

Institutional Alignment, Community Participation, and Inclusive Development Management in Frontier Economies

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Abstract: Inclusive development has become a central paradigm in addressing persistent socio-economic inequalities, particularly in frontier regions. This study analyses inclusive development management aimed at empowering local communities in South Papua Province, Indonesia, a frontier region characterised by geographic isolation, limited infrastructure, weak institutional capacity, and relatively low human development outcomes. The research aims to examine the alignment between development policies and local contexts, the quality of community participation, local capacity, and the roles of formal and informal institutions in supporting inclusive development. This study employs a qualitative case study approach, using in-depth interviews, document analysis, and field observations involving government agencies, customary institutions, and local communities. The analysis integrates inclusive development theory, institutional fit theory, participatory development, social capital theory, and political ecology to capture the multidimensional dynamics of empowerment and governance. The findings indicate a substantial gap between inclusive policy frameworks and their implementation. Community participation remains largely procedural, national policies are insufficiently aligned with customary norms, and coordination among institutions is weak. The dominance of state and corporate actors in natural resource governance further limits inclusivity, despite strong local social capital. The study recommends adaptive, context-sensitive development management through institutional harmonisation, substantive participation, collaborative governance, strengthened local capacity, and equitable natural resource management to achieve sustainable, inclusive development in frontier regions.

Keywords: Inclusive Development; Community Empowerment; Frontier Regions; Institutional Governance; Institutional Fit Theory; Participatory Development; Social Capital Theory.

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1. Introduction

Inclusive development has increasingly become a central paradigm in contemporary development discourse, particularly as scholars and policymakers recognise the limitations of growth-oriented models that prioritise economic expansion while

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inadequately addressing inequality, marginalisation, and social exclusion. Traditional development approaches have often focused on macroeconomic indicators such as GDP growth, investment inflows, and industrial productivity, assuming that the benefits of growth would eventually trickle down to all segments of society. However, empirical evidence from many regions worldwide demonstrates that such assumptions rarely hold, especially in peripheral, border, and remote areas. Inclusive development addresses this gap by emphasising not only economic progress but also fairness, participation, empowerment, and the equitable distribution of development outcomes. It underscores the importance of ensuring that all individuals and communities, regardless of their geographic location, socio-economic status, or cultural background, have access to opportunities, resources, and decision-making processes that shape their lives and futures [1]. At its core, inclusive development seeks to balance economic, social, political, and cultural dimensions of development. It recognises that development is not merely a technical or economic process but a deeply social and political one, shaped by power relations, institutional structures, and historical contexts.

By placing people at the centre of development, inclusive development frameworks emphasise community participation, social justice, and local capacity-building as essential pillars for sustainable progress. This approach is particularly relevant in contexts where development disparities are stark and persistent, such as frontier regions, borderlands, and remote areas that are often excluded from mainstream development trajectories. Frontier regions or border and remote areas possess development characteristics that differ significantly from those of core economic regions [9]. These areas are frequently characterised by geographic isolation, limited physical connectivity, inadequate infrastructure, and sparse population density. Such conditions create significant barriers to accessing markets, public services, education, healthcare, and employment opportunities. Moreover, frontier regions are often weakly integrated into national and global economic systems, resulting in limited investment, low productivity, and restricted opportunities for local economic diversification. As a result, national-level development policies often fail to account for the unique challenges and potential of these regions, leading to outcomes that are neither inclusive nor sustainable. In many cases, development interventions in frontier regions are implemented through top-down approaches that prioritise strategic, political, or economic interests over local needs and aspirations. These interventions may focus on resource extraction, security, or territorial integration, but may not sufficiently consider social equity, environmental sustainability, or community empowerment. Consequently, such policies can exacerbate existing inequalities, marginalise local and indigenous communities, and undermine local livelihoods.

