

## LOCAL GOVERNMENT EFFORTS IN CONTROL OF INFLATION IN PAPUA'S HIGHLANDS PROVINCE

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### Abstract

*This research describes the efforts of the Papua's Highlands Province government in controlling inflation, including policy implications and recommendations that may serve as a reference for future governance. A Qualitative research method was employed using the Miles–Huberman analysis model, supported by NVivo 12 Plus for qualitative coding and VOSviewer for bibliometric analysis. The findings show that inflation is a priority program for the provincial government. Efforts undertaken include restructuring the Regional Inflation Control Team (TPID), establishing a small secretariat team, strengthening the logistics system, improving the Trans Papua Road segment through a Public–Private Partnership (PPP) scheme—particularly the severely damaged Wamena–Jayapura corridor—and promoting local food sovereignty. Special autonomy authority, flexible policy instruments, and adequate development funding are expected to lay a strong foundation for long-term stability and economic sustainability in Papua's Highlands Province, including maintaining a stable inflation rate.*

**Keywords:** *Government Efforts; Inflation; Papua's Highlands; NVivo 12 Plus; VOSviewer*

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## INTRODUCTION

Inflation has long been a central concern in economic studies as it serves as a significant macroeconomic indicator (Naqiyya et al., 2023). As one of the main challenges in macroeconomics, inflation requires careful attention so that price stability can be maintained. Price instability affects various sectors, as inflation is closely intertwined with economic, social, political, and international activities (Wati & Aziz, 2024). Economists argue that uncontrolled inflation can have severe consequences on national economies (Suhardi & Tambunan, 2022), making government intervention essential.

At the provincial level, Papua's Highlands Province recorded the highest annual inflation rate nationally, reaching 5.05% (yoy) in August 2024 (BPS Indonesia, 2024c). This status persisted for consecutive months—June 2024 (5.65%) (BPS Indonesia, 2024k) and July 2024 with a percentage of 5.09% (BPS Indonesia, 2024h). The province again recorded the highest inflation in September 2024 (BPS Indonesia, 2024j) and 5.36% in December 2024.

According to the December 2024 Consumer Price Index report for Papua's Highlands Province, inflation was driven by increases in expenditure group indices—most notably food, beverages, and tobacco groups by 11.20 percent; clothing and footwear group at 2.22 percent; information, communication and financial services group at 0.02 percent; recreation, sports and culture group

at 5.24 percent; education group at 1.82 percent; and the food and beverage/restaurant provision group at 0.77 percent. Meanwhile, the expenditure groups that experienced a decline in the index were the housing, water, electricity and household fuel groups at 2.98 percent; equipment, tools and routine household maintenance group at 0.96 percent; health group at 2.45 percent; transportation group at 2.09 percent; and the personal care and other services group at 0.59 percent (BPS Papua, 2024).

Key inflation-contributing commodities in December 2024 included Hand-rolled Kretek Cigarettes (SKT), Machine-rolled Kretek Cigarettes (SKM), cayenne pepper, garlic, bananas, tomatoes, taro/taro, spinach, sweet potato, white cabbage, biscuits, Chinese cabbage, chayote, green mustard greens, water spinach, gold jewelry, shallots, cooking oil, Machine-made White Cigarettes (SPM), and chicken eggs. Meanwhile, commodities that contribute to y-on-y deflation included rice, household fuel, carrots, air freight rates, salt, ground coffee, oranges, shampoo, purebred chicken meat, liquid/dishwashing soap, bottled water, zinc, cement, bath soap, tempeh, powdered detergent soap, mattresses, gasoline, free-range chicken eggs and mackerel (BPS Papua, 2024).

Interviews with local officials further illustrate the complexity of inflation drivers. According to Hendrik Tetelepta (Head of the Jayawijaya District Agriculture Service), the

