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Empirical Study of Social Budget And Regional Wealth In Achieving SDG 1 (*No Poverty*) in Indonesia

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ABSTRACT

Given the high rate of poverty and the inefficient use of regional budgets and wealth, this study intends to examine how social budgets and regional wealth affect Indonesia's attainment of Sustainable Development Goal (SDG) 1, "No Poverty." This study uses secondary data from local governments in Indonesia for the period 2018-2022 with a total sample of 2,320 observations, which are examined through the use of a panel data regression model with a Generalized Least Squares (GLS) method for random effects. Specifically, the panel regression results indicate that social budgets and Regional Government Expenditures (APBD) are significant at the 1% level with an Adjusted R^2 of 0.147. Local governments can better implement poverty alleviation initiatives, speed up the process, and aid the region's achievement of the Sustainable Development Goals (SDGs) by increasing the allocation of the social budget as well as management and utilization of regional wealth. This study emphasizes the importance of increasing targeted social budget allocations of regional assets and the formulation of policies focused on sustainable poverty reduction to support the achievement of SDG 1 targets.

Keywords: Social Budget; Regional Wealth; Fiscal Decentralization; Poverty Reduction: SDG 1

INTRODUCTION

The Sustainable Development Goals (SDGs) consist of more than 300 indicators, 169 targets, and 17 goals (Barbier & Burgess, 2017). The objective of the SDGs is to eradicate poverty completely by 2030 (Sakinah et al., 2024). This study examines factors in the Sustainable Development Goals (SDGs) that impact poverty reduction programs in Indonesia, emphasizing the importance of cooperation and collaboration (Rassanjani, 2018). Poverty in Indonesia is also studied through geographically weighted logistic regression, which aims to reveal the main components that influence progress towards Sustainable Development Goals (SDGs) and poverty conditions (Syarifah et al., 2019). In line with Sustainable Development Goal (SDG) number 1 (no poverty), the Indonesian Smart Card Program was initiated as a measure to alleviate poverty through the education sector (Rahmatullah & Rahmatullah, 2021). The implementation of SDGs in Indonesia follows five guiding principles in accordance with the (Appendix to the Regulation of the President of the Republic of Indonesia, 2017), namely collaboration, prosperity, peace, humanity, and environmental sustainability.

One of the primary focuses of the SDGs is Sustainable Development Goal (SDG) 1, which aims to eradicate poverty in all its forms. The understanding of poverty has now broadened, encompassing various dimensions of deprivation such as living standards, education, and health, as reflected in the UN Multidimensional Poverty (Oxford Poverty & Human Development Initiative, 2019). In this regard, research on the empiriscal study of social budgets and regional wealth in achieving the Sustainable Development Goals (SDGs) has shown mixed results. (Vargas,

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2023) To improve quality of life and reduce social inequality, but their effectiveness can be hampered by suboptimal efficiency and governance. (Lestari & Falatehan, 2022) emphasized that significant impact can be achieved through effective social assistance budget allocation, supported by stakeholder engagement and accurate welfare data. Other studies have revealed the link between social protection and natural resource conservation. the interdependence of SDGs goals (Ishartono & Raharjo, 2016) and specific factors such as education, health, and asset ownership that influence poverty. This situation demonstrates the need for effective management of social budgets and regional assets to ensure the fulfillment of basic community rights (Kasim, 2012).

Overcoming poverty is a top priority in Indonesia. According to the latest data from the World Bank, around 172 million people, or more than 60% of the population, still live in poverty. Therefore, developing countries such as Indonesia are required to prioritize the achievement of Sustainable Development Goal (SDG) 1, namely "No Poverty" (Suartini & Sulistiyo, 2020). The 2030 agenda emphasizes the importance of inclusive policies that promote resilience and sustainability (Sisto et al., 2020), with 169 targets covering economic, social, and environmental aspects (Lafortune et al., 2020). Local governments nationwide are responsible for monitoring and assessing progress toward achieving Sustainable Development Goal (SDG) 1 using indicators that include age, gender, and the proportion of people who are below the federal poverty threshold. Although various studies have addressed allocating funds and the part local governments play in poverty alleviation policies, most of these studies remain general and separate between social budgets and regional wealth. Few studies have examined the interaction between these two factors in achieving SDG 1 in Indonesia. This gap creates an important research gap that needs to be filled to provide a more comprehensive and integrative picture of the simultaneous regional wealth and the function of social budgets in supporting the "No Poverty" target in Indonesia.