The failure of development policies in frontier regions to generate inclusive outcomes highlights the need for alternative development management approaches that are sensitive to local contexts, participatory, and grounded in principles of equity and sustainability. South Papua Province represents a vivid example of a frontier region in Indonesia that embodies both immense potential and profound challenges. Geographically, South Papua occupies a strategic position at Indonesia's eastern frontier and is endowed with abundant natural resources, rich biodiversity, and significant cultural diversity. These characteristics provide substantial opportunities for economic development, environmental conservation, and cultural tourism. However, despite these advantages, South Papua continues to face persistent problems of structural poverty, socio-economic inequality, and low development achievement. Indicators of human development, income levels, education attainment, and healthcare access in South Papua remain significantly below national averages. Several structural factors contribute to these conditions. Limited regional access due to challenging terrain and inadequate infrastructure constrains mobility, market access, and service delivery. Unequal development policies that prioritise national or external interests often fail to address local realities and needs. Weak local institutional capacity further hampers the effective governance, planning, and implementation of development programs.

These challenges disproportionately affect indigenous communities, who often experience marginalisation in economic activities, political representation, and decision-making in development [13]. As a result, development outcomes in South Papua tend to be uneven, benefiting external actors or urban centres more than local and indigenous populations. In this context, community empowerment emerges as a critical strategy for promoting inclusive development in South Papua. Community empowerment emphasises strengthening local communities' capacity to actively participate in development processes, make informed decisions, and manage resources in ways that align with their values, needs, and aspirations [7]. Rather than positioning communities as passive recipients of development interventions, empowerment-based approaches recognise them as active agents and subjects of development. This involves enhancing skills, knowledge, organisational capacity, and social capital, while fostering confidence and collective action. Empowerment-oriented development is particularly important in frontier regions where formal institutions may be weak or absent, and where informal institutions, customary practices, and local knowledge play a crucial role in social organisation and resource management.

Recognising and integrating local wisdom and indigenous governance systems into development planning can enhance legitimacy, effectiveness, and sustainability. Moreover, community empowerment contributes to social inclusion by enabling marginalised groups, including indigenous peoples, women, and youth, to voice their concerns, influence decisions, and benefit more equitably from development outcomes. Despite the growing recognition of inclusive development and community empowerment as guiding principles, South Papua continues to face fundamental challenges in translating these concepts into

practice. Social and economic inequalities between local communities and external actors remain pronounced, with many residents lacking access to quality education, healthcare, and decent economic opportunities [8]. These disparities are often reinforced by unequal power relations, in which external investors, government agencies, or political elites dominate decision-making and resource allocation, leaving local communities with limited influence. The marginalisation of indigenous communities in development planning and governance remains a particularly pressing issue. Although indigenous peoples possess deep knowledge of local ecosystems, social structures, and cultural practices, their perspectives are often overlooked or undervalued in formal development processes. This exclusion not only undermines social justice but also reduces the effectiveness and sustainability of development interventions, as policies fail to align with local contexts and realities. Furthermore, the erosion of indigenous rights and cultural practices can lead to social tensions, conflicts, and loss of cultural identity. Another major challenge lies in limited local capacity, encompassing human resources, community institutions, and governance structures. Many communities in South Papua face constraints in education, technical skills, organisational experience, and access to information. Local institutions may lack the resources, authority, or coordination mechanisms needed to effectively implement development programs.

Governance systems are often characterised by fragmentation, limited transparency, and weak accountability, hindering inclusive and participatory development. As a result, many development programs in South Papua continue to follow top-down approaches that are poorly adapted to local conditions. These programs may be designed and implemented by external actors with limited understanding of local social dynamics, cultural values, and livelihood strategies. Consequently, they often fail to address the root causes of inequality and exclusion, focusing instead on short-term outputs rather than long-term empowerment and sustainability. This situation raises critical questions about the extent to which existing development management frameworks can foster inclusive development and genuine community empowerment in frontier regions such as South Papua. Against this backdrop, this study seeks to analyse inclusive development management in the context of community empowerment in South Papua Province, a frontier region. The analysis emphasises the alignment between development policies and local contexts, the quality and depth of community participation, the role of local capacity, and the interaction between formal and informal institutions in shaping development outcomes. By examining how inclusive development principles are implemented in practice, the study aims to identify both enabling and constraining factors that influence development inclusivity. Specifically, the study explores structural, institutional, and social factors that promote or hinder inclusive development. Structural factors include geographic conditions, infrastructure availability, and economic structures that shape access to resources and opportunities. Institutional factors encompass formal policies, governance arrangements, legal frameworks, and organisational capacities, as well as informal institutions such as customary laws, social norms, and community networks.