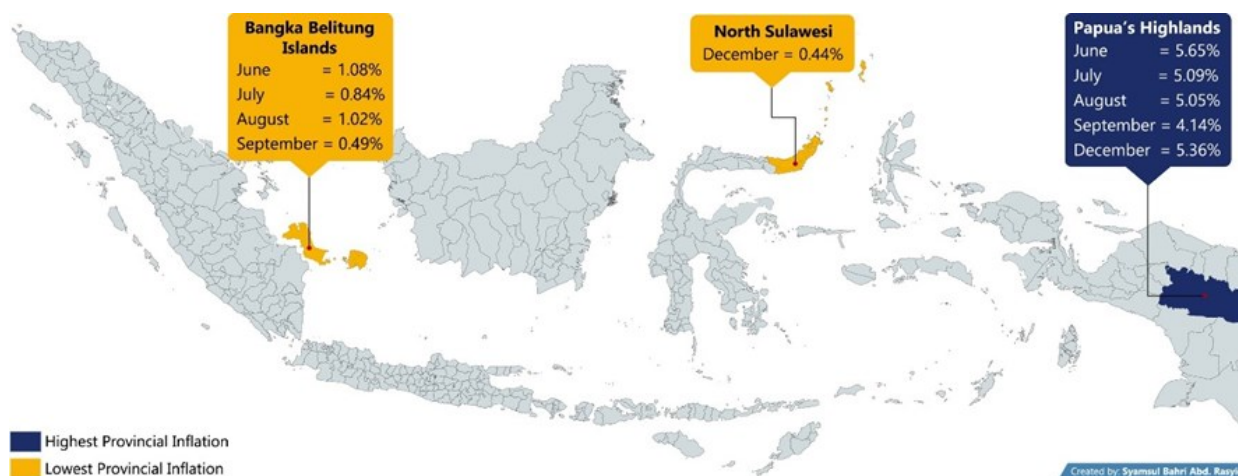


Figure 1. Inflation Year-on-Year (yoy) Highest and Lowest Provinces

Source: Processed by author from BPS Indonesia (2024a); BPS Indonesia (2024b); BPS Indonesia (2024c); BPS Indonesia (2024d); (BPS Indonesia, 2024l)

food group contributes significantly to inflation due to the tradition of bakar batu, which is carried out more frequently during political years. Meanwhile, Taufik Rachman (Head of Research & Development, Bappeda Jayawijaya) highlighted that betel nut (pinang)—a major consumption item that cannot grow in the highlands—must be imported from Jayapura. Remarkably, out of 7 tons of aircraft cargo, 4 tons consist of betel nuts (Yomo, 2024).

Given such conditions, the government plays a critical role as an economic planner through fiscal measures to stabilize inflation (Bintara & Wahyudi, 2023). The government carries out its role through fiscal policy to achieve the goals of high economic growth, reducing unemployment and reducing inflation (Sujianto et al., 2024). One way that the government can do to maintain the rate of inflation is to stabilize the prices of consumer goods (Hasdiana et al., 2023). Price stability is very important because it is able to maintain low inflation levels so that it can spur long-term economic growth and improve people's welfare. However, on the other hand, price stabilization is less effective in controlling inflation due to "supply shocks," so more effective policies are needed. Considering that national inflation is basically a combination of inflation in all regions, for the purpose of controlling national inflation it is necessary to obtain a complete picture regarding inflation control in the regions

(Azwar & Subekan, 2017). The relationship between controlling national inflation and controlling regional inflation in achieving a low and stable inflation rate can, in simple terms, be described as follows (refer to fig. 2).

The role of the regional government is crucial in maintaining price stability considering the characteristics of Indonesia's inflation, which is still influenced by supply-side shocks. Maintaining regional inflation at a low and stable level will support efforts to achieve the national inflation target. This is based on the fact that national inflation is an aggregation of price formation dynamics that occur in the regions. The creation of low and stable inflation will, in turn, increase competitiveness and better ensure sustainable economic growth. However, various structural problems that still occur, such as low connectivity, distorted market structures, and gaps in information on prices and food production, make inflation movements very vulnerable to fluctuations. The different regional economic efficiency between the western and eastern regions also causes quite significant price disparities (Prihadyatama & Kurniawan, 2022).

Previous studies have been carried out in elaborating on the government's role and efforts in controlling inflation, both at the national and regional levels. Research by Ihsan and Ikhsan (2018) found that inflation

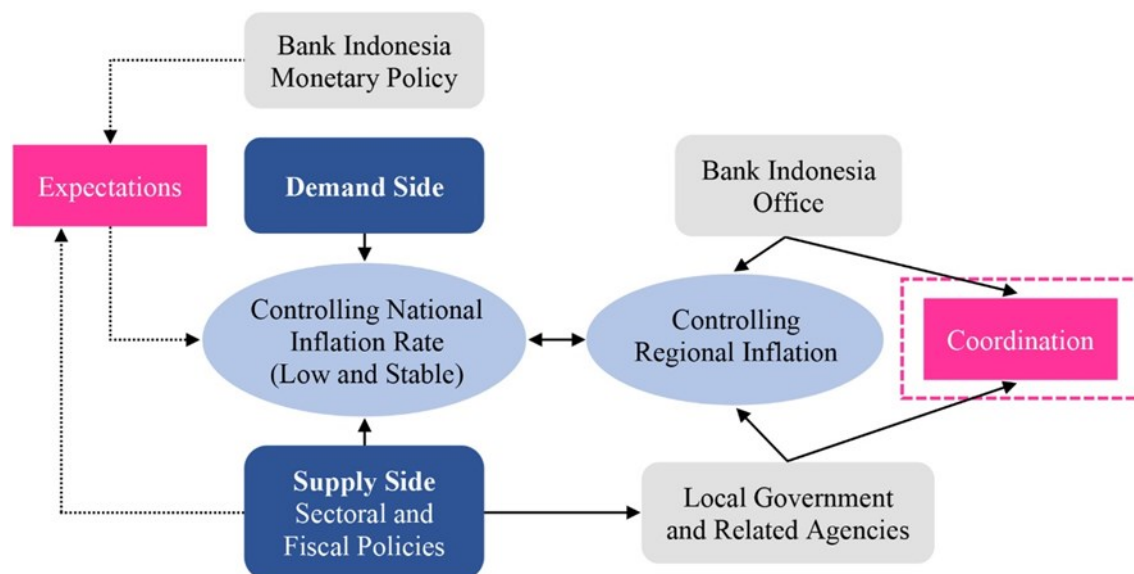


Figure 2. Regional Inflation Control

Source: Suseno & Astiyah (2009)

had a positive but not significant effect on poverty. Slightly different from that, research by Wardiningrum and Devia (2024) actually found that inflation was positively and significantly correlated with economic growth. Furthermore, the results of other research were also found by Monica et al. (2022), which explains that increasing unemployment is inversely proportional to the inflation rate. Meanwhile, Ningsih et al. (2023) showed that fiscal and monetary policies are effective in stabilizing prices on the island of Sumatra.

