campus Norte. 15786 Santiago de Compostela. Spain.

[ideagov@ideagov.eu](mailto:ideagov@ideagov.eu)

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Spain

[ideagov@ideagov.eu](mailto:ideagov@ideagov.eu)

[www.ideagov.eu](http://www.ideagov.eu)

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# **The Delicate Balance of Special Autonomy Agreements: Lessons from Indonesia and the Philippines**

Sarah Shair-Rosenfield  
University of York

## **ABSTRACT**

Does asymmetric decentralization fulfil the twin promise of regional self-governance within a peaceful nation-state? Despite the obvious appeal of pacifying restive regions with distinct authority while keeping them as parts of the larger country, the theoretical promise of asymmetric decentralization often goes unfulfilled in reality. This is especially true where regional grievances were sufficient to lead to deadly civil conflict, and where those grievances include especially high levels of (perceived) economic exploitation and extreme poverty in the region compared to the rest of the nation. Comparison between the special status regions of Aceh and Papua (in Indonesia) and the Bangsamoro Autonomous Region of Muslim Mindanao and unsuccessful Cordillera Administrative Region (in the Philippines) highlights the importance of limiting veto players in agreeing on the design of special autonomy to resolving regional claim-making and mitigating regional economic deprivation. The comparative analysis suggests why special autonomy arrangements often fail to achieve the critical balance of solving existing regional grievances and preventing resumption of conflict and unrest.

## **Keywords:**

Asymmetric decentralization, Regional self-governance, Conflict resolution, Economic inequality, Indonesia, the Philippines.

## 1. Introduction

Asymmetric decentralization is often posed as a solution to state-building and peace-making in countries with deeply-divided societies. In such contexts, demographically-distinct regions—often marked by differences in language, ethnicity, and/or religion when compared to the national majority population—frequently pressure central governments for independence or autonomy. Without powersharing agreements where the state is constrained by clear and enforceable constitutional provisions to delineate the division of power (Hartzell and Hoddy 2003), autonomy agreements have served as an alternative to end civil conflicts by providing regional leaders safeguards to their authority to govern in a distinct manner within their jurisdiction. By granting specialized protection and autonomy to a specific region bearing a distinct identity, the central government can theoretically reduce pressure for regional independence and resist degradation or breakup of the state (Stepan et al. 2011), although this is far from a settled question empirically (Neudorfer et al. 2025; Zuber 2011). Thus, asymmetric decentralization is often portrayed as a tool for central state preservation and strengthening, while also achieving localized and distinct authority to regional leaders that reflects their ‘special’ status.

Yet, opponents argue such arrangements expose central governments to claims by other restive regions or additional concessions to special status regions. Asymmetries thus open a pandora’s box of demands and risk deepening erosion of the nation-state by emboldening claim-making by groups who see asymmetric arrangements as evidence of the state’s vulnerability (Brancati 2006; Hechter 2001). Additionally, inequalities may decline or grow as non-uniform applications of resource control and redistributive policies can either ameliorate or exacerbate already unequal outcomes in areas such as access to education or poverty alleviation. In short, asymmetry can lead to: 1) escalation of claims and demands; and 2) non-uniform effects on economic development and inequality across the country.

The cases of Indonesia and the Philippines are useful for deepening scholarly understanding of the potential trade-offs—both implied and observed—of asymmetric decentralization. First, they are large countries where demographically-distinct populations, particularly ethnic and religious minorities, are often geographically clustered. Second, the process of democratization in the 1980s and 1990s ushered in episodes of civil conflict where the resolutions included provisions for asymmetric decentralization. Third, their asymmetric decentralized structures coexist within universal decentralization frameworks that endow subnational units with modest authority, leaving room for asymmetries to substantially differ from (i.e., exceed) standard regional power and control. Fourth, their restive regions are often among the most or least prosperous subnational units in countries rife with inequality. Finally, each country boasts multiple regions currently holding or aspiring to special status, with variation in the types and levels of special autonomy.

Paired comparison of the two cases highlights three important lessons for scholars addressing the delicate balance and inherent tensions in granting specialized (and unequal) autonomy. First, asymmetric decentralization arrangements that result from more or fewer than 2 primary veto players are less likely to durably resolve claim-making and improve the economic conditions that lead to grievances. Second, because granting autonomy often fails to fully address regional grievances or lacks sufficient central state commitment to autonomy, asymmetries often perpetuate further claims. The degree to which further claims by other regions and the original regions are successful varies with the level of violence used to support those distinct claims (i.e., following a similar pattern to the original claim). Third, asymmetries only sometimes reduce pre-existing deprivation in special status regions. Holding local control over fiscal transfers, resource revenues, and aid shields special status regions from central scrutiny and auditing, but also offers greater capacity to address problems and higher levels of corruption that prevent efficient solutions. Where asymmetry does not grant such localized control, economic grievances persist.

In the following sections, I first lay out the extant theoretical expectations regarding the effects of asymmetric decentralization on conflict resolution and economic grievances. Then, I introduce the cases of Indonesia and the Philippines, highlighting the basis for comparison and applicability of the cases for an empirical test of theories of asymmetric decentralization. Through an analysis of asymmetric agreements and economic deprivation in four special status/aspiring regions—Aceh and Papua in Indonesia and Cordillera and Mindanao in the Philippines—I trace the evolution of key political developments and compare economic outcomes in the four regions. I conclude by highlighting generalizable lessons for scholars of asymmetric decentralization.