Social factors involve power relations, social capital, cultural values, and patterns of participation and exclusion that influence how development processes unfold. The study also examines power relations and resource governance as key determinants of inclusion and exclusion in development. Control over natural resources, land, and economic assets often lies at the heart of development conflicts in frontier regions. Understanding how power is distributed among different actors, including government agencies, private investors, traditional leaders, and community members, is essential for identifying pathways toward more equitable and inclusive development. By analysing these dynamics, the study sheds light on how development benefits are allocated and whose interests are prioritised. From an academic perspective, this research contributes to the literature on inclusive development by providing empirical insights from South Papua. This region has received limited attention in mainstream development studies. Much of the existing literature on inclusive development focuses on urban areas, national-level policies, or more developed regions, leaving frontier and peripheral regions underrepresented. By situating the analysis within the specific socio-political and cultural context of South Papua, this study enriches the understanding of how inclusive development principles operate in complex and marginalised settings. The integration of inclusive development theory with institutional theory, participatory development approaches, and a political ecology perspective enables a more comprehensive analytical framework. Institutional theory helps explain how formal and informal rules, norms, and organisations shape development outcomes.

Participatory development emphasises the importance of community involvement and empowerment in achieving sustainable development. Political ecology highlights the interplay among power, resources, and environmental governance, particularly in resource-rich frontier regions. Together, these perspectives provide a nuanced understanding of the dynamics of community empowerment and development governance. In practice, the findings of this research are expected to inform the design and implementation of more adaptive, context-specific, and sustainable inclusive development management models for frontier regions. By identifying key drivers and barriers to inclusion, such as policy alignment with local contexts, institutional capacity, and resource governance arrangements, the study offers insights that can guide policymakers, development practitioners, and community leaders. These insights can support the development of strategies that enhance community participation, strengthen local institutions, and ensure that development interventions contribute to long-term empowerment and social equity. Ultimately, inclusive development in frontier regions like South Papua requires a shift from extractive, top-down, and growth-centric approaches toward people-centred, participatory, and context-sensitive development management. Community

empowerment must be placed at the heart of development efforts, supported by policies and institutions that recognise local diversity, respect indigenous rights, and promote equitable access to resources and opportunities. By advancing understanding of inclusive development management in South Papua, this study contributes to broader debates on how to achieve sustainable and just development in marginalised and peripheral regions.

2. Literature Review and Theoretical Framework

2.1. Inclusive Development

Theoretically, inclusive development is rooted in the Capability Approach proposed by Amartya Sen. This approach views development as a process of expanding individual freedoms and capabilities, not simply increasing Gross Domestic Product. Capabilities include access to education and health services, as well as opportunities to participate in decision-making. Furthermore, the Inclusive Growth framework developed by the World Bank and UNDP emphasises the importance of sustainable economic growth and the equitable distribution of benefits across all levels of society. Inclusive development emphasises that all social groups, especially marginalised communities in border and underdeveloped regions, must be actively involved as both subjects and beneficiaries of development. This concept rejects a development approach solely oriented toward macroeconomic growth, emphasising equitable distribution of benefits and social justice. Within the framework of inclusive development, there are three main interrelated dimensions. First, economic inclusion demands equal access to income sources, employment opportunities, and basic services such as education, health, and economic infrastructure. Without such access, vulnerable groups will remain trapped in a cycle of structural poverty. Second, political participation relates to the community's ability to influence decision-making processes and governance. This participation is crucial for public policies to truly reflect the needs and aspirations of local communities. Third, social justice, which emphasises the fair distribution of opportunities and the recognition of the identity, rights, and dignity of marginalised groups. In South Papua, development gaps remain evident, particularly in education, health, and basic infrastructure. Despite having been granted authority under the Special Autonomy (Otsus) policy, many indigenous communities remain underrepresented in development planning and budgeting processes, thereby preventing the goal of inclusive development from being fully realised [5].