Furthermore, To identify recent research trends, this study conducted a bibliometric analysis using VOSviewer based on Scopus-indexed literature. The complete research query in the Scopus database are:

(TITLE-ABS-KEY ("inflation"\*) AND TITLE-ABS-KEY ("government")) AND PUBYEAR > 2014 AND PUBYEAR < 2025 AND (LIMIT-TO (EXACT KEYWORD, "Inflation") OR LIMIT-TO (EXACT KEYWORD, "Government") OR LIMIT-TO (EXACT KEYWORD, "Indonesia")) AND (LIMIT-TO (DOCTYPE, "ar")) AND (LIMIT-TO (SRCTYPE, "j")) AND (LIMIT-TO (LANGUAGE, "English")) AND (LIMIT-TO (SUBJAREA, "SOCI") OR LIMIT-TO (SUBJAREA, "ECON"))

The keywords above mean that the author searched for journal articles that talked about government and inflation in 2015-2024, with specifications for economics and social sciences, where the author found 583 documents in that time. In the analysis using VOSviewer, with the treatment of appearing keywords a minimum of 40 times in 583 research publications found in the Scopus database in the last 10 years, 67 identified keywords were found which could be classified into five groups (Figure 3).

The bibliometric mapping on Figure 3 reveals the concentration of research topics and highlights existing gaps. Larger nodes indicate frequently researched keywords, while smaller ones represent less-explored areas. The novelty of this research lies in its focus on how the newly established Papua's Highlands provincial government implements inflation control strategies—an area with scarce academic coverage.

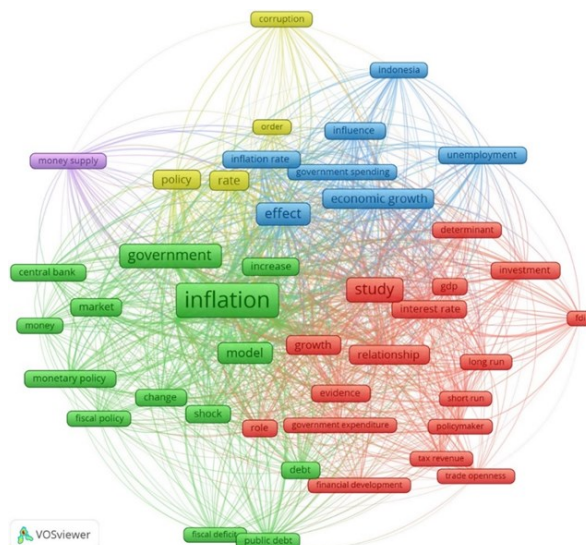


Figure 3. Distribution and relationships between themes and keywords about “government” and “inflation” in the 2015-2024 period in the Scopus database.

Source: Processed by author using VOSviewer software (2024)

## LITERATURE REVIEW

Inflation is considered an essential benchmark in the economic system. because it is closely related to economic, social, political, and international activities, all of which can be disrupted when inflation rises uncontrollably (Wati & Aziz, 2024). Inflation refers to a situation where there is significant price volatility which leads to economic instability (Sitorus et al., 2024). According to Boediono (2012:167) in Nurhasanatanun et al., (2023), inflation cannot be resolved but must be controlled.

Inflation can also be defined as a general and continuous increase in prices, driven by market mechanisms. Various factors can trigger inflation, including an increase in public consumption, an excess of liquidity that boosts consumption or speculation, and supply chain inefficiencies, including the result of irregularities in the distribution of goods (Prihadyatama & Kurniawan, 2022).

The increase in the cost of living index may also stem from rising prices of imported goods, particularly when essential commodities or production inputs are sourced from abroad. This situation indirectly raises the price index because production costs increase, leading to higher selling prices. Cost inflation often occurs when raw materials or



machinery that must be imported experience price hikes (Masril, 2017). In addition, increases in the price of imported commodities can lead the government or private sector to increase spending in order to maintain supply, indirectly raising domestic production and distribution costs

In theory, there are two general types of inflation: cost-push and demand-pull. Cost-push inflation occurs when limited supply or rising production costs drive prices upward. When the cost of producing goods increases, producers experience reduced profits, lowering their motivation to supply goods at existing prices. As a result, the quantity of goods offered decreases, creating upward pressure on prices while consumer demand remains relatively fixed (Rohman & Wulan, 2023).