## **2. Asymmetric Decentralization: Causes and Consequences**

For many multi-ethnic countries in the Global South, the process of decolonization often led architects of the newly independent state to invest substantial power in the hands of the central government to try and mitigate the risk of state dissolution or failure. Yet, centralized control rarely resolved lingering regionalism; in many cases it created additional grievances through policies and practices that concentrated resources in capital cities and discriminated against non-majority populations with little representation in the central government. As a consequence of this gap between the (perceived) interests of the central state and local identity and needs, many subnational regions sought—with varying degrees of success—autonomous rule to enshrine their distinct status and identity within the wider nation state.

These claims are often, though not always, pressed through violence and civil conflict. Most of the world’s wars since the end of the Cold War have been civil conflicts where ethnic identity and associated grievances have taken center stage. In many of

these conflicts, grievances stem from a relatively consistent set of issues related to central state control over resource extraction and allocation, redistribution and development policies, and an overrepresentation of a single ethnic and/or religious group in key positions of power. Addressing these grievances, especially in an effort to end a conflict, thus becomes paramount to stabilizing the composition and strength of the entire nation state (Walter 2004; 2014). Autonomy, a form of asymmetric decentralization in countries typically too large (geographically and/or by population) for purely unitary governance, has become a frequent solution for resolving conflicts and dealing with the grievances.

Autonomy theoretically provides for some measure of self-governance while maintaining a single nation-state, thus providing a beneficial compromise for both region and central state. In contrast to universal decentralization, which requires extensive institutional reconfiguration and buy-in from a wider swath of political elites with vested economic and political interests (Horowitz 2006), asymmetric decentralization limits new veto players or significant parties to those who are empowered on the basis of particularistic claims. Despite regional elites often professing to prefer a more ultimate form self-governance, there tend to be sufficient economic and security benefits in remaining part of a larger nation-state as long as the central state's commitment to regional self-governance is perceived to be credible (Shair-Rosenfield 2022).

Yet, even as scholars have noted the theoretical appeal of autonomy to help resolve civil conflict (Hartzell et al. 2001; Leonardsson and Rudd 2015; Schulte 2018), others have highlighted the empirical reality that non-uniform devolution of authority from the center can fail to fully or durably resolve the tensions (Beramendi and Léon 2015; Neudorfer et al. 2025), and even may lead to further grievances especially by excluded groups or regions (Brancati 2006; Cornell 2002; Roeder 2009). For example, unfunded mandates tend to limit economic benefits (Rodríguez-Pose & Vidal-Boyer 2022), but many asymmetric arrangements offer distinct policy authority without commensurate fiscal authority. Even where regional elites receive special financial resources from the center, capacity and corruption constraints tend to curtail the effectiveness of that greater resource allocation (Hutchcroft 1998). Despite the limitations, if a specific region's self-governance arrangement provides for substantially greater authority relative to other subnational units, other regions may push for their own special status agreement or potentially coordinate to pursue a greater degree of universally devolved authority from the central government (Tarlton 1965). In short: an autonomy deal that is *perceived* to be profitable or beneficial may inspire copycat behavior and lead to the central state facing pressures to grant further asymmetries.

As a result, for the arrangement to lead to durable peace and security, a delicate balance among credibly committed partners must be struck during the creation of asymmetric decentralization. As Cunningham (2011) highlights, increasing the number of veto players involved in resolving civil conflict risks the success of a bargain being struck; more veto players means more and potentially divergent interests to satisfy.

Durable special autonomy arrangements result from an agreement between a region and a central state who the region believes is committed to their right to regional self-governance (Shair-Rosenfield 2022), a task that is similarly made more difficult with additional bargaining partners to satisfy. Where both the central state and regional leaders are credibly committed to the terms of an autonomy deal that grants some combination of specialized policy and fiscal authority to a region, asymmetric decentralization should be more likely to lead to the eventual outcome of durable peace in a single nation-state.

### **3. The utility of comparing asymmetric decentralization in Indonesia and the Philippines**

From multiple perspectives, Indonesia and the Philippines are useful comparison cases to reflect on outcomes associated with asymmetric decentralization. As “most similar” systems, they are especially helpful in attempting to isolate key factors shaping the outcomes associated with asymmetric decentralization while ruling out many alternative explanations. They share similarities in geographic territorial dispersion as archipelagos of thousands of islands in the Pacific Ocean. They share similarities in the demographic diversity of their populations: no single ethnic majority group amid dozens of distinct ethnic groups, one dominant religion (Islam in Indonesia and Catholicism in the Philippines) with substantial religious minority populations, and a constructed (Bahasa Indonesia in Indonesia) or inherited (English in the Philippines) national language amid the use of hundreds of dialects.

