**Optimizing APBN management and government challenges in realizing sustainable development**

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**Abstract**

This paper examines the strategies for optimizing the management of Indonesia’s State Revenue and Expenditure Budget (APBN) and the challenges faced by the government in realizing sustainable development. In the context of a dynamic global economy, effective APBN management is essential to ensure that the national budget can support social, economic, and environmental development needs in a balanced manner. The study highlights the importance of optimizing state budget management as a key factor in achieving inclusive and sustainable development in Indonesia. Although there has been an increase in budget allocation for strategic sectors, the effectiveness of budget use still faces challenges such as complex bureaucracy, lack of transparency, and gaps between planning and realization. This study emphasizes the need to improve monitoring and evaluation mechanisms, strengthen accountability, and enhance the integration between budget policies and sustainable development goals. Key challenges addressed include global economic changes, commodity price fluctuations, and the impacts of climate change on the implementation of sustainable development policies. Recommendations for improvement include increasing human resource capacity in budget management, implementing better information technology systems, and strengthening synergy between institutions. By adopting these strategies, it is hoped that the government can overcome existing challenges and ensure that budget expenditures not only drive economic growth but also contribute to social welfare and environmental sustainability. Through a more efficient and transparent APBN management, Indonesia can move closer to realizing its sustainable development aspirations.

**Keywords:** APBN, budget management, sustainable development, transparency, government challenges

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1. **Introduction**

Management of the State Budget (APBN) is a fundamental aspect in determining the success of a country's development, including Indonesia. The APBN, as a fiscal policy instrument, has a strategic role in allocating resources to various sectors that support the achievement of sustainable development goals, such as education, health, infrastructure, and poverty reduction. With the pressure from global economic changes, commodity price fluctuations, and other domestic challenges, efficient and effective APBN management is becoming increasingly important for economic stability and public welfare.

Basically, APBN management aims to achieve a balance between state revenues and expenditures. However, in practice, Indonesia still faces various obstacles in realizing optimal budget allocation. One of the main challenges is the low state revenues that are often not in line with the high needs of public spending. These factors drive a budget deficit, which is often overcome through debt financing. Although debt can be a short-term solution, excessive dependence on debt can actually threaten fiscal stability in the long term. Thus, the government needs to implement an effective strategy in managing the APBN so that it not only meets current development needs, but also maintains the sustainability of the state budget in the future. Along with increasingly complex development needs, the principle of sustainable development must also be applied in every budget policy. Sustainable development does not only focus on economic aspects, but also includes social and environmental dimensions. In Indonesia, the implementation of APBN policies that support sustainable development faces major challenges. One of them is climate change, which affects various sectors such as agriculture, fisheries, and other natural resources. This condition requires a more flexible and adaptive budget allocation in order to anticipate the increasing environmental impacts. In addition, efforts to reduce carbon emissions and implement renewable energy are also priorities in order to support the sustainable development agenda, which of course requires significant resources from the APBN. On the other hand, transparency and accountability in APBN management are important factors that need to be considered. Low levels of transparency can trigger inefficiency and misuse of the budget that hinder development efforts. Therefore, various efforts have been made by the government to improve the state financial management system, including digitalization of budget management, implementation of the Government Agency Performance Accountability System (SAKIP), and strengthening the role of internal and external audits. These steps are expected to increase public trust in the government and create a more accountable budget management system. These challenges are increasingly relevant in the context of rapid global change, including the economic shift from developed to developing countries, as well as increasing economic integration through international trade. Indonesia as a developing country must be able to adapt to these changes to maintain its economic stability and ensure that the management of the APBN can support the achievement of national development goals. With globalization and international economic interconnection, the APBN is not only an instrument for domestic interests, but also a tool to increase Indonesia's competitiveness in the global arena. Based on the description above, this study aims to examine the strategy for optimizing APBN management and the challenges faced by the Indonesian government in its efforts to realize sustainable development. Through this study, it is hoped that concrete steps can be found that can be taken to improve the efficiency of budget management, support fiscal sustainability, and encourage inclusive and sustainable development for all Indonesian people.