However, the relationship between price, supply, and demand is quite complex. Various factors, both economic and non-economic factors, greatly influence this relationship. The economic factors include the number of workers, prices of other production factors, consumer tastes, and labor wage conditions. Meanwhile, non-economic factors include political, cultural, customary, educational, and social factors (Yurianto, 2020).

Therefore, the government, as a state institution, must provide services to the community, including carrying out economic development (Sari et al., 2021). This includes efforts to control inflation at both national and regional levels. The government plays an essential role as an economic planner and policy maker in responding to inflationary pressures (Bintara & Wahyudi, 2023).

A policy becomes more operational when translated into programs that are easier to implement. Wibawa et al., (1994: 15) explain that in the implementation process, the bureaucracy interprets policies into actionable programs. This aligns with Jone (1994: 296), who states that policy implementation is an activity intended to operationalize programs. Furthermore, Van Meter and Van Horn (1975: 51) in Setyati & Utomo (2015) assert that the implementation or implementation process is actions carried out by individuals, officials, government, or private

groups directed at achieving the goals outlined in policy decisions.

In Indonesia, one of the government's main inflation control efforts is the formation of national and regional Inflation Control Teams (TPIP and TPID), in coordination with Bank Indonesia (Sari et al., 2021). Coordination between regional governments and TPID is crucial, as each institution holds distinct policy responsibilities. Successful inflation management requires regional governments to actively report weather conditions, harvest prospects, distribution disruptions, and other relevant conditions that may influence price stability (Prihadyatama & Kurniawan, 2022). Effective coordination between central and regional governments supports broader efforts to maintain national economic stability.

To address inflation, the government may implement various strategies (Nurhasanah & Nugroho, 2024):

1) Monetary Policy.

Monetary policy is the government's policy to regulate the amount of money in circulation and interest rates. The aim is to maintain price stability and economic growth. Examples of monetary policy include: a. Discount Politics, b. Open Market Politics.

2) Fiscal Policy

Fiscal policy manages government revenues and expenditures to stabilize prices and support economic activity.

3) Non-monetary Policy

Anticipatory steps through the 4K strategy, namely maintaining price affordability, supply availability, smooth distribution, and effective communication. Utilization of the government spending budget can also help stabilize prices. Non-monetary policies include, for example:

a. Price Affordability

In an economy, maintaining affordable prices for goods and services is one of the important tasks that the government must carry out to ensure that every level of society can fulfill its basic needs without excessive burdens. This action is expected to prevent inflation from having a domino effect, which can reduce people's purchasing power and ultimately reduce the overall standard of

- living.
- b. Supply Availability  
A crucial point in ensuring price stability in the market is maintaining the availability of goods and services supplies to avoid shortages that could trigger price spikes. The government must actively ensure a sufficient supply of goods and services to meet demand. This involves working closely with manufacturers, distributors, and importers to identify and overcome potential supply constraints. In the long term, these efforts could include investments in infrastructure to strengthen supply resilience and minimize the impact of external disruptions.
  - c. Smooth Distribution  
Efficient and smooth distribution is the key to ensuring that goods and services can reach consumers at affordable prices. The government must improve distribution efficiency by improving transportation infrastructure, cutting unnecessary bureaucracy, and implementing technology.
  - d. Effective Communication  
This effective communication can help reduce uncertainty and speculation that can worsen the situation. Furthermore,

providing educational information to the public about managing finances and consumption amidst inflationary conditions can also help them adapt and survive in an unstable economic situation. Good communication can build public trust in government actions and support economic stabilization efforts.

As the primary policymaker, the government holds a central role in controlling inflation. Papua's Highlands is a new province, yet it frequently records the highest inflation rates in Indonesia. This study aims to provide an overview of the efforts undertaken by the Papua's Highlands Provincial Government to manage inflation through an analysis of online media reports. Additionally, this research provides policy recommendations that the provincial government may consider for the formulation and implementation of future inflation-control strategies.

## METHODS

This study uses a qualitative-descriptive research method. Qualitative research allows for the comprehensive collection of data and information, enabling researchers to understand phenomena holisti-