Beyond the shape and composition of their countries, they share historical and political attributes including a history of colonization and decolonization before regime change in the Third Wave of democratization. Though colonized by different imperial powers—the Dutch in Indonesia and the Spanish and Americans in the Philippines—the process of colonization produced the territorial shape of the eventual independent nation-state. Post-World War II independence led to similar nationalistic state-building efforts marked by centralized control over resources and standardized use of a single national language. Democratic collapse followed these nationalist governments, with the repressive tactics of the military autocracies giving rise to insurgencies with claims rooted in subnational region-based grievances. Popular protests ushered in the return of democracy in the late 1980s and 1990s, and their first democratically-elected governments adopted wide-ranging reforms that included political and fiscal decentralization.

Economically, both are middle-income countries with increasingly urbanized populations, high levels of poverty and income inequality, and a substantial reliance on agriculture and natural resource extraction. Their populations skew young but have fast-growing over-65 populations and the commensurate pressures this places on healthcare infrastructure and resource redistribution. Technological advancement has been rapid,

with urban populations (even the urban poor) likely to have internet access, and physical infrastructure progressively upgraded (e.g., Indonesia's upgrades to transportation on the island of Java, the Philippines major windfarm projects in the mid-2010s), but both have occurred in inconsistent fashion. Thus, in many important ways the two cases are very similar; this ensures some confidence in generalizing from one to the other, as well as reflecting similarities to many cases across the Global South.

Beyond general similarities, close parallels can be drawn between the nature and extent of democratic era decentralization reforms. Both countries have multiple subnational tiers of government, with the provincial and municipal/city levels the most empowered in terms of policy authority and resource allocation. At the lowest levels, the *desa* in Indonesia and the *barangay* in the Philippines, community-level organizations help to deliver basic healthcare and serve as communication/contact points for local residents. Two points of difference emerge in how universal decentralization is organized: 1) the Philippines boasts a supra-provincial tier – the Regions – whose primary function is statistical rather than administrative except in the case of special status subnational units; 2) there is no “shared rule” for Philippines subnational entities, meaning that they are not consulted on nor do they co-design or co-implement policies alongside national decision-makers (Shair-Rosenfield et al. 2021; Shair-Rosenfield 2022).

In terms of measuring the level of decentralization invested in standard subnational units, the cases are highly similar. As of 2018, the respective first tiers of standard subnational units—Indonesian provinces and Philippines provinces and independent cities—score 11 on the combined self-rule and shared rule measure in the Regional Authority Index (Shair-Rosenfield et al. 2021). However, Indonesia has a similarly powerful second subnational tier, an important distinction because it means the weight of decentralized government is stronger in Indonesia due to two different tiers shaping policy, resource use, and redistribution that affect citizens on a daily basis.<sup>1</sup> Yet, considering the power of the most authoritative subnational tier of government, the two cases are effectively the same.

In terms of asymmetric decentralization, the cases diverge in certain ways while specific subnational units again share some similarities. Indonesia has three distinct forms of asymmetry among its four special status regions: 1) autonomous regions (Aceh and Papua) holding more authority than standard subnational units; 2) an asymmetric region (Yogyakarta) holding similar authority to standard subnational units with slight institutional distinction in how the unit operates; and 3) a dependent region (Jakarta) which whose population encounters less decentralized government than the rest of the country. The Philippines has only one distinct form in the Bangsamoro Autonomous Region of Muslim Mindanao, a supaprovincial autonomous region holding more authority than the top-tier standard subnational units of provinces and independent

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<sup>1</sup> Philippines component cities also hold some local policy and fiscal control. However, they are much smaller in size and have a lower status in the complex Internal Revenue Allotment formula than first tier cities, providing less “weight” on the average citizen’s experience of decentralized governance (Shair-Rosenfield 2016).

cities. These special status regions often bear comparable historical trajectories in their shared long-standing grievances fueling insurgent-led conflicts and prompting heavy-handed state responses (Bertrand 2007; 2021).

#### **4. Do asymmetries resolve civil conflict?**

Fears of a slippery slope are built on an assumption that regional elites view central state concessions as an indication of vulnerability and will subsequently make their own demands. This theoretical view of asymmetric decentralization ignores a key element shaping the negotiation process surrounding ongoing asymmetry pressures: the number of veto players who are involved in any one dyadic negotiation between the central government and a regional government/elites. Where fewer veto players are involved in any one dyadic negotiation process, the likelihood of a special autonomy agreement leading to more permanent resolution of conflict is higher. The logic here is simple: if we assume that a central state seeks a permanent resolution to internal divisions and conflict, it is much more likely to be able to reach an agreement and signal that it has credibly committed to it when it has fewer negotiating partners to satisfy. However, where only one dominant veto player who holds unilateral authority to modify the scope and extent of decentralization exists, a failure to prove commitment to regional self-governance will prevail. Paired comparison of Indonesia and the Philippines offer a clear demonstration of how this logic works.

In Indonesia, special autonomy agreements are negotiated between the central government and a regional government.<sup>2</sup> Two such agreements are currently in effect: the Law on Aceh Governance (Undang-undang 11/2006) and the special autonomy agreement with Papua (Undang-undang 21/2001). The different trajectories of these two regions highlight the importance of the number of veto players during negotiations on the durability of peace resulting from an asymmetric decentralization arrangement.

