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Beyond Grievance: The Political Economy of the Papua Conflict

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For decades, discussions about the conflict in Papua have been framed primarily through the lens of historical grievance: disputed political integration, marginalization of indigenous Papuans, and distrust toward the Indonesian state (e.g., Chauvel, 2005).¹ These grievances are real and politically consequential. Focusing almost exclusively on grievance, however, has produced an analytical blind spot. It explains why dissatisfaction exists, but not why the conflict has persisted for decades in a fragmented, low-intensity form, rather than escalating into either resolution or full-scale civil war.

¹ Chauvel, R. (2005). Constructing Papuan Nationalism: History, Ethnicity, and Adaptation. East-West Center.

A growing body of literature in the political economy of civil conflict suggests that grievances alone rarely sustain armed rebellion. They focused on the conditions that enable insurgency to survive rather than on grievances alone. For example, some argued that many societies experience deep grievances, but only some descend into protracted conflict.² These differences arise from economic incentives, weak institutions, difficult geography, and fragmented political power that allow grievances to grow into lasting conflict.

Papua illustrates this dynamic with unusual clarity. It possesses several of these enabling conditions simultaneously. The outcome is not a full civil war but a low-level insurgency, similar to those in peripheral areas where state authority remains inadequate. To understand why the conflict has endured for decades, it is necessary to move beyond the conventional grievance narrative. It needs to examine three interrelated dimensions emphasized in the literature on civil conflict: the political economy of violence, the state's capacity, and the dynamics of local political elites. These structural factors help explain not only why grievances exist, but why they continue to translate into persistent instability.

The Political Economy of Violence

One of the most underexamined aspects of the Papua conflict is the economic environment surrounding violence. International studies on civil conflict show that armed groups persist not only due to ideology but also because they become integrated into local economic networks. In many conflict areas, violence intersects with economic activities that generate income for various actors, creating incentives that can sustain instability.³

Papua displays several features consistent with these dynamics. The operations of informal gold mining, illegal logging, and cross-border smuggling networks are reported across different parts of Papua. While these activities do not necessarily define the political goals of armed groups, they can generate revenue streams that help sustain them. In environments where regulatory oversight is limited and state institutions are weak, economic activities associated with natural resources can easily become intertwined with local power structures. The experience of other conflict regions, from eastern Congo to Myanmar, demonstrates how natural resources can produce economic rents that prolong conflict.⁴

The persistence of these localized conflict economies does not imply that insurgency in Papua is driven purely by profit. Identity, history, and political aspirations remain central motivations. However, the presence of economic opportunities linked to weak governance can help sustain armed actors even when political objectives remain unresolved. Ignoring these economic dynamics risks producing an incomplete understanding of why the conflict persists.

² Collier, P., & Hoeffler, A. (2004). Greed and grievance in civil war. *Oxford Economic Papers*, 56(4), 563–595.

³ *Ibid.*

⁴ Ross, M. (2004). What do we know about natural resources and civil war? *Journal of Peace Research*, 41(3), 337–356.

The Capacity of the State

Another key factor shaping the conflict is the state's uneven capacity to govern effectively across Papua's vast and challenging geography. Papua's rugged mountains, dense tropical forests, and dispersed settlements create formidable logistical challenges for governance. In many remote districts, the state's physical presence remains inadequate, often limited to administrative outposts, intermittent security patrols, and infrastructure projects difficult to maintain.

This geographic reality matters because state capacity is not defined solely by the existence of military forces. Research shows that states are strong when they can consistently implement rules and deliver services across their territory.⁵ However, in regions with limited administrative reach, such as Papua, the gap between formal authority and effective governance can become significant.

Although government institutions formally extend across the region, their ability to provide consistent services and maintain everyday governance remains uneven, particularly in remote areas. Many communities still face limited access to quality healthcare, education, and administrative services, and this institutional weakness has direct implications for political stability. When citizens encounter ineffective or inconsistent institutions, the state's legitimacy can erode regardless of official development policies.

Weak governance also creates space for non-state actors to operate. Insurgent groups can survive in environments where the state lacks a consistent administrative presence, even when they lack large military capabilities. In this sense, overall, the persistence of low-intensity insurgency in Papua reflects not only political grievances but also the structural limitations of state capacity.

The Dynamics of Local Political Elites

The Papua conflict is frequently portrayed as a struggle between the Indonesian government and a single, unified separatist movement. In reality, however, the political landscape is far more complex. Local political dynamics significantly shape governance outcomes and determine how development benefits are distributed.