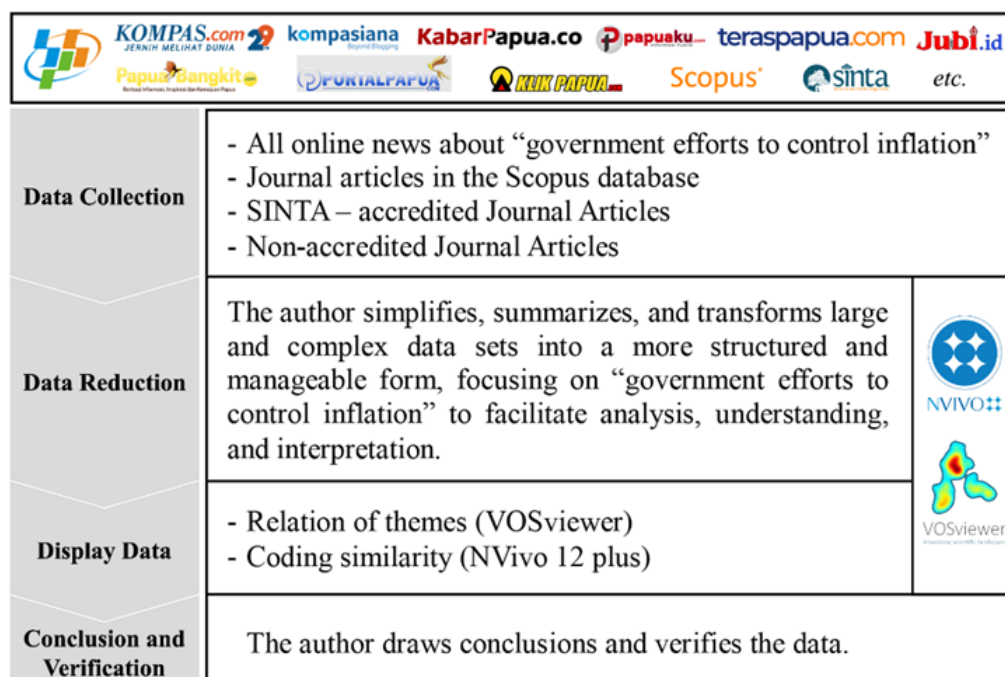


Figure 4. Miles & Huberman Data Analysis Technique

Source: Processed by author from Hardani et al. (2020)

cally (Hardani et al., 2020: 41-42). Meanwhile, descriptive analysis focuses on analyzing documents, official reports, and other relevant materials related to the research problem (Hardani, Auliya, et al., 2020: 72). In this study, descriptive analysis was supported by NVivo 12 Plus software, using the NCapture feature to collect online news content. Data were then analyzed using Miles and Huberman's interactive model, which consists of data collection, data reduction, data display, and conclusion drawing/verification (Figure 4).

The research involved capturing news from online media that discussed "government efforts to control inflation." All media sources that reported on inflation in Papua's Highlands Province were compiled to obtain comprehensive insights, especially considering that national media coverage on this issue remains limited. To date, no academic research specifically analyzes inflation in Papua's Highlands. After gathering news using NCapture, the articles were reviewed, categorized, and coded into nodes within NVivo 12 Plus, enabling thematic reduction and interpretation (Liao et al., 2018; Sulistyaningsih et al., 2021). In addition, the researcher used VOSviewer to

map relationships between inflation and government efforts based on Scopus-indexed journal articles, as described in the Literature Review section.

## FINDINGS AND DISCUSSION

### *Inflation in Papua's Highlands Province: Descriptive-Statistics*

The Indonesian Central Bureau of Statistics released year-on-year (yoy) inflation data from January to October 2024. Based on this release, provinces across the island of Papua have consistently received the status as provinces with the highest year-on-year inflation, with the exception of April. Papua's Highlands Province, in particular, had the highest inflation rate among all Indonesian provinces from June to September 2024. The province recorded a yoy inflation of 5.05% in August 2024 (BPS Indonesia, 2024c). The position of Papua's Highlands Province as the province with the highest inflation has not changed compared to the previous two months: June 2024 with a percentage of 5.65% (BPS Indonesia, 2024j) and July 2024 with a rate of 5.09% (BPS Indonesia, 2024g). Furthermore, the

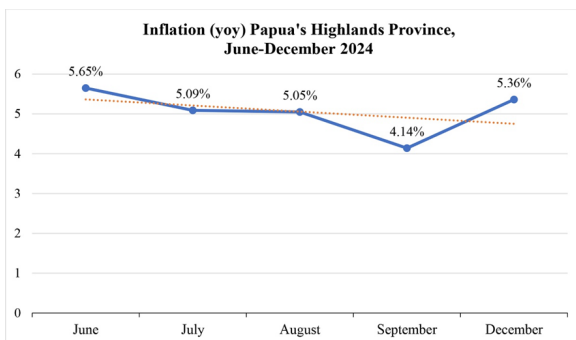
**Table 1. Year-on-year (y-on-y) inflation in January 2024-December 2024**

Month	Highest Year-on-Year (y-on-y) Provincial Inflation		Consumer Price Index (CPI)	Lowest Year-on-Year (y-on-y) Provincial Inflation		Consumer Price Index (CPI)
	Province	%		Province	%	
January	Central Papua	4.76	107.60	Bangka Belitung Islands	1.21	103.60
February	South Papua	4.61	106.70	Southwest Papua	1.81	103.44
March	West Papua	4.78	106.61	Southwest Papua	1.42	103.82
April	Gorontalo	4.65	106.70	Papua	1.78	104.12
May	Central Papua	5.39	110.25	Bangka Belitung Islands & West Sulawesi	1.25	104.27
June	Papua's Highlands	5.65	111.29	Bangka Belitung Islands	1.08	103.95
July	Papua's Highlands	5.09	110.80	Bangka Belitung Islands	0.84	103.54
August	Papua's Highlands	5.05	110.78	Bangka Belitung Islands	1.02	103.78
September	Papua's Highlands	4.14	110.12	Bangka Belitung Islands	0.49	103.76
October	Central Papua	4.19	109.98	Bangka Belitung Islands	0.22	103.57
November	Central Papua	4.35	110.39	Bangka Belitung Islands	0.22	103.58
December	Papua's Highlands	5.36	111.80	North Sulawesi	0.44	107.28