A clear narrative emerges in examining the case of Aceh. Spanning decades and both authoritarian and democratically-elected governments, insurgencies from the province repeatedly sought and often failed to achieve concessions from the central government. With democratization in 1999, President Abdurrahman Wahid opened discussions that culminated in a 2001 special autonomy provision giving the province an exemption to introduce Sharia law. However, Wahid's impeachment and the assumption of the presidency by Megawati Sukarnoputri effectively soured relations with Aceh's leaders, and the Free Aceh Movement (Gerakan Aceh Merdeka, GAM) insurgency reignited conflict (Aspinall 2009). By 2005 the conflict had claimed hundreds of lives before the Indian Ocean Tsunami wiped out substantial portions of the Acehnese coast

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<sup>2</sup>The exceptions are where the central government unilaterally imposed an asymmetric arrangement to directly control the capital city of Jakarta and the constitutional provision exempting the special province of Yogyakarta from nationwide rules governing the election of the governor (Shair-Rosenfield et al. 2014; 2021).

and killed or displaced hundreds of thousands of people. President Susilo Bambang Yudhoyono appointed his Vice President, businessman Jusuf Kalla, the government's chief negotiator to international discussions aimed at a permanent resolution to the province's demands and civil conflict (Lele 2023).

While third-party negotiators were used to broker the 2006 peace deal in Helsinki between the Indonesian government and the GAM, those negotiators had no stake of their own in the final shape of the agreement – their presence facilitated the resolution but not its content (*ibid*). The 2006 Law on Aceh Governance (and its predecessor, the 2005 Helsinki Agreement) was thus a product satisfying two veto players: the Indonesian government and the representatives of GAM. While GAM did not necessarily speak for the population of the province or regional leaders outside the insurgency, they were the clear and only regional bargaining partner at the table. The same is true for the Indonesian government, where alternative preferences to those brought by Kalla on behalf of the Yudhoyono presidency existed but were essentially ignored. The result was a deal that, on paper, satisfied the only two relevant veto players in the negotiation process and granted Aceh more direct control over natural revenue resources generated in the region, a distinct institutional arrangement for the existence of province-only political parties,<sup>3</sup> and consultative power for future changes to the autonomy agreement's content. Both sides agreed to the deal, which has subsequently stood the test of time: in the 19 years since the Law's adoption, and despite numerous changes in the composition of both the central government in Jakarta and the regional leaders in Aceh, the Law has not been altered.

Yet, a different path evolved in Papua, where the central government has always been more divided and regional elites more fragmented. Like in Aceh, Papua received a special autonomy agreement in 2001 under Wahid. That special agreement focused primarily on cultural protection and a different structure to the regional parliament that would reflect the indigenous population. Then in 2003, the central government under Sukarnoputri successfully subdivided the province, carving the standard province of Irian Jaya Barat out of the special status region. In 2007, the central government under Yudhoyono again tried to create a new province, Papua Barat, but the provincial assembly vetoed the decision; a Constitutional Court order ruled against the central government, who settled for a name change of 'Irian Jaya Barat' province to 'Papua Barat' province.

Within Papua, various groups have approached the issue of separatism and independence distinctly and carry with them varying degrees of willingness and interest in negotiating with the central government (Lele 2023). Divisions within Papua have enflamed critics who argue that the central government has repeatedly demonstrated that it is not credibly committed to regional self-governance, using "divide and rule" tactics (McGibbon 2204). As a result, Papuan insurgents have continued to launch attacks throughout the past two decades, including taking hostages and temporarily

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<sup>3</sup> Elections for every other part of Indonesia are only able to be contested by parties that operate nationwide.

controlling airbases to disrupt industrial processes. Despite repeated calls in Papua for renegotiation, the central government has never been willing to fully engage given the disparate nature of the insurgent attacks and diffusion of local parties pressing claims (Lele 2023).

Instead, in 2021 the central government amended aspects of the Papuan special autonomy agreement that effectively rolled back some aspects of autonomy and clearly overrode any semblance of consideration for what the Papuan assembly preferred.<sup>4</sup> Following from that amendment, in 2022 the central government subdivided both Papuan provinces, creating Papua Barat Daya from the existing Papua Barat province and creating Papua Selatan, Papua Tengah, and Papua Pegunungan from the existing Papuan province. Ostensibly claimed to enable *greater* local governance by creating new provincial civil service agencies to carry out public goods and services provision,<sup>5</sup> critics of the move point to signs that the central government intends to effectively pack those agencies with non-indigenous Papuans whose political preferences are more closely aligned with Jakarta than the regional populations.<sup>6</sup>

In the Philippines, special autonomy agreements are negotiated between the central government and a regional government or its representatives, but the final special status documents must be approved in a plebiscite of the population to whom they apply. Only one such agreement is currently in effect: the 2018 Bangsamoro Organic Law governing the Bangsamoro Autonomous Region of Muslim Mindanao. However, numerous previous attempts to establish special autonomy have been made. The different trajectories of Mindanao and Cordillera highlight the importance of the number of veto players, including regional *populations*, during negotiations over asymmetric decentralization arrangements.