The novelty of this research lies in the integration of social budget variables, regional wealth, and progress in achieving SDG 1 (no poverty) into only one integrated analysis model. Previous research has tended to examine these factors separately (Nawir et al., 2022; Suartini & Sulistiyo, 2020). Thus under-capturing their combined effects in poverty alleviation. This holistic approach provides theoretical insights through a more comprehensive understanding of the interactions between variables, as well as practical contributions in the form of strategic recommendations for local governments to manage social budgets and regional wealth in a targeted, efficient, and transparent manner. It is possible that the implementation of this strategy will increase the efficiency of initiatives aimed at reducing poverty and hastening the sustainable attainment of SDG 1.

Based on this gap, the present study seeks to provide empirical evidence on the simultaneous role of social budgets and regional wealth in supporting SDG 1 (No Poverty) at the local government level in Indonesia. Accordingly, this study addresses the following research question: what impact do the concurrent distribution of social budgets and regional wealth have on Indonesia's attainment of SDG 1 (No Poverty)?

LITERATURE REVIEW

Theory of Agency

In the framework of Sustainable Development Goal (SDG) 1 (Poverty Eradication), agency theory is central to social budget management because it explains the conflict between principals (government or donor agencies) and agents (those who manage and allocate budget for poverty eradication programs). Conflicts and disagreements can occur when agents' and principals' goals diverge and information regarding budget allocation is unfair. Agency theory, developed by specialists like (Jensen & Meckling, 1976; Ross, 1973) involving the modeling of these relationships and seeking ways of reducing 'agency costs' (the detrimental effects of conflicts of interest).

Regional Fiscal Capacity

Regulation of the Minister of Finance No. 126/PMK.07/2019 stipulates that taxes and levies are the main sources of regional funding. Revenue will rise with the effective management of regional wealth, which includes asset management and payments. This will strengthen the regional

economy to support initiatives that combat poverty, like building infrastructure, delivering essential services, and empowering the underprivileged economically (Salma Nazikha & Rahmawati, 2021). Keeping in line with this, the research conducted by (Sartono & Zulkifli, 2023) explains that local taxes and fees constitute the primary source of local revenue that is crucial for funding development and reducing poverty.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a global agenda consisting of 17 main goals formulated to comprehensively address various sustainable development challenges, covering social, economic, and environmental aspects (Khairina et al., 2020). The Sustainable Development Goals (SDGs) aim to eliminate poverty, improve community welfare, and preserve the environment by 2030 (Sorooshian, 2024). The implementation of the SDGs requires a cross-sectoral approach and collaboration between the government, the private sector, and civil society in order to achieve the targets that have been set. In the context of Indonesia, various programs and policies have been aligned with the principles of the SDGs, including efforts to alleviate poverty through social and technological innovation, which emphasizes the importance of integrating sustainable policies and strategies in supporting the achievement of national and global development goals (Adiputri, 2021)

These overall objectives form a comprehensive framework and serve as the basis for sustainable development efforts at both the national and international levels. In detail, the 17 SDG goals include:

1. Ending poverty in all its forms everywhere;
2. Ensuring that no one goes hungry by achieving food security, adequate nutrition, and sustainable agriculture;
3. Ensuring healthy lives and well-being for all at all ages;
4. Providing inclusive, quality education and lifelong learning opportunities;
5. Achieving gender equality and empowering women and girls;
6. Ensuring the availability and sustainable management of clean water and sanitation;
7. Ensuring access to affordable, reliable, sustainable, and modern energy;
8. Promoting inclusive economic growth accompanied by productive and decent employment;
9. Develop resilient infrastructure, inclusive industrialization, and innovation;
10. Reduce inequality within and among countries;
11. Build inclusive, safe, resilient, and sustainable cities and communities;
12. Promote responsible consumption and production patterns;
13. Take urgent action to combat climate change;
14. Sustainably protect and manage marine resources;
15. Conserve and restore terrestrial ecosystems and biodiversity;
16. Promote peace, justice, and strong institutions; and
17. Strengthen global partnerships to support the achievement of sustainable development.

Development of Hypotheses

The Social Budget's Contribution to SDG Achievement

Social budgets have an impact on the achievement of Sustainable Development Goals (SDGs), particularly in poverty eradication and inequality reduction efforts (Novitasari & Sugianto, 2024). Analysis of the way allocation of funds impacts SDG success is conducted via statistical techniques (Sisto et al., 2020). In addition, discussions on the integration of SDGs and their indicators into the national budget system are also the focus of the study (Hege et al., 2019). Effective spending management may enhance the lives of people, while improper or inefficient allocations have the potential to hinder the achievement of SDG 1 (No Poverty). This is in line with research. According to findings (Ríos et al., 2022), careful budgeting is an important instrument for protecting vulnerable groups and improving their quality of life, thereby serving as a key foundation for achieving sustainable development. However, as explained by (Haga et al., 2024), suboptimal social budget management practices often lead to inefficiencies that reduce the benefits and effectiveness that should be achieved. From a theoretical perspective, the achievement of

development goals is not only influenced by economic policies and infrastructure development but also depends heavily on efficient and targeted budget distribution, particularly in the social sphere. In this context, social budgets occupy a crucial position, as they are a means of ensuring the sustainability of poverty alleviation programs and reducing inequality more effectively. Several previous studies have shown that inefficient or misdirected social budget allocation can hinder efforts to achieve SDG 1. Therefore, the social budget is considered important in supporting the achievement of this goal. Based on this thinking, the first hypothesis (H1) in this study is formulated as follows.
H1: Social budget has a significant effect on achieving SDG 1 (No Poverty) in Indonesia.

The Regional Wealth's Contribution to SDG Achievement

Every region's capacity to manage and harness its potential, both in terms of financial and social resources, has a fundamental impact upon the attainment of the goals of Sustainable Development. Research conducted by (Mutiarani & Siswantoro, 2020) affirms that regional original revenue plays a significant role in achieving the SDGs because the likelihood of successful sustainable development increases with the capacity of available resources. The SDG theoretical framework, which highlights the significance of inclusive, sustainable, and locally based development, states that regions must be able to fortify their physical and social capital in order to balance the level of resource utilization in SDG implementation if long-term sustainability is to be achieved (Endo & Ikeda, 2022). To contribute strategically to the achievement of SDG 1 targets that are effective and relevant to local characteristics, local governments require financial decentralization that provides flexibility in fiscal management. Within this framework, regional assets and resource potential are considered to play an important role in determining the successful realization of SDG 1. Based on this rationale, this study establishes Hypothesis (H2).
H2: Regional wealth has a significant effect on achieving SDG 1 (No Poverty) in Indonesia.