Source: Processed by author from BPS Indonesia (2024a); BPS Indonesia (2024b); BPS Indonesia (2024c); BPS Indonesia (2024d); BPS Indonesia (2024e); BPS Indonesia (2024f); BPS Indonesia (2024g); BPS Indonesia (2024h); BPS Indonesia (2024i); BPS Indonesia (2024j); BPS Indonesia (2024k); BPS Indonesia (2024l)

same status also befell Papua's Highlands Province, where Papua's Highlands again became the province with the highest annual inflation (4.14%) in September 2024 (BPS Indonesia, 2024i) and 5.36% in December 2024 (BPS Indonesia, 2024).

Based on Table 1, provinces across Papua Island consistently emerge as regions with the highest inflation nationally. Papua's Highlands Province stands out as the most inflation-prone province throughout much of 2024. Despite this, the inflation trend shows a gradual decline, although the province still maintains the highest national inflation rate (Figure 5).



**Figure 5. Inflation (yoy) Papua's Highlands Province, June-December 2024**

Source: Processed by author from BPS Indonesia (2024a); BPS Indonesia (2024b); BPS Indonesia (2024c); BPS Indonesia (2024d)

Figure 5 illustrates that although Papua's Highlands repeatedly ranked as the province with the highest inflation from June to September, the overall yoy percentage shows a downward movement. Nonetheless, the persistently high inflation rate requires an immediate and strategic policy response from the provincial government.

Because national inflation is an aggregation of regional price developments, understanding regional inflation dynamics is crucial for national stabilization (Azwar & Subekan, 2017). In this context, the government's role as an economic planner is central (Bintara & Wahyudi, 2023). This is in line with research by Monica et al. (2022), who argue that government policy, in the form of fiscal, monetary, and non-fiscal policies collectively help manage and prevent inflation.

Furthermore, field insights add further contextualisation. According to Hendrik Tetelepta, Head of the Jayawijaya Regency

Agriculture Service, one major contributor to inflation is local cultural practice—particularly the *bakar batu* tradition, often held during Christmas, Eid al-Fitr, Eid al-Adha, New Year celebrations, political campaign periods, and victory events following elections. The increased demand for food ingredients required for *bakar batu* significantly raises food prices. This aligns with Keynesian theory, which states that consumption exceeding economic capacity can trigger inflation (Wardiningrum & Devia, 2024). According to Yurianto (2020), the inflation rate in a region differs from one area to another, and this depends on the economic conditions of each region or region. Thus, the geographical condition of Papua's Highlands, which can only be accessed using air transportation, has resulted in high prices in Papua's Highlands Province. Furthermore, the need for food to carry out the stone-burning tradition is large, causing high demand for the types of food used in the *bakar batu* tradition. Indirectly, local wisdom in the form of the stone-burning tradition will cause a spike in inflation in the Papua's Highlands Province.

Meanwhile, Additional insights were provided by Taufik Rachman, Head of Research and Development at Bappeda Jayawijaya. According to him, several inflation-inducing factors remain unrecorded, including the circulation of village funds, the high demand for sweet potatoes, and particularly *betel nut* consumption. Papua's Highlands does not grow betel nut locally, yet community consumption is extremely high, causing dependence on shipments from Jayapura. He noted that from a 7-ton aircraft cargo load to Wamena, approximately 4 tons consist of betel nut—illustrating its significant economic weight. Similar conditions apply to sweet potatoes, a staple food and a central component of the *bakar batu* tradition. These dynamics again reflect Keynesian reasoning that excessive consumption relative to productive capacity drives inflationary pressure.

### **Efforts to Control Inflation by the Regional Government**

From a theoretical perspective, inflation cannot be eliminated or entirely halted;