2.2. Frontier Economies

In literature, the concept of frontier economies refers to regions with significant development potential, especially in natural resources, but that face structural limitations such as geographical isolation, weak institutional capacity, and vulnerability to conflicts over resource management [3]. Frontier regions are generally located on the fringes of the national economic system, making them less integrated with markets, experiencing limited basic infrastructure, and experiencing suboptimal governance. This situation leads to an unbalanced and exclusive development process, despite their significant economic potential. The resource curse theory proposed by Sachs and Warner explains the paradox of development in resource-rich regions, where resource abundance can actually hinder inclusive development. This occurs due to elite capture, corruption, and conflicts of interest in resource management, resulting in economic benefits that are not equitably distributed to local communities. In frontier regions, dependence on the extractive sector often weakens economic diversification. It hinders community empowerment, as policies and investments are more oriented toward the interests of large capital than toward community-based development. Furthermore, the Frontier Development Theory advanced by Kuklys [5] emphasises that peripheral regions face specific challenges, including limited market connectivity, governance gaps, and infrastructure deficits that hinder economic growth and social inclusion [12]. This theory emphasises the role of state and local institutions in bridging the development gap between core and peripheral areas through contextual, adaptive policies that strengthen local capacity. In the context of this research, this region possesses abundant natural resources, such as forests, minerals, and fisheries potential, yet it still faces issues of economic exclusion and development inequality. Large-scale investments in the extractive sector are often not accompanied by equitable benefit-sharing mechanisms for local communities, limiting their contribution to community welfare. Furthermore, limited infrastructure and poor connectivity to national markets further reinforce the underdeveloped position of frontier regions. Therefore, the literature emphasises the need for an inclusive development approach that integrates natural resource management, institutional strengthening, and community participation as key strategies for driving economic transformation in frontier regions.

2.3. Community Empowerment

In development literature, community empowerment is understood as the process of increasing the capacity of individuals and community groups to play an active role in decision-making, resource management, and the determination of development priorities appropriate to local needs and contexts. Community empowerment is not only oriented toward improving economic well-being but also encompasses social, political, and cultural dimensions that enable communities to have control (agency) over the development process [10]. Thus, empowerment is an important prerequisite for achieving inclusive and sustainable development, particularly in areas with strong social and cultural characteristics. The Participatory Development approach

proposed by Wang et al. [12] emphasises the importance of bottom-up development planning and implementation, in which communities are positioned not as objects but as subjects of development. Through active participation, communities can identify problems, formulate solutions, and evaluate programs, thereby making development policies and interventions more relevant and sustainable. This participation also serves as a means of social learning, strengthening local capacity and increasing ownership of development outcomes.

Social Capital Theory, developed by Putnam, emphasises that trust, social norms, and social networks are important forms of capital that encourage collective mobilisation and strengthen community capacity [4]. Strong social capital enables communities to collaborate effectively, manage conflict, and build constructive relationships with external actors, including the government and the private sector. In the context of indigenous communities, social capital often manifests in deeply rooted value systems, traditional leadership structures, and practices of cooperation (gotong royong) passed down through generations. In practice, initiatives such as customary forest management reflect a form of community empowerment grounded in local wisdom and recognition of indigenous peoples' rights to natural resources. However, various literature also shows that paternalistic bureaucratic practices, cultural barriers to cross-actor communication, and fragmented institutions often hamper empowerment. These conditions limit the space for substantive participation and diminish indigenous peoples' control over development processes and outcomes. Therefore, strengthening community empowerment requires governance reforms that are more inclusive, culturally sensitive, and capable of integrating local communities as key actors in development.

2.4. Institutional Theory

Institutional Theory positions institutions as a key factor in shaping the direction and quality of development. Institutions are understood not only as formal rules such as laws, policies, and government organisational structures, but also as informal institutions that encompass social norms, cultural values, and customs that govern the behaviour of actors in society [11]. This combination of formal and informal institutions determines how power is exercised, resources are allocated, and how development actors interact with one another. Therefore, the quality of institutions significantly influences the effectiveness of policies and the sustainability of development outcomes, particularly in regions with high social and cultural diversity. The New Institutional Economics framework proposed by Tambaip et al. [8] emphasises that effective institutions can reduce transaction costs, increase legal certainty, and build trust between economic and social actors. Strong and credible institutions create a conducive environment for investment, public participation, and inter-agency coordination, thus encouraging better development performance. Conversely, weak or inconsistent institutions often trigger uncertainty, conflicts of interest, and opportunistic practices that hinder the achievement of inclusive development goals.