A complex narrative emerges in the case of Mindanao. Insurgencies throughout the authoritarian period were temporarily pacified with the Tripoli Agreement in 1976, though the Agreement was only negotiated between the Marcos regime and the Moro National Liberation Front (MNLF) and never implemented. Post-democratization saw a renewal in efforts to secure peace, but the Aquino administration faced challenges in trying to negotiate with several distinct insurgent groups, the largest being the MNLF. The newly-created Autonomous Region of Muslim Mindanao was approved by referendum in 1989 but granted the supraprovincial region only modestly stronger powers in resource control and policy autonomy (Shair-Rosenfield et al. 2014; 2021). Ongoing violence committed by the Moro Islamic Liberation Front (MILF), a splinter of the MNLF, and other more extreme groups persisted through multiple presidential administrations in the 2000s.

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<sup>4</sup> [https://en.mkri.id/news/details/2022-01-13/Amendment\\_to\\_Papua\\_Special\\_Autonomy\\_Law\\_Disregards\\_Indigenous\\_Papuans%20%99\\_Rights](https://en.mkri.id/news/details/2022-01-13/Amendment_to_Papua_Special_Autonomy_Law_Disregards_Indigenous_Papuans%20%99_Rights)

<sup>5</sup> <https://en.mkri.id/news/details/2021-12-13/House%3A%20Papua%20Special%20Autonomy%20Law%20Gives%20More%20Authority%20to%20Papuans>

<sup>6</sup> <https://lens.civicus.org/interview/the-transmigration-plan-threatens-papuas-autonomy-and-indigenous-ways-of-life/>

These pressures for increasing authority and to revisit the areas included in the ARMM led to negotiations to replace the ARMM with the Bangsamoro Juridical Entity; a memorandum of understanding (MOU) was drafted but left unsigned by President Gloria Macapagal Arroyo amid ongoing violence. In 2014, President Benigno Aquino III was finally able to negotiate with the MILF the foundations of the 2018 Bangsamoro Organic Law, but disputes remained over which parts of the country would be eligible to participate in the binding referendum. Because the enabling legislation required approval of the region's population, a key determining factor was not only whether the population would assent but also which populations would be given the opportunity (Eaton and Shair-Rosenfield 2024). The plebiscites returned more evidence of the importance of veto players in successfully finding durable solutions to demands for regional self-governance: multiple municipalities with close ties to the MILF were prevented from joining the new BARMM entity because they are located within a province whose wider population voted against joining. Consider the multiple layers involved in this calculation: highly localized populations, under the influence of one of multiple insurgent actors claiming to speak on behalf of the region's population and competing with the populations of larger administrative entities, partly determine the fate of the agreement and to which parts of the country it will apply.

The case of BARMM highlights the complexity of successfully securing an asymmetric decentralization agreement in the Philippines due to the large number of veto players involved in both the negotiation and approval of such agreements. The opposite is true of the aspiring region of Cordillera where the addition of one veto player—the region's population—ended the possibility for asymmetric decentralization. Cordillera sought to expedite socio-economic development alongside distinct indigenous communities who desired respect for local customary law and hoped regional elites would protect them in negotiating a special autonomy agreement in 1989 with the central government (Rood 1989; 1992). Despite the government's willingness to align with interests of regional elites, two separate plebiscites of the regional population—in 1990 and in 1998—failed, leaving the region's localities on equal footing with all other localities outside of ARMM/BARMM. The underpinning cause of the plebiscites' failures was ultimately that the regional population did not strongly value an additional layer of government—the supaprovincial region—and did not share the vision of regional elites (Rood 1992, 316-318). In the context of Cordillera, an additional veto player who did not share the vision and cost-benefit analysis of the others derailed the prospect of further regional self-governance.

## **5. Do asymmetries resolve subnational economic grievances?**

In thinking about the role of relative economic deprivation as a grievance fueling regional autonomy demands, two particular motives tend to serve as the primary drivers. In the first instance, a region holds particular economic power – such as the presence of

natural resources or an especially well-educated and economically elite population – but does not perceive that it receives sufficient benefit from that power. Most oftentimes, this is a result of a belief that central state intervention redistributes in a way that is disadvantageous to the region. For regions with natural resources, this may take the form of a disfavorable equation for retaining or returning funds derived from resource rents/revenues; for regions with high income populations, this may take the form of a nation-wide redistribution scheme where the region’s population pays into the centre at a rate that exceeds the rate at which they receive or draw upon redistributive funds or programming. In either case, whether the disparities are more concrete or imagined, the perception that the central state is benefitting more from the region’s resources than its population drives the grievance.