**Table 2. Dominant Themes and Topics Related to Inflation and Government Efforts in Papua's Highlands**

Word	Count	Word	Count
<i>inflasi</i> (inflation)	394	<i>koordinasi</i> (coordination)	39
<i>daerah</i> (region)	288	<i>strategi</i> (strategy)	39
<i>pemerintah</i> (government)	188	<i>bantuan</i> (assistance)	38
<i>pangan</i> (food)	155	<i>distribusi</i> (distribution)	38
<i>pengendalian</i> (price)	144	<i>sektor</i> (sector)	38
<i>harga</i> (control)	138	<i>kegiatan</i> (activity)	37
<i>provinsi</i> (province)	107	<i>mengurangi</i> (reduce)	37
<i>tpid</i>	100	<i>meningkatkan</i> (increase)	37
<i>ekonomi</i> (economy)	95	<i>memperkuat</i> (strengthen)	36
<i>masyarakat</i> (society)	86	<i>sinergi</i> (synergy)	36
<i>kabupaten</i> (regency)	83	<i>komoditas</i> (commodity)	35
<i>kebijakan</i> (policy)	81	<i>keuangan</i> (finance)	33
<i>kota</i> (city)	70	<i>mendorong</i> (encourage)	33
<i>kerja</i> (work)	61	<i>pertanian</i> (agriculture)	33
<i>beras</i> (rice)	60	<i>pasokan</i> (supply)	32
<i>gubernur</i> (governor)	59	<i>wilayah</i> (region)	32
<i>nasional</i> (national)	59	<i>kementerian</i> (ministry)	29
<i>menjaga</i> (maintain)	53	<i>ketersediaan</i> (availability)	29
<i>mengendalikan</i> (control)	52	<i>velix</i>	29
<i>tim</i> (team)	52	<i>peningkatan</i> (improvement)	28
<i>upaya</i> (efforts)	52	<i>penting</i> (important)	28
<i>langkah</i> (steps)	50	<i>barang</i> (goods)	27
<i>pasar</i> (market)	49	<i>badan</i> (agency)	26
<i>program</i> (program)	44	<i>inovasi</i> (innovation)	26
<i>bank</i>	40	<i>dana</i> (fund)	25

*Source:* Processed by the author using NVivo 12 plus from various sources (2024)

it can only be controlled by suppressing the rate of increase through various interventions (Wati & Aziz, 2024). The Regional Inflation Control Team (TPID) plays a central role in this process, serving as an institutional mechanism to stabilize prices through coordinated regional action. TPID's function aligns with the ideal model of creating a more efficient and responsive market structure (Siregar, 2014). Recognizing the urgency of the issue, the Papua's Highlands Provincial Government has placed inflation control as one of its five priority programs. The government has revised the composition of the TPID and established a small secretariat team tasked with monitoring and improving the logistics system across air, river, and land routes (Pelle, 2024). These efforts aim to address the persistent inflation challenges in Papua's Highlands Province.

The NVivo analysis, using coding similarity and Word Frequency features (Figure 6 & Table 2), shows that the words food, rice, prices, agriculture, and Bulog frequently appear in discussions related to inflation and government responses. This reinforces that food price stabilization, agricultural



### Figure 6. Dominant Themes and Topics Related to Inflation and Government Efforts in Papua's Highlands

*Source:* Processed by the author using NVivo 12 plus from various sources (2024)

productivity, and distribution through Bulog are central to regional inflation management.

In recent months, the Papua's Highlands Provincial Government has imple-

mented several integrated measures to tackle exceptionally high inflation. These include improvements in logistics and connectivity systems, such as subsidies for the Timika–Wamena air toll route, optimizing river transportation routes in Yahukimo, and enhancing access along the Trans Papua road. Additionally, the government has expanded agricultural production by opening new food centers in Yalimo, Jayawijaya, and Yahukimo, while also conducting cheap market operations and distributing Rice Reserve Assistance (CBP) to stabilize staple food prices.

The Acting Governor of Papua's Highlands, Velix Wanggai, has implemented several notable interventions to manage inflation:

- 1) Declaring Papua's Highlands as an Agricultural Province (with a focus on vegetable production), opening market access to PT Freeport Indonesia, establishing a warehouse in Wamena, utilizing subsidized air logistics on the Wamena–Timika route, and developing horticultural centers across various districts.
- 2) Strengthening oversight of gold and stone mining potential in eight districts through improved permit arrangements and exploration of pilot community mining areas.
- 3) Improving the management of IDR 2 trillion in Village Funds allocated to eight districts to stimulate integrated village-level economic development (Joumilena, 2024).
- 4) Supporting the young generation of Papua involved in the creative economy, MSMEs, and cooperatives.
- 5) Preparing the integrated HONAI Movement (Harmonious, Prosperous, and Peaceful Movement), which includes social protection programs, village economic empowerment strategies, and inclusive community dialogues to develop 5-year and 20-year planning frameworks for Papua's Highlands Province.

Although these interventions cannot instantly resolve longstanding structural challenges, strong special autonomy authori-

ty, flexible regulatory space, and adequate development financing can help Papua's Highlands establish a solid foundation for long-term governance and sustainable development.

Furthermore, according to Nurhasanah & Nugroho (2024), the government can employ several strategies to control inflation, including monetary policy (e.g., open market operations), fiscal policy (management of revenues and expenditures), and non-monetary measures such as ensuring price affordability, maintaining supply availability, guaranteeing smooth distribution, and strengthening effective communication.

In response to the persistent inflation in Papua's Highlands, the Acting Governor, Velix Vernando Wanggai, has introduced several breakthroughs. One key initiative is the implementation of cheap markets, designed to maintain purchasing power in the highlands. Due to limited food supplies and high prices, the government subsidized the Timika–Wamena air toll route to ease the transport of logistics. High prices in Papua's mountainous regions are partly caused by the limited utilization of the Trans Papua Road (Jayapura–Yalimo–Jayawijaya), which remains incomplete and affected by safety concerns, including incidents of shootings by unidentified groups. As a result, distribution to Wamena still relies heavily on the air transportation. This strategy supports price affordability, ensuring that purchasing power remains stable and that supplies are available even during religious and cultural celebrations.