Institutional Fit Theory emphasizes that the success of development interventions depends heavily on the alignment of policy design with the local institutional context. Policies formulated centrally without considering local norms, power structures, and practices tend to be difficult to implement effectively. In the context of indigenous communities, ignoring customary law and local decision-making mechanisms can provoke resistance, undermine policy legitimacy, and diminish community participation. Various studies have shown that there is often a mismatch between national policy frameworks and local governance practices, particularly in frontier areas. Differences in roles and authority between district governments, non-governmental organisations, and traditional councils have led to fragmentation in development implementation. This situation often triggers overlapping programs, conflicts over authority, and land and resource disputes. Therefore, the literature emphasises the importance of strengthening institutional coordination and harmonisation between formal and informal institutions to ensure more effective, inclusive, and sustainable development.

2.5. Political Ecology Perspective

The Political Ecology perspective in development literature stems from the understanding that environmental change cannot be separated from the political, economic, and power structures that surround it. This approach emphasises that environmental degradation, natural resource management, and social inequality result from non-neutral political and economic processes. Thus, political ecology serves as a relevant analytical framework for understanding how access to natural resources is shaped, contested, and distributed, particularly in regions with a history of conflicting interests and power imbalances. In the context of resource governance, this perspective reveals how state and corporate actors often dominate decision-making through policies, concessions, and formal legal mechanisms that tend to ignore the interests of local communities. This dominance not only limits community access to land and resources but also weakens indigenous communities' bargaining power in development processes. At the same time, political ecology also addresses the dynamics of local resistance and adaptation as communities respond to external pressures through strategies ranging from negotiation and rights advocacy to resource management practices grounded in local wisdom. The political ecology approach highlights the close link between ecological degradation and socio-political marginalisation. Unsustainable resource exploitation often directly leads to the loss of livelihoods, increased social vulnerability, and the weakening of local community structures. These impacts are not distributed evenly; rather, they are borne more heavily by groups with the least access to power. Therefore, political ecology analysis helps

identify who benefits and loses within existing models of empowerment and development. The political ecology perspective is used to answer key questions about how the dynamics of political and economic power shape processes of inclusion and exclusion in development, and how community empowerment models operate within the context of structural inequality [6]. By examining the relationships between state actors, corporations, and local communities, this approach provides a more critical understanding of development practices. It opens up space for the formulation of more equitable, participatory, and sustainable empowerment strategies.

3. Discussion of Research Results

The characteristics of frontier regions, such as geographic isolation, limited basic infrastructure, and weak institutional capacity, have been shown to influence the effectiveness of inclusive development management. This research's findings confirm Collier's Frontier Development Theory, which asserts that conventional, uniform and centralised development approaches tend to be less effective when applied to peripheral regions without contextual adjustments. Although the principle of inclusivity has been adopted in regional development planning documents, its implementation on the ground has not fully reflected the involvement and support of local communities. This creates a gap between policy objectives and the reality of implementation, ultimately limiting the achievement of inclusive development. The research findings indicate a mismatch between the normative national policy framework and local governance practices. This finding aligns with Institutional Fit Theory, which emphasises the importance of aligning policy design with the local institutional context [2]. Policies that fail to consider customary law, social structures, and local decision-making mechanisms tend to result in formalistic and symbolic participation. Consequently, community empowerment fails to develop substantively, as local communities have limited room to influence the direction and substance of development. Community participation has emerged as a central element in inclusive development management, as emphasised in the theory of Participatory Development (Chambers).

However, research findings indicate that participation remains predominantly procedural, such as attendance at public meetings or consultations, without any real influence on strategic decision-making. This non-transformative participation limits communities' ability to control resources and determine development priorities in line with their needs, thereby preventing the goal of inclusivity from being fully realised. In an institutional context, this study found that the role of formal and informal institutions is crucial to the success of community empowerment. Analysis based on New Institutional Economics (North) shows that strong, coordinated, and socially legitimate institutions can reduce transaction costs and strengthen trust between development actors. Conversely, institutional fragmentation, overlapping authority, and weak coordination between local governments, customary institutions, and NGOs actually slow the empowerment process and trigger conflicts of interest, particularly in land and natural resource management. The discussion also emphasises the importance of social capital and local capacity as key pillars of inclusive development in frontier regions. In line with Putnam's Social Capital Theory, trust, shared norms, and strong social networks at the community level serve as adaptive mechanisms in addressing structural constraints. However, the research findings indicate that existing social capital has not been fully converted into sustainable economic and political strength due to weak managerial and institutional support from local governments.