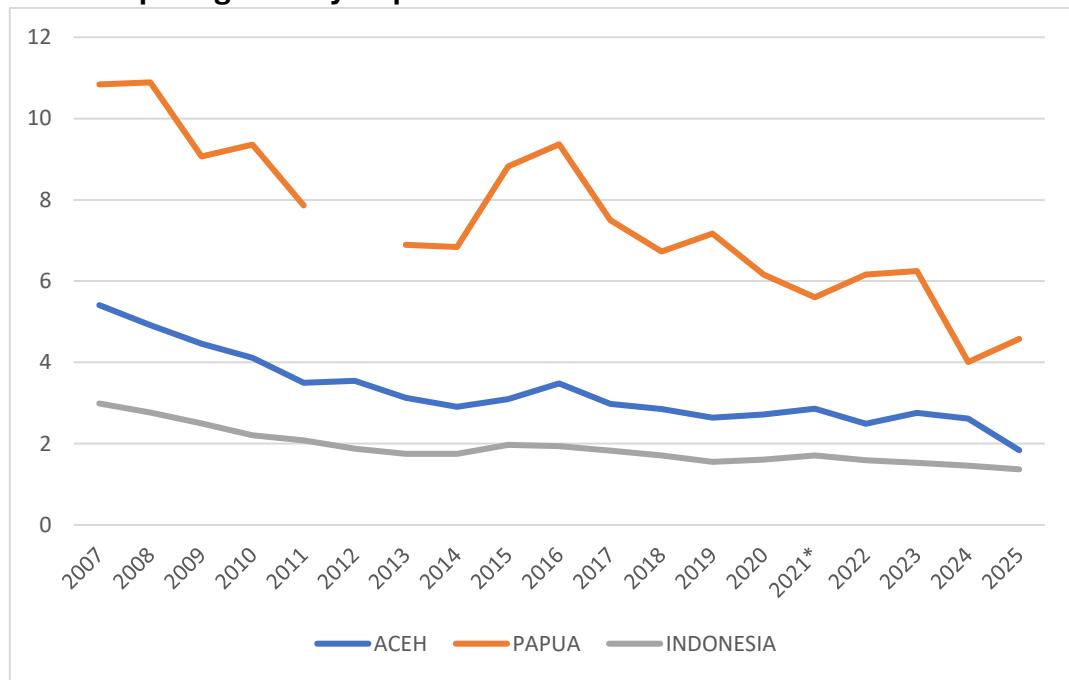
In the second instance, a region has an especially economically deprived population, including one in need of greater public goods and services provision. This may manifest in higher levels of poverty or lower levels of economic prosperity and development. The relative aspect of deprivation can also be somewhat perceptual: while statistical data may make it easy to know precisely how much worse off a local population is compared to the national average or the population of other regions, regional elites may specifically draw attention to one form of deprivation or highlight “disparities” that are not especially large in absolute terms but can be perceived to be so in relative terms. However, abjectly higher levels of poverty, for example, are also likely to be reflected in weaker provision of public goods, such as lower numbers of hospitals and doctors. This can then translate into relative deprivation on other metrics such as higher child and maternal mortality rates, which tend to be both directly and endogenously related to lower economic development.

In Indonesia, only Aceh’s special agreement included provisions for more and specific resource distribution and control over revenue generated in the province. As a result, only in Aceh would there be any expectation that greater fiscal authority might amount to substantial differences in or changes to longer-standing patterns of relative economic deprivation. Examining key provincial outcomes shows disparities in poverty and human development that are evident when comparing Papua to national figures. Figures 1 and 2 show a clear gap between Papua and the rest of the country, which only begins to close after 2021 when the less well-developed areas are separated into three new provinces of South Papua, Central Papua, and Highland Papua. After the separation took effect in 2022, both a decline in the poverty gap and increase in HDI at the provincial level bring Papua closer to the national averages, though it is still substantially higher on the poverty gap than the rest of the country. The province has little ability to benefit from its vast wealth of natural resources, which multinational corporations extract.

In contrast, only with respect to the poverty gap is Aceh still well above the national average. Even in this context, the gap between Aceh and the rest of the country has declined since 2007 when the latest autonomy agreement took effect, with steady improvement over an 18-year time window. This has happened even after the 2004

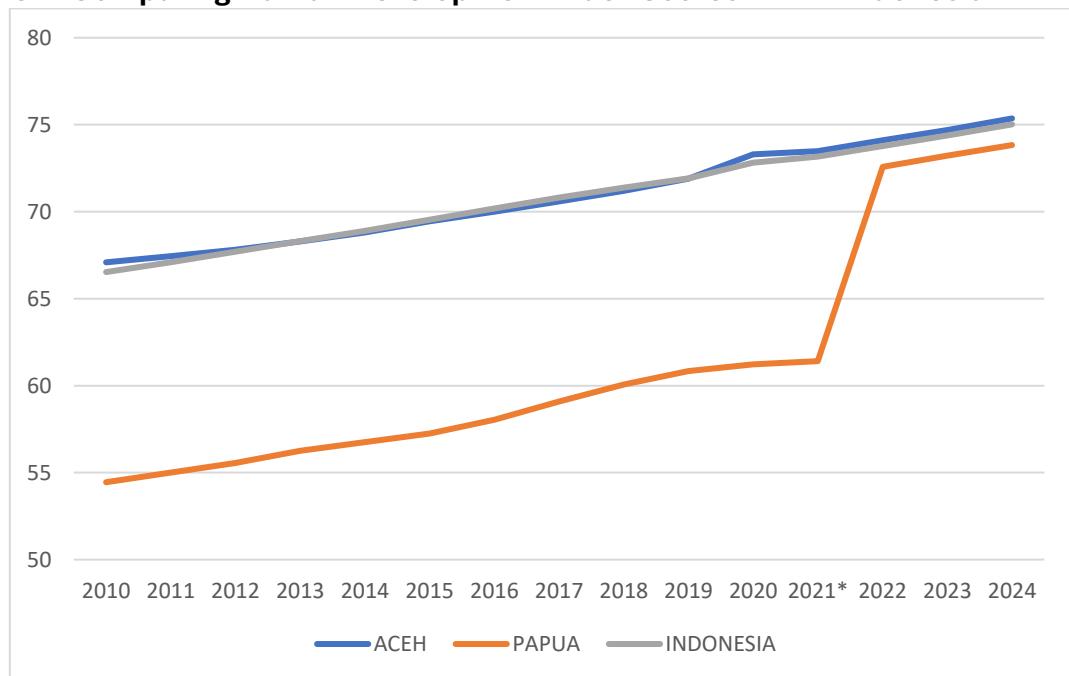
tsunami forced the province to address substantial rebuilding and reconstruction efforts. While many accounts of provincial decision-makers have criticized patronage networks and inefficient use of reconstruction aid, it is clear that on balance the province has been able to make at least somewhat effective use of the resources it was given and now more directly controls.