Table 1. Literature Review Mapping

Author	Year	Method	Findings
Novitasari & Sugianto	2024	A quantitative method using panel data regression analysis was used.	The attainment of SDG 1 is aided by social budgets, which significantly lower poverty levels.
Sisto et al.	2020	A quantitative approach with econometric analysis (panel data regression).	Government social spending plays an important role in reducing poverty levels.
Hege et al.	2019	Qualitative analysis through literature studies and policy analysis.	Reducing poverty is largely dependent on social budgeting.
Rios et al.	2022	Using both quantitative and qualitative methods in a mixed-method approach.	Social budgeting contributes significantly to poverty reduction.
Amory Gethin	2023	Quantitative analysis using cross-country comparative data.	Social budgets play a crucial role in reducing poverty and inequality.
Amory Gethin	2024	Cross-country comparative quantitative analysis.	Increasing social spending significantly reduces poverty levels, but the effectiveness of social spending is strongly influenced by the structure of redistribution policies.
Mutiarani & Siswantoro	2020	Quantitative analysis using panel data regression.	The attainment of SDG 1 is positively impacted by regional wealth, particularly regional original income.
Endo & Ikeda	2022	A quantitative approach, using the Inclusive Wealth	Large regional wealth (natural capital) actually hinders the achievement of

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		Index (IWI).	sustainable development and SDG 1 if not managed properly. Meanwhile, countries with diversified capital (produced and human capital) are more successful in reducing poverty sustainably.
Kumba Digdowiseiso	2022	Cross-country panel of 53 developing countries (1990-2014); regression with institutional quality as moderator	Fiscal decentralization (revenue and expenditure) is significantly negatively related to poverty—if the quality of institutions is good.

Data Source: Processed by Researchers (2025).

Theoretical Framework

The following is the theoretical framework of this study, which shows the relationship between the social budget (X1) and regional wealth (X2) and the achievement of Sustainable Development Goals (SDGs) 1 as the dependent variable (Y). These frameworks also include control variables to account for other factors that may influence the research results.

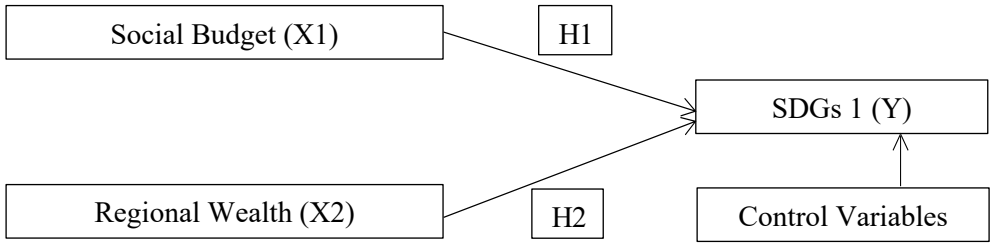

Figure 1. Conceptual Framework

METHOD

Data

To determine the sample, data was gathered using the purposive sampling method. This study utilized secondary data obtained from 542 provincial/city/district governments over a five-year period, from 2018 to 2022, resulting in a total of 2,320 observations. All of the data used in this study was sourced from the Indonesian government. The dependent variable (Y) in this study is SDGs 1, the first independent variable (X1) is the social budget, and the second independent variable (X2) is regional wealth.

Operationalization of Variables and Empirical Model

This research uses a panel data regression model with the STATA-17 data set and the Generalized Least Squares (GLS) Random Effects regression method to analyze the impact of social security and regional guarantees on the achievement of Sustainable Development Goal 1 (SDG). Based on the results of the Hausman Test used to compare two estimators to check the validity of the instruments in the model and the test results with the Random Effect model, ensure that the model used can provide efficient estimates when meeting these requirements (Hahn et al., 2011). GLS with a random effects model approach is used to determine the panel data regression model in research. This regression test is conducted to assess the consistency of the estimator in the test and the decision results based on the probability value (p-value) from the test in the study. The random effects model assumes the results of individual effects are random and uncorrelated with the independent variable. The results are more efficient when this assumption is met. The assumption is that the p-value is met when it has a value > 0.05, making it acceptable (Amini et al., 2012; Mutl & Pfaffermayr, 2011). To address the issues in this study and test the proposed hypotheses, the following empirical model was employed in this investigation:

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$$Sdgac_{it} = \beta 0 + \beta 1 Socbud_{it} + \beta 2 Regwlth_{it} + \beta 3 Ages_{it} + \beta 4 Island_{it} + \varepsilon t \ldots\ldots\ldots\ldots\ldots (1)$$