From a Political Ecology perspective, this research reveals that power relations between the state, corporations, and local communities significantly influence patterns of inclusion and exclusion in development. The dominance of state and private actors in natural resource governance tends to result in an unequal distribution of benefits and deepen the marginalisation of local communities. These findings emphasise that community empowerment is inextricably linked to efforts to restructure power relations and expand community access to strategic resources. Theoretically, this research's discussion enriches the development literature by emphasising that inclusive development in frontier regions cannot be achieved simply by adding programs but requires strengthening the managerial, institutional, and power relations dimensions. Integrating inclusive development theory, institutions, and political ecology is crucial in formulating a more contextual and equitable development management model. In practice, research findings confirm that the success of inclusive development in frontier regions depends heavily on local governments' ability to manage multi-stakeholder collaboration, strengthen local institutions, and ensure equitable distribution of development benefits. Adaptive, participatory development management that is sensitive to the local socio-cultural context is a key prerequisite for community empowerment and sustainable development in frontier regions. The following Table 1 explains the research findings, analysis and research recommendations as follows:

Table 1: Summary of key findings, analysis, and policy implications

Indicator	Key Findings	Key Analysis	Implications / Recommendations
Inclusive Planning	The principle of inclusivity is in the documents, but weak in implementation.	The plan-action gap reflects the limitations of conventional approaches in frontier regions (Frontier Development Theory)	Program design needs to be adaptive and based on local context.

Local Policy Compliance	National policies are less in line with customary norms	Institutional mismatch undermines effectiveness and legitimacy (Institutional Fit Theory)	Harmonisation of policies with customary institutions
Community Participation	Participation is procedural	Participation is not yet transformative and has minimal influence on decisions (Participatory Development)	Involve communities in planning, budgeting, and evaluation.
Customary Institutions	Acting as a mediator, the capacity is uneven.	Strong institutions suppress conflict, weak institutions trigger fragmentation (NIE)	Capacity building and formal recognition of customary institutions
Inter-agency Coordination	Sectoral and weak coordination	Fragmentation increases transaction costs and hinders synergies.	Cross-actor collaboration mechanisms
Local Social Capital	Trust and strong social networks	Social capital has not been optimally converted into economic benefits (Social Capital Theory)	Integration of social capital in local economic strategies
Access to natural resources	Dominated by the state and corporations	Power inequality triggers exclusion (Political Ecology)	Fair and inclusive natural resource governance

Based on these empirical findings, the main recommendations of this study emphasise the need to shift from a program-based development approach to an inclusive, adaptive, collaborative, and context-specific development management approach. Local governments need to strengthen policy alignment with local institutions, encourage transformative community participation, and build effective cross-actor coordination. Strengthening the capacity of customary institutions, utilising social capital, and structuring equitable natural resource governance are prerequisites for sustainable empowerment and achieving inclusive development in frontier regions.

3.1. Model of Inclusive Development Management in Frontier Economies

The frames include development as an adaptive, context-driven management process rather than a collection of isolated programs. The model emphasises that frontier regions require development approaches that respond to local institutional conditions, social structures, and power relationships to ensure effectiveness and equity. It can be seen in Figure 1:

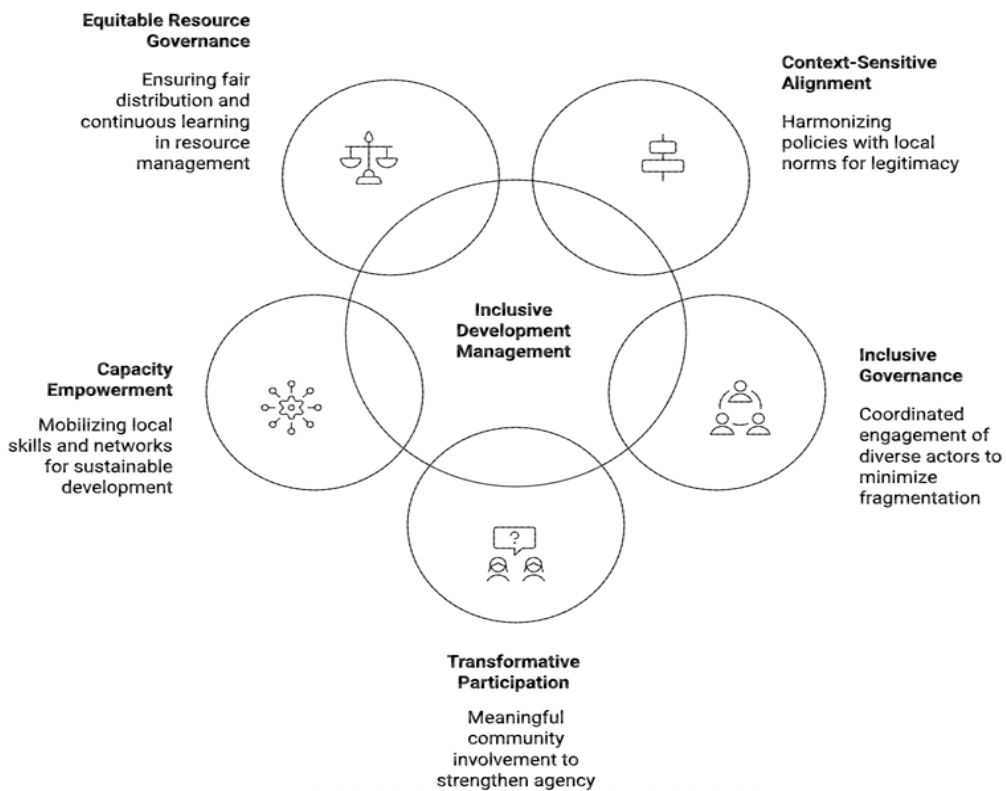


Figure 1: Model of inclusive development management in frontier economies

First, context-sensitive institutional alignment ensures that formal policies are harmonised with local norms and customary institutions, reducing policy implementation gaps and increasing legitimacy. Second, inclusive and collaborative governance promotes coordinated action among governments, customary institutions, civil society, and the private sector, minimising institutional fragmentation. Third, transformative community participation shifts engagement from procedural consultation to meaningful involvement throughout the development cycle, strengthening local agency and accountability. Fourth, local capacity and social capital empowerment leverage trust, networks, and community capabilities as key drivers of sustainable development, reducing dependence on external actors. Finally, equitable resource governance and adaptive management address power asymmetries in resource access while ensuring fair benefit distribution and continuous policy learning. Together, these five components offer a concise, integrated framework for managing inclusive and sustainable development in frontier economies.

4. Conclusion

This study finds that expanding development programs, fiscal allocations, or large-scale investment projects alone cannot achieve inclusive development in frontier regions, particularly South Papua Province. Instead, inclusive development requires adaptive, context-sensitive development management that addresses local socio-cultural, institutional, and ecological conditions. The study's evidence shows a continuing gap between national and regional inclusive development policies and their practical implementation. Weak local institutional capacity, inadequate government agency cooperation, and policy designs that often conflict with indigenous norms, customary governance systems, and community institutions contribute to this gap. The dominance of state and corporate actors in natural resource governance has limited local communities' participation, particularly indigenous peoples whose livelihoods depend on land and natural resources. Community engagement is mostly bureaucratic rather than transformative, empowering communities to influence decision-making. Therefore, development interventions have not yet produced lasting structural transformation or long-term empowerment. The study suggests strengthening inclusive development management through five interrelated components: institutional alignment that respects and integrates local contexts; collaborative multi-stakeholder governance involving government, private sector, customary institutions, and civil society; substantive and inclusive community participation; empowerment of local capacity and social capital; and equitable, adaptive natural resource governance. These processes depend on local governments formally recognising customary institutions, investing in their capacity-building, establishing effective cross-sectoral coordination structures, and ensuring a fairer share of development benefits. This comprehensive and flexible approach to inclusive development in border regions is projected to improve community welfare, social cohesion, economic resilience, and institutional sustainability.

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