**Figure 1. Comparing Poverty Gap Index Scores within Indonesia**



Source: Indonesian Statistics Agency 2025

**Figure 2. Comparing Human Development Index Scores within Indonesia**



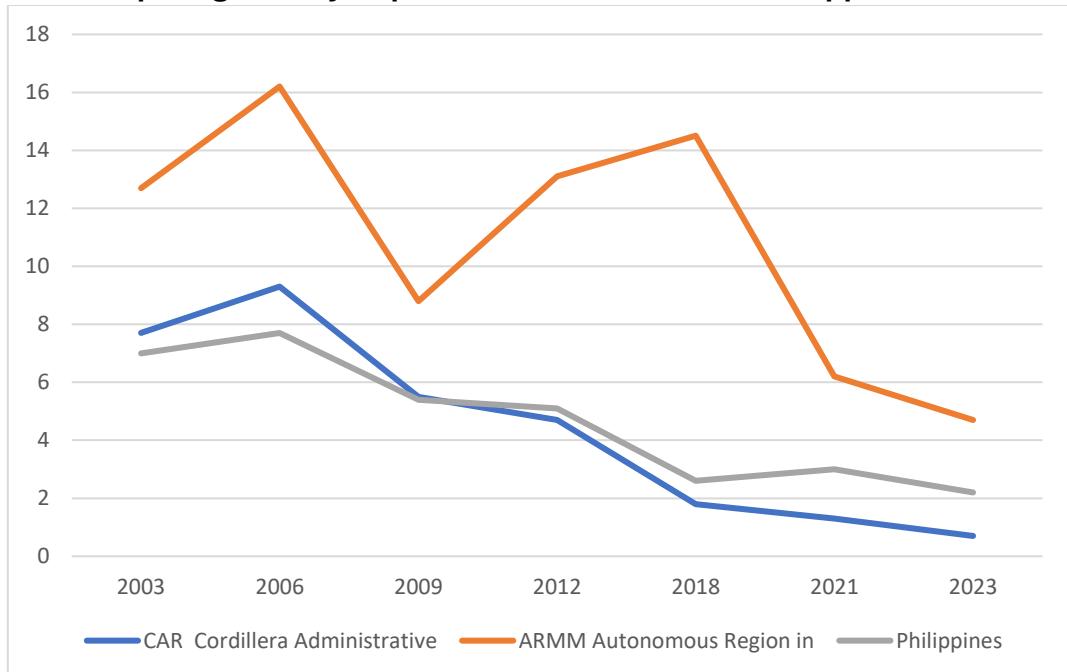
Source: Indonesian Statistics Agency 2025

A contrasting story emerges in the Philippines. While the ARMM special agreement included nominal provisions for greater control of locally-derived resources, provincial and city entities within ARMM faced the same resource allocation schedule as other provinces and cities within the country. This meant no substantive difference in allocation of the primary local financial resources: block transfers from the central government. Negotiations for the new BARMM agreement revisited this particular issue (Ferrer 2018; Lingga 2018), resulting in the region being granted greater fiscal authority that exempted it from the nation-wide resource allocation system and higher retention of locally-generated revenues.

As the figures show, ARMM showed a similar pattern of outcomes to Papua. Figure 3 indicates ARMM poverty levels are significantly higher and also more volatile than in the rest of the country, while Figure 4 shows that its HDI is also significantly lower than the national average. Regional critics of the central government's failure to secure an MOU during the Arroyo administration often pointed to such data as important factors in ARMM's need for greater regional self-governance. Recent data points in Figures 3 and 4 suggest that the new BARMM agreement may be having the intended effect of improving economic outcomes.