The variable $Sdgac_{it}$ is used to measure the achievement of Sustainable Development Goal (SDG) number 1, with an indicator in the form of the proportion of people who are enrolled in social protection programs. $Socbud_{it}$ represents the budget allocated by provincial, city, or district governments in Indonesia for social protection functions, determined by applying the natural logarithm (LN). $Regwlth_{it}$ shows the total assets held by local governments via the natural logarithm (LN). The $Ages_{it}$ represents the ages of regional governments during the 2018-2022 period, based on the age of the local government from its establishment until 2022. $Island_{it}$ is a variable of the geographical location of local government, measured using a dummy variable, with a value of "1" indicating the area in Java Island and a value of "0" for other areas.

Table 1. Data Sources and Variables Operationalized

Variables	Variable Operationalization	Source of Data
$Sdgac_{it}$	Population percentage below the federal poverty level by age group and gender.	BAPPENAS
$Socbud_{it}$	Indonesian district, city, or provincial governments use the natural logarithm (LN) to calculate the budget variables allocated for social protection functions.	Ministry of Internal Affairs
$Regwlth_{it}$	The natural logarithm (LN) is used to calculate the municipal governments total assets.	Ministry of Internal Affairs
$Ages_{it}$	For the 2018-2022 period, the local governments age is determined by adding up all of the years from the local governments founding until 2022.	Ministry of Internal Affairs
$Island_{it}$	Using a dummy variable, the geographic location of regional government is determined; an area on the island of Java is denoted by a value of "1," and an area outside of Java is denoted by a 0.	Ministry of Internal Affairs

Data Source: Processed by Researchers (2025).

Table 2. Hausman Test

Random-effects GLS regression Group variable: tahun	Number of obs = 2.320 Number of groups = 5
R-squared: Within = 0.1425 Between = 0.8535 Overall = 0.1471	Obs per group: Min = 464 Avg = 464.0 Max = 464
corr(u_i, x) = 0 (assumed)_	Wald chi2(4) = 399.17 Prob > chi2 = 0.0000

Source: STATA-17 output, secondary data (Processed, 2025).

RESULTS

The Descriptive Statistics

Table 3. Variable Descriptive Statistics

Variables	Obs	Mean	Std. dev.	Min	Max
$Sdgac_{it}$	2.320	42.40	16.78	4.2	93.59
$Socbud_{it}$ *)	2.320	25.71	103.22	0	3.65
$Regwlth_{it}$*)	2.320	5.40	24.42	50.17	684.97
$Ages_{it}$	2.320	0.31	0.57	0	2
$Island_{it}$	2.320	0.25	0.43	0	1

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Variables	Obs	Mean	Std. dev.	Min	Max
There are 2,320 observations. *) In billions of rupiah The operationalization of a variable is explained in Table 1.					

Source: STATA-17 output, secondary data (Processed, 2025).

Table 2 above presents a comprehensive descriptive statistical summary for each variable. With an average value of 42.40 and a standard deviation of 16.78, the $Sdgac_{it}$ variable shows a substantial variation in SDG 1 achievement across entities. SDG 1 achievement varies significantly by region, with some still lagging far behind and others more advanced, with a maximum of 93.59 and a minimum of 4.2. For the $Socbud_{it}$ variable, the average value is recorded at 25.71 billion rupiah with a standard deviation of 103.22, showing that social budgets are not being distributed evenly among entities. The range of 0 billion rupiah shows that different regions have different amounts of social financing allocated to help achieve SDG 1. With an average of 5.40 billion rupiah and a standard deviation of 24.42, the $Regwlth_{it}$ variable shows that the majority of entities with regional wealth exhibit a fairly even distribution of wealth across the regions under study. Since the value ranges from 50.17 billion rupiah to 684.97 billion rupiah, the disparities in regional wealth are not very noticeable, allowing all entities to fall within a relatively small wealth range. Another variable records a standard deviation of 0.57, which reflects variations in the classification of local government age based on the length of time it has been established. A newly created area without an age category is indicated by a minimum value of 0, whereas an older and more established area is indicated by a maximum value of 2. In contrast, there is a notable variation in distribution among the examined regions, as evidenced by the $Island_{it}$ variable's mean of 0.25 and standard deviation of 0.43. This variable is coded using the dummy method, in which a region on the island of Java is represented by a value of 1, and a region elsewhere by a value of 0.