This literature study aims to understand the basic concepts and previous findings related to the management of the State Budget (APBN), budget optimization strategies, and the challenges faced by the government in achieving sustainable development. The literature used includes fiscal economic theory, state budget policy, and sustainable development perspectives. This study also discusses relevant frameworks, such as the Sustainable Development Goals Model set by the UN, as well as the experiences of other countries in managing public budgets efficiently.

APBN management is one of the most important fiscal policy instruments in achieving national development goals. According to Mankiw (2014), fiscal policy through the APBN can affect output and income distribution in society. Keynesian theory underlines the importance of government intervention through state spending to support economic growth, especially in unstable economic conditions. In this context, APBN management must be carried out by considering the principles of efficiency and effectiveness in order to have a positive impact on long-term economic growth (Mankiw, 2014).

Optimizing state budget management is an important step that aims to ensure that the allocation of government funds can produce maximum benefits in accordance with national development priorities. This optimization is important to increase the effectiveness of fiscal policy and ensure that limited resources can be used efficiently. In the context of managing the State Budget (APBN), optimization means directing funds to sectors that can provide the greatest impact on economic growth and public welfare. The literature shows that optimal budget management requires several important elements, namely budget allocation that is in line with development needs, implementation of strict monitoring and evaluation, and implementation of strong accountability mechanisms. According to the National Development Planning Agency (Bappenas) (2022), optimal management also emphasizes transparency and accountability at every stage of budgeting, from planning to implementation and evaluation. This is necessary so that the public can monitor and ensure that public funds are used in accordance with the objectives that have been set. Appropriate budget allocation is one of the main pillars in optimization. According to the budget management theory proposed by Musgrave and Musgrave (1989), optimization can be achieved by prioritizing sectors that have a high multiplier effect, such as infrastructure, education, and health. These sectors are believed to have a significant contribution to the economy and can support equal distribution of welfare. Investment in infrastructure, for example, not only increases public access to basic services, but can also open up employment opportunities and support the development of other industries. Education and health, on the other hand, are very important for building quality and productive human resources so that they can strengthen national competitiveness in the long term.

In Indonesia, the Ministry of Finance has implemented various strategies to optimize budget management, including measures to reduce the budget deficit and increase the efficiency of government spending. One of the efforts that has been made is through the budget control and efficiency program, where the government is more selective in allocating funds and avoiding wasting budget on less relevant programs. In addition, the government also prioritizes priority projects that have a direct impact on public welfare, such as the construction of road infrastructure, health facilities, and education and training programs. In addition to proper allocation, strict monitoring and evaluation are also crucial aspects in budget optimization. Good monitoring and evaluation allow the government to know the extent to which the budget has been used effectively, whether there are deviations from the initial plan, and how the use of the budget impacts the community. Through this mechanism, the government can make corrections and adjustments if necessary, so that budget implementation remains in accordance with the objectives to be achieved. The Ministry of Finance and Bappenas have developed various monitoring tools, such as the Government Agency Performance Accountability System (SAKIP) and the Integrated Planning and Budgeting System (SPPT), which function to monitor the effectiveness of budget management and support transparency and accountability.

Furthermore, accountability in budget management is also a major concern in optimization efforts. A strong accountability mechanism is needed to prevent irregularities and ensure that public funds are truly used for the benefit of the community. Budget transparency, both through the publication of financial reports and public access to information, is important to increase public trust in the management of government funds. According to Transparency International, countries with a high level of budget transparency tend to be more successful in achieving budget efficiency, because the public can monitor and provide input on policies taken by the government. Budget optimization can also be done by increasing the capacity of budget management institutions so that they are able to carry out their duties professionally and responsibly. Training and capacity development programs for state civil servants (ASN) involved in budget management have become one of the important agendas of the Indonesian government. Through this capacity building, it is hoped that ASN can better understand the importance of effective budget management, and be able to conduct a more precise analysis of budget needs and impacts. Overall, optimizing state budget management is a complex process and requires good coordination between various parties, from policy planners, implementers, to the community as the party entitled to carry out supervision. The government must continue to develop mechanisms that can increase budget efficiency and effectiveness, and ensure that every rupiah allocated can provide a real impact on sustainable national development.