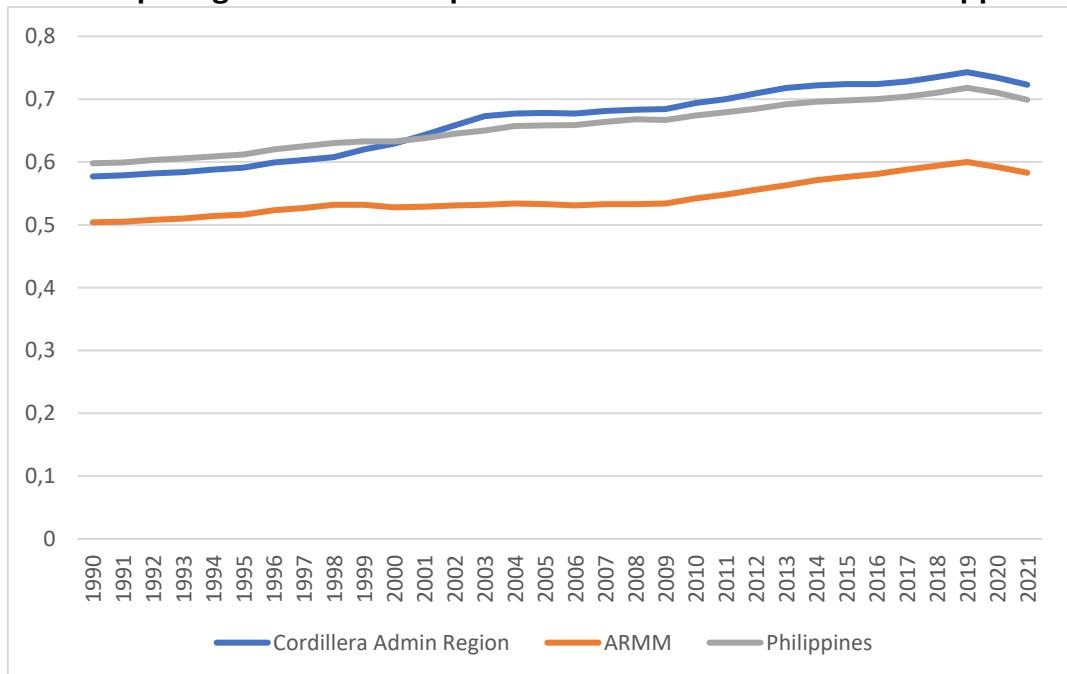
The comparison of CAR, where the regional outcomes mirror those at the national level, is also perhaps indicative of the local population's reticence to indulge local elites' pursuit of regional self-governance. For CAR, the need or rationale for a distinctive form of governance rooted at all in economic interests is unclear: the region's provinces perform at basically the same average as the rest of the country on each of these measures. This assertion is not to ignore that within-region differences may be large or the possibility that CAR's motivation is not wholly related to economic preferences. Yet, the data itself suggests that CAR is neither in need of greater support from redistribution and public goods and services provision, nor likely to be overcontributing to central revenue coffers.

**Figure 3. Comparing Poverty Gap Index Scores within the Philippines**



Source: Philippines Statistics Authority 2025

**Figure 4. Comparing Human Development Index Scores within the Philippines**



Source: Philippines Statistics Authority 2025

## 6. Conclusion

Although asymmetric decentralization is often posed as a solution to pressures for regional self-governance while retaining a restive region as one part of the larger nation-state, it requires a careful and delicate balance to achieve. While asymmetry does offer an individual subnational unit special status that provides some measure of self-governance alongside distinctiveness, other important potential consequences that may also result. First, special autonomy agreements may present the central state with the challenge posed by new or additional pressures for asymmetry. Second, while special autonomy is meant to enable a regional government to self-govern in a way that facilitates its ability to address distinctive economic challenges, unfunded mandates and governance challenges may subsequently limit, rather than facilitate, that ability and leave the region no better or worse off.

The comparison of Indonesia and the Philippines, each with multiple special status and special status-aspiring regions, provides some empirical assessment of the validity of these claims. While the special autonomy agreement negotiated for the province of Aceh in Indonesia helped to reach a fairly conclusive resolution to long-standing civil conflict and reduce some of the economic grievances and disparities between its population and that of the wider nation, a similar but less empowering agreement with the province of Papua has largely failed to achieve outcomes. In the Philippines, a similar but less empowering special autonomy agreement with the Autonomous Region of Muslim Mindanao failed to fully resolve its long-standing civil conflict or mitigate economic grievances; eventually a new and more powerful self-rule agreement was finally brokered but it is still too early to tell whether it will be more durable or successful than its predecessor; in Cordillera, demands for regional self-governance have long failed to secure an asymmetric decentralization agreement.

The magic number of two veto players appear important to successful adoption, implementation, and maintenance of asymmetric decentralization. In Aceh, the version of the special autonomy agreement that has endured and satisfactorily addressed local grievances was negotiated between a relatively unified Acehnese contingent and a relatively unified contingent representing the Yudhoyono government. But, a key difference between the successful resolution in Aceh and failure in Papua rests in the level of central state commitment to regional self-governance. Without the central state being able to make a credible commitment to autonomy, agreements are less likely to stabilize and promote successful regional self-governance (Shair-Rosenfield 2022). In Papua, the Indonesian government has never been forced to cede some measure of veto power to the regional government, effectively retaining unilateral authority (i.e., the lone veto) to renegotiate or violate the terms of the region's special agreement. As a result, the 2021 decision to override the Papuan assembly's objections, alter the content of the

agreement, and sub-divide the province further have led to renewed calls for greater autonomy and objections by the indigenous population to central interventions. Across the two regions in the Philippines, the presence of too many veto players in negotiations have been a central cause for special autonomy agreement failures. In ARMM, multiple insurgent groups pursued separate policy agendas through different strategies, complicating negotiations with the central state. In both ARMM and CAR, consent of the regional populations was required to put any special agreement into effect. In the case of the latter, the regional population refused the terms of regional self-governance; in the case of the former, regional population buy-in has led to persistent conflicting territorial claims and nearly led to failure in the 2019 plebiscites that finally formed the BARMM.

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