Table 4. Analysis of Variables Correlation

	$Sdgac_{it}$	$Socbud_{it}$	$Regwlth_{it}$	$Ages_{it}$	$Island_{it}$
$Sdgac_{it}$	1.0000				
$Socbud_{it}$	-0.1083***	1.0000			
	0.0000				
$Regwlth_{it}$	-0.0950***	0.4671***	1.0000		
	0.0000	0.0000			
$Ages_{it}$	-0.1446***	0.3302***	0.4644***	1.0000	
	0.0000	0.0000	0.0000		
$Island_{it}$	0.3002***	0.2259***	0.3497***	0.0231	1.0000
	0.0000	0.0000	0.0000	0.2666	
There are 2,320 observations. ***,** = P-value significant at 1% & 5% The operationalization of a variable is explained in Table 1.					

Source: STATA-17 output, secondary data (Processed, 2025).

The correlation findings between the primary variables in this study are displayed in Table 3. At the 1% and 5% levels, the correlation between $Socbud_{it}$ and $Sdgac_{it}$ was found to be statistically significant, with a p-value of 0.0000 and a correlation coefficient of -0.1083. This result suggests that the accomplishment of SDG 1 is not directly or significantly correlated with an increase in the social budget. This finding supports Hypothesis 1 (H1), which holds that the social budget has a negative impact on achieving SDG 1; despite the weak correlation, it is still statistically significant for a level of 1%.

However, the relationship between $Regwlth_{it}$ and $Sdgac_{it}$, which was -0.0950 with a p-value of 0.0000, shows that there is no direct link between regional wealth and SDG 1 achievement. Stated differently, the attainment of SDG 1 is inversely correlated with the growth of regional wealth. This result validates Hypothesis 2 (H2), which holds that regional wealth has a negative impact on SDG

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1 achievement. The effect is statistically significant at the 1% level (p-value 0.0000), but it is very weak.

Related to control variables such as $Ages_{it}$ and $Island_{it}$, a significant relationship was found with the achievement of SDG 1. The age variable ($Ages_{it}$) exhibits a weak negative correlation of -0.1446, indicating that reaching SDG 1 may be somewhat impacted by age. In contrast, there is a positive correlation of 0.3002 between the island status variable ($Island_{it}$) and the accomplishment of SDG 1, indicating that regions with island status are generally more related to achieving this objective. In addition to social budget and regional wealth, these findings suggest that demographics and geographic conditions are important factors in attaining SDG 1.

Testing for Hypotheses

Table 5. Test of Hypotheses

$\mathbf{Sdgac_{it} = \beta0 + \beta1Socbud_{it} + \beta2Regwlth_{it} + \beta3Ages_{it} + \beta4Island_{it} + \varepsilon t}$ ..... **(1)**		
Variables	**Anticipated Sign**	**Sdgacit**
$Cons_{it}$		171.841 0.000
$Socbud_{it}$	H1 : (-)	-1.525*** 0.000
$Regwlth_{it}$	H2 : (-)	-3.377*** 0.000
$Ages_{it}$	(+/-)	-1.314*** 0.042
$Island_{it}$	(+/-)	14.694*** 0.000
Prov > F		0.0000
Adj R-Square		0.1471
Obs		2.320
*** = P-value significant 1% There are 2,320 observations. The operationalization of a variable is explained in Table 1.		

Source: STATA-17 output, secondary data (Processed, 2025).