Sustainable development encompasses economic, social, and environmental aspects, aiming to achieve a balance between the three. The Brundtland Report (1987) defines sustainable development as development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. In the context of the APBN, this concept requires budget allocation that not only prioritizes economic growth, but also environmental sustainability and social welfare (UNDP, 2021).

In the current era, Indonesia has adopted the principle of sustainable development through various national programs funded by the APBN, such as the use of renewable energy, carbon emission reduction, and environmental protection. In the long term, APBN management in line with the principles of sustainable development is expected to strengthen Indonesia's economic and social resilience amidst global challenges, such as climate change and global economic uncertainty (Bappenas, 2022).

Previous studies have shown that APBN management faces various challenges in supporting sustainable development, such as fiscal limitations, dependence on debt, and low efficiency of government spending. According to research by Jones and Williams (2015), dependence on debt can pose a risk to fiscal stability in the long term, especially if it is not balanced with a sustainable increase in state revenues. In Indonesia, the management of state debt and budget deficits are still important issues, which if not handled properly, can hinder the achievement of sustainable development (Ministry of Finance, 2023). In addition, low transparency and accountability in budget management are challenges in themselves. Low levels of transparency can open up opportunities for corrupt practices and inefficiencies in budget use. Research by Transparency International (2021) shows that increasing transparency in APBN management can improve budget effectiveness and increase public trust in the government. Several steps that have been taken in Indonesia, such as the implementation of the Integrated Planning and Budgeting System (SPPT) and the Government Agency Performance Accountability System (SAKIP), aim to increase transparency and accountability in budget management.

Several developed countries, such as Norway and Germany, have successfully optimized state budget management by integrating sustainability principles into their state budgets. In Norway, a highly transparent and sustainability-oriented budget management policy has been implemented through a sovereign wealth fund system, which is managed to ensure long-term revenue for the state and maintain economic stability (OECD, 2021). This model shows that effective state budget management can be achieved through the implementation of strong control mechanisms, long-term planning, and adherence to sustainability principles.

Overall, the existing literature confirms that optimal and sustainable state budget management is key to achieving national development goals. The experiences of other countries and existing theories show that, in order to achieve effective state budget management, the government needs to adopt a holistic strategy, covering aspects of planning, supervision, and increasing transparency and accountability.

1. **Research Design and Method**

In this study, the method used is a descriptive-qualitative approach, which aims to understand in depth how the optimization of the management of the State Budget (APBN) in Indonesia is carried out and the challenges faced by the government in achieving sustainable development. This method was chosen because it allows for a comprehensive picture of budget management through the analysis of relevant secondary data.

*Types and sources of data*

The data used in this study are secondary data that include annual and quarterly reports from the Ministry of Finance, the National Development Planning Agency (Bappenas), and official publications from the Central Statistics Agency (BPS). Secondary data were selected because of their relevance and completeness in describing the state budget conditions and ongoing development performance. The Ministry of Finance's report provides comprehensive information on the development of the State Budget (APBN), including revenue achievements, expenditure allocations, and deficits that occur, as well as budget management strategies implemented to support economic growth. This data reflects the government's efforts to adjust fiscal policy to face budget management challenges, including increasing spending efficiency and reducing deficits in supporting sustainable development.

On the other hand, reports published by Bappenas provide data on national development plans that require funding from the APBN, as well as analysis of the achievement of development targets based on sector priorities. Sectors that are usually the focus, such as infrastructure, health, education, and environmental resilience, are reflected in Bappenas’ budget plans. Through these reports, research can map budget allocations that are directed at projects with high multiplier impacts, in accordance with the theory of optimal budget management. The use of Bappenas data also allows for a more in-depth analysis of the achievement of sustainable development goals, which is an important basis for recommendations for developing budget policies. Data from BPS, which includes macroeconomic statistics such as Gross Domestic Product (GDP), inflation rates, unemployment, and other social indicators, provides an important context for analyzing the effectiveness of budget management. These statistics are useful in assessing the impact of budget policies on national economic growth, which ultimately contributes to the welfare of society in general. BPS publications such as *Statistik Indonesia* provide credible data to evaluate the sustainability and success of economic policies implemented by the government. Thus, data from BPS not only strengthens the analysis of economic stability and sustainable development, but also helps monitor changes that occur in the Indonesian economy in the long term.