The introduction of Special Autonomy in 2001 has granted Papua substantial fiscal transfers from the central government. These funds were designed to address historical marginalization and accelerate development for indigenous communities. However, the results have been mixed. Despite large financial allocations, many indicators of welfare and public service delivery remain low and uneven.

Part of the explanation lies in the political economy of decentralization itself. Large fiscal transfers can reshape local political competition by raising the stakes of controlling

⁵ Migdal, J. (1988). *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World*. Princeton University Press.

government institutions. In environments with weak accountability mechanisms, public resources can become vulnerable to elite capture. Studies of Papua have pointed to governance challenges and corruption in the management of autonomy funds.^{6,7}

Local elite competition also influences the broader political landscape. Rivalries among local leaders, bureaucratic groups, and community actors can influence how development resources are allocated and how political grievances are expressed. These dynamics complicate the simplistic narrative of a centre-versus-periphery conflict and highlight the importance of understanding the region's internal political economy.

The fragmentation of the armed movement adds another layer of complexity. Insurgent groups operate in loosely connected networks rather than under a single, centralized command, while local political leaders, traditional authorities, and civil society organizations pursue diverse, sometimes competing agendas. Such fragmentation can prolong the conflict because no single group can negotiate on behalf of the movement as a whole. Even if some factions pursue political dialogue, others may continue armed activities.

The Way Forward

In response to these challenges, the Indonesian government has increasingly relied on development as a strategy to stabilize Papua, particularly through large infrastructure investments, such as roads and airports. They aim to reduce isolation and integrate remote areas into the national economy. This improved connectivity facilitates trade, expands market access, and strengthens public service delivery.

However, development alone cannot resolve political conflict when governance institutions remain weak. For development to produce lasting stability, economic investment must be accompanied by strong institutional capacity and accountability. Without these foundations, large development spending risks corruption, misallocation, and limited impact on local welfare. Papua's experience illustrates this problem. Despite rapid infrastructure expansion, weak local governance often prevents development programs from translating into sustained improvements in living standards.

When investment fails to generate tangible improvements for local communities, the gap between spending and outcomes can reinforce public dissatisfaction and deepen the trust deficit between Papuans and the state. Trust, in this context, is shaped less by political rhetoric than by the everyday performance of public institutions. Rebuilding it depends on strengthening the capacity, fairness, and credibility of government institutions, particularly those responsible for delivering services at the local level.

⁶ Perkasa, VD, Hendytio, M.K. and Friawan, D. (2025). *Unraveling the Tension: The Nexus Between Development and Conflict in Papua's Struggle for Peace*. Jakarta: CSIS

⁷ Widjojo, M., Muridan S., et al. (2009). *Papua Road Map: Negotiating the Past, Improving the Present and Securing the Future*. LIPI Press.

Seen from this perspective, the Papua conflict should be understood not only as a dispute over identity or history but also as a challenge of governance and institutional development. The persistence of violence reflects the interaction of historical grievances, weak state capacity, fragmented political authority, and the political economy of decentralization. Addressing it, therefore, requires more than security measures or infrastructure spending. It demands institutional reforms that strengthen governance and improve accountability.

First, the government should prioritize strengthening state capacity at the local level, particularly in public service delivery, administrative professionalism, and fiscal accountability. Expanding infrastructure without simultaneously improving governance institutions risks producing limited and uneven outcomes. Investments in education, healthcare systems, and local bureaucratic capability should therefore receive as much attention as large-scale infrastructure projects.

Second, reforming the governance of special autonomy funds is essential. Greater transparency in budgeting, stronger auditing mechanisms, and meaningful community participation in development planning would help reduce the risk of elite capture. Ensuring that autonomy funds directly benefit indigenous communities would also help address perceptions of inequality that continue to fuel dissatisfaction.

Third, policies aimed at improving economic opportunities for indigenous Papuans should focus on long-term capacity building rather than short-term transfers. Expanding access to quality education, vocational training, and local entrepreneurship programs would enable Papuans to participate more fully in the regional economy. Without such efforts, economic development may continue to benefit external actors more than local communities, aggravating inequalities in the region.

Fourth, addressing the political dimension of the conflict requires expanding channels for inclusive dialogue. While security measures remain necessary to maintain public order, long-term stability will depend on creating credible platforms for political engagement among different groups within Papua. Dialogue that includes community leaders, local governments, and civil society organizations can help reduce tensions and build a more constructive relationship between the state and local communities.

Finally, strengthening the rule of law and institutional accountability is critical for rebuilding trust. Transparent law enforcement, credible mechanisms for resolving disputes, and consistent protection of civil rights can gradually restore confidence in public institutions. In the long run, the legitimacy of the state will depend less on its coercive power than on its ability to govern fairly and effectively.

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