For this study, the validity of claims or presumptions regarding the relationship between variables was examined using hypothesis testing. The hypothesis testing process was carried out to ascertain whether the information obtained supported or rejected the hypothesis that was put forward. The method used in this research's hypothesis testing was applied to test two primary hypotheses: whether the budget for social protection ($Socbud_{it}$) and regional wealth ($Regwlth_{it}$) have an effect on the achievement of Sustainable Development Goal (SDG) 1 (poverty reduction). The findings from hypothesis testing show that $Socbud_{it}$ and $Regwlth_{it}$ have a significant detrimental effect on achieving SDG 1. This is evidenced by a p-value that is extremely low (below 0.01), which indicates that the connection is substantial at a 1% confidence level.

Overall, the adjusted R-squared value shows a result of 0.1471, indicating that this model is able to explain approximately 14.71% in achieving Sustainable Development Goal (SDG) 1. Although this value is statistically significant, the level is still relatively low, implying that other factors outside this model may be more effective in explaining the variation in SDG 1 results. This model's overall statistical significance in explaining the impact of the $Socbud_{it}$ and $Regwlth_{it}$ variables on SDG is confirmed by the Prob > F figure of less than 0.01. Specifically, the first hypothesis (H1) is supported by the statistically significant negative effect of the $Socbud_{it}$ variable, which indicates that the achievement of SDG 1 is inversely correlated with an increase in social funds. In line with the second hypothesis (H2), $Regwlth_{it}$ also has a markedly detrimental impact, suggesting that increased regional wealth is in fact linked to deteriorating SDG 1 performance. At a 5% significance level, the control variable $Ages_{it}$ shows a significant negative effect with a coefficient of -1.314021

and a p-value of 0.042. The geographical location factor, especially regions on the island of Java, significantly improves the achievement of SDG 1; according to the $Island_{it}$ variable, it has a p-value of 0.0000 and a coefficient of 14.69456.

The regression model can only account for about 14.17% of the variation in the achievement of SDG 1 (Poverty Eradication), according to the low R-squared value (0.1471) in the research result section. This indicates that many factors influencing the achievement of SDG 1 are not captured in the model, such as other variables related to broader social, economic, or policy conditions that were not included in the analysis.

DISCUSSION

These findings support Hypothesis (H1), which holds that social budget allocations have a detrimental effect on achieving Sustainable Development Goal (SDG) 1, or the eradication can help reduce poverty, but poor management can actually make social inequality worse. This result supports the findings of the study by (Lawlor et al., 2019), which claims that large social budget allocations may not be successful in lowering poverty rates unless a comprehensive strategy involving multiple sectors, such as infrastructure and agriculture, is implemented. In addition (Purvis et al., 2019) stress how crucial it is to balance environmental, social, and economic factors in order to achieve sustainable development. If these aspects are neglected in social budget management, it can hinder the achievement of Sustainable Development Goal (SDG) number 1. Here, the percentage of the general population that receives social protection programs based on gender categories such as children, the poor, elderly individuals, those with disabilities, expectant or new mothers, and victims of occupational accidents, as well as vulnerable impoverished groups, is a major determinant of how well the social budget reduces poverty and advances these goals.

Additionally, the results of this study support the second hypothesis (H2) that regional wealth has a negative impact on achieving Sustainable Development Goal (SDG) 1, showing that regional wealth disparity can exacerbate social inequality and hinder efforts to reduce poverty. This aligns with the conclusions of (Sulaeman & Sukmana, 2023), which emphasize that the disparity in wealth distribution among regions can foster social inequality and hinder the SDGs from being achieved. An investigation conducted (Shaleh, 2021) demonstrates that a significant barrier to achieving equitable development is the socioeconomic disparity between regions. Regional wealth disparities impede inclusive development, worsen social inequality, and make it more difficult to achieve SDG 1, which focuses on reducing poverty. This is (Purvis et al., 2019) who also emphasize the negative impact of inequality on these development goals. These results support this perspective by showing that poor regional wealth management can impede the attainment of SDGs' focus on sustainable development, which includes ending poverty.