### ***Policy Implications and Recommendations***

High inflation inevitably generates economic instability. Elevated price levels create uncertainty in decision-making for economic actors and erode the purchasing power of households, particularly those with fixed incomes (Mafikah et al., 2024). Persistently high inflation in Papua's Highlands Province therefore carries significant implications for national inflation management. As one of the newly established autonomous regions (DOB) on Papua Island, the province is experiencing rapid population growth and expanding economic activity—both of which intensify demand for food supplies and, in turn, exert upward pressure on inflation.

A report by the Economic Research Team of Mandiri, (2024) identifies two main drivers of high inflation in Papua's Highlands Province: the administrative expansion of the province and persistent constraints in the distribution of goods and services. These findings underscore the need for stronger coordination between key institutions—Bank Indonesia, Regional Governments, and the Regional Inflation Control Teams (TPID). Notably, Papua's Highlands Province is the only province on Papua Island that has yet to establish its TPID. Immediate formation of this team is therefore a critical first step. The TPID, which brings together regional governments, Bank Indonesia, business actors, traders, and the public, functions to monitor price movements, analyze market conditions, and implement preventive or corrective measures to stabilize inflation. The initiative by Acting Governor Velix Wanggai to push for TPID formation during the Coordination Meeting with the Central Papua's Highlands Statistics Agency in Jayawijaya Regency on 21 February 2024 (Tarsi, 2024) represents a constructive move. This aligns with existing research showing that TPID presence generally contributes positively to inflation control across Indonesia.

Regional inflation cannot be addressed solely through national-level monetary and fiscal policies. Many inflationary pressures in the regions stem from non-monetary and non-fiscal factors, necessitating strong cross-sectoral coordination, collaboration, and synergy among regional stakeholders. Thus, in addition to relying on national policies, proactive regional policy interventions are essential. The roles of TPID, TPIP (Central Inflation Control Team), and the broader network of stakeholders become crucial in formulating and recommending strategies to manage regional inflation effectively.

Food security is a determining factor in regional inflation dynamics (Yurianto, 2020). As part of the 4K framework—Availability of Supply, Smooth Distribution, Affordable Prices, and Effective Communication—food serves as a core driver of inflation control. Accordingly, the Papua's Highlands Provincial Government must strengthen domestic food security through accelerat-

ed implementation of food storage programs, enhancing productivity of local commodities (which can be facilitated by BUMD), expanding inter-regional cooperation, and ensuring food sovereignty through cheap market operations to maintain household purchasing power. Given the urgency of accurate food data, the province may also consider developing a food security platform or website that provides real-time data and links food traders, producers, researchers, and policymakers. Strengthening food and nutrition security is essential to ensuring sustainable fulfillment of community food needs.

To support better policy design and maximize regional inflation control, the government should improve the availability of integrated, up-to-date information systems that track commodity prices and supply chains from upstream to downstream. A model that can be adopted is the Commodity Price and Product Information System (SiHaTi) implemented in Central Java Province, which enables rapid government response to commodity trends that influence inflation.

The challenge of inflation control in Papua's Highlands is also exacerbated by its dependence on air transportation, which remains the primary mode for transporting goods and passengers between Papua's Highlands and other provinces (Pangastuti, 2024). As such, effective inflation control—particularly for essential food items—requires structural interventions that improve distribution patterns and enhance logistics infrastructure. One option is the establishment of a regional-owned enterprise (BUMD) that functions as a food logistics and supply agency across the eight districts/cities in the province.

In terms of infrastructure, the Papua's Highlands Provincial Government must, in the long term, coordinate with the Central Government regarding the repair and completion of the Trans Papua Road, Jayapura–Wamena section (Mamberamo–Elelim segment). Completion of this strategic corridor—particularly through a Government and Business Entity Cooperation (KPBU/PPP) scheme—would substantially reduce transport costs, increase distribution effi-

ciency, and ultimately support long-term inflation control. When fully operational, this project will help integrate regional markets, enhance supply stability, and reduce price disparities across Papua's Highlands Province.

## CONCLUSION

This research concludes that persistently high inflation in Papua's Highlands Province presents significant challenges for national inflation control. As one of the newly established autonomous regions (DOB) on Papua Island, Papua's Highlands is undergoing rapid population growth and increased economic activity, both of which intensify demand for food and essential goods. Coupled with geographical isolation and limited infrastructure, these conditions place substantial pressure on supply chains and contribute to elevated inflation rates. In response, the provincial government has taken initial steps by updating the composition of the Regional Inflation Control Team (TPID) and establishing a small secretariat team to strengthen oversight of the region's logistics system.

Beyond these early measures, the province's special autonomy authority, flexible policy space, and access to development financing create important opportunities for long-term stabilization. Effective utilization of these instruments can enable the Papua's Highlands Government to strengthen regional connectivity, improve food security, and enhance the efficiency of distribution networks—key elements for achieving stable price levels. With consistent policy implementation, improved institutional coordination, and sustained infrastructure investment, Papua's Highlands Province can build a solid foundation for sustainable governance and development, including long-term inflation stability.

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