While social budget allocation and regional wealth management should significantly contribute to poverty reduction and the achievement of SDG 1 (No Poverty), inefficient and misdirected management can exacerbate social inequality. This is because if social budgets are not distributed appropriately to those most in need, such as the extreme poor or people with disabilities, their impact will be less effective and may even exacerbate inequality. Furthermore, inaccurate beneficiary data can also result in aid not reaching those in need, reducing policy effectiveness. Therefore, in order to ensure that social budgets and regional wealth can optimally support poverty alleviation efforts, improvements are needed in management, transparency, and maximizing the utilization of resources. To that end, updating beneficiary data and improving the accuracy of social assistance targeting are crucial to ensure that social funds are distributed to those who are truly in need. Without accurate data, these policies have the potential to be ineffective and may even exacerbate existing inequalities.

SDG 1 can be accomplished by implementing effective governance, which includes sustainable economic growth, equitable resource distribution, and efficient environmental management, according to the theory of sustainable development (Barbier & Burgess, 2017). Even though economic growth is crucial in lowering poverty, the theory of sustainable development contends that improper management of economic growth will have unsustainable effects (Fidelitasari et al., 2024). Therefore, the findings of this research emphasize the importance of a comprehensive approach that combines strong growth in the economy, open governance, and considerations

regarding environmental sustainability in efforts to achieve the SDGs, in particular those related to achieving poverty reduction. By focusing upon these interrelated components, lawmakers may design an extensive structure to promote sustainable development.

CONCLUSION

This research confirms that the effectiveness of social budget management and regional wealth distribution are key determinants in achieving Sustainable Development Goal (SDG) 1, namely poverty eradication. Inefficient budget use and unequal wealth distribution have the potential to widen social disparities and hinder development progress. Therefore, transparent, strategic, and equitable governance is needed to ensure resources reach the most vulnerable groups. A cross-sectoral approach, including infrastructure development and strengthening the agricultural sector, can amplify the impact of poverty alleviation programs. Based on the research findings, regional governments need to strengthen social budget planning and targeting by updating beneficiary data and conducting regular evaluations to ensure targeted assistance. Regional wealth management should also be optimized through asset audits, productive utilization, and public-private partnerships to support job creation. Poverty alleviation policies need to encompass cross-sectoral efforts with performance indicators aligned with SDG 1, along with increased transparency through published reports and public participation.

While providing conceptual and practical contributions, this research is limited by the use of a single indicator, namely the proportion of the population receiving social protection benefits by age group, which limits the scope of the analysis. Further research is recommended to use more comprehensive indicators to obtain a more complete picture. From a policy perspective, the capacity of regional officials needs to be improved through training in budget management and the use of information technology. It also requires strengthening the principles of transparency and accountability at every stage of implementation. Optimizing wealth distribution, strengthening basic services, and cross-sectoral coordination are expected to ensure that poverty alleviation programs are effective and inclusive, thus significantly impacting welfare.

This study demonstrates that social budget management and regional wealth distribution play a crucial role in achieving SDG 1 (poverty alleviation). Inefficient budget use and unequal wealth distribution can exacerbate social inequality and hinder development progress. Therefore, transparent, strategic, and equitable governance is needed to ensure resources reach vulnerable groups. Cross-sectoral approaches, such as infrastructure development and strengthening the agricultural sector can also enhance the impact of poverty alleviation programs. Furthermore, the integration of social budgets (sucbudit) and regional wealth (Regwlthit) in the SDG 1 model is a novel contribution to the literature. However, this study is limited to the use of a single indicator, namely the proportion of the population receiving social protection by age group. Further research is recommended using more SDG 1 indicators and a mixed-methods approach to obtain a more comprehensive picture. Furthermore, strengthening the capacity of regional officials through training in budget management, information technology, and transparency principles is essential to ensure effective and inclusive poverty alleviation policies.

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