In addition to official government reports, this study also relies on literature reviews from scientific articles and national journals that explore the concept of budget optimization and sustainable state financial management strategies. This literature helps identify approaches that have been implemented, both domestically and internationally, to maximize the effectiveness of budget management. Several previous studies on budget implementation in developing countries have shown challenges related to accountability, oversight, and alignment between budget policies and community needs. Understanding these challenges is important to create a conceptual foundation for research, so that it can produce policy recommendations that are relevant to the Indonesian context. Studies from various national journals and scientific articles also serve as materials for critical evaluation of current budget policies, including savings policies and increasing the efficiency of public spending carried out by the government. In the context of sustainable development, this literature provides insight into how more effective budget management can be achieved, especially by prioritizing sectors that contribute greatly to long-term economic development. The results of this literature review serve as the basis for recommendations in research, especially in directing the government to consider strategic sectors that have a large multiplier effect in supporting stable national economic growth. By utilizing a combination of data from government annual reports, statistical publications, and academic literature, this study is expected to provide a comprehensive analysis of the steps to optimize budget management that have been taken by the Indonesian government. This combination of credible data is also expected to be able to offer a comprehensive picture of the challenges and solutions related to the formulation of more effective and sustainable fiscal policies. This data-driven approach ensures that research findings have a strong foundation for providing relevant and applicable policy recommendations in supporting sustainable development in Indonesia.

*Data collection technique*

Data collection techniques in this study were carried out through two main methods, namely literature study and documentation. The first method, literature study, aims to collect relevant information from various written sources that can support the analysis and understanding of budget management optimization and challenges in sustainable development. This process includes searching for journal articles, books, dissertations, and other scientific publications related to the research topic. By analyzing the results of previous studies, researchers can explore various perspectives and existing findings, and develop a solid theoretical framework to support the arguments in this study.

In the literature study, researchers conducted a systematic search of journal databases and other academic sources using relevant keywords. The sources selected not only include research conducted in Indonesia, but also international studies that can provide additional insights into good budget management practices and success in sustainable development in other countries. This process is important to ensure that this study has a strong basis and is well informed about the latest developments in the field of budget management. From the literature analysis, researchers can identify knowledge gaps, determine areas that still require further research, and compare strategies implemented in various countries with the context in Indonesia.

The second method, documentation technique, focuses on collecting data from official government documents relevant to budget policy. This technique involves collecting data from various documents such as the annual report of the Ministry of Finance, budget implementation reports, and planning documents from the National Development Planning Agency (Bappenas). These documents provide detailed information on the budget policies implemented, budget realization, and evaluation of the effectiveness of budget management that has been carried out. In addition, these documents also include an analysis of the challenges faced in achieving sustainable development goals, both in terms of fund allocation and implementation of development programs. By relying on documentation techniques, researchers can obtain reliable and credible data on the current state of budget management. This data is very important to provide a more comprehensive picture of the effectiveness of budget policies implemented by the government. In addition, by analyzing data from official documents, researchers can assess how budget policies have contributed to achieving development targets, as well as identify areas that still need improvement. The use of official documents also helps researchers to understand the context of policies and how they are influenced by the economic and social dynamics that occur in Indonesia. Overall, the combination of literature studies and documentation techniques in data collection is expected to provide a deep understanding of the optimization of state budget management and the challenges in achieving sustainable development. These two methods complement each other and support comprehensive analysis, so that the results of the study can provide better and more applicable policy recommendations for the government in order to improve the efficiency and effectiveness of budget management. Thus, this study is expected to contribute to the government's efforts to create sustainable and inclusive development in Indonesia.

*Data analysis techniques*

Data analysis was conducted qualitatively using a content analysis approach. This analysis process involves identifying, understanding, and interpreting information obtained related to budget management and sustainable development challenges. Data were analyzed to identify patterns of budget management policies, approaches used by the government in optimizing the budget, and obstacles that affect the effectiveness of APBN use. This analysis technique also includes compiling key findings that can support efforts to formulate recommendations for more optimal budget management.

*Research procedures*

This research began with the stage of collecting relevant secondary data, followed by a literature review to understand concepts related to budget optimization and sustainable development. After the data was collected, the analysis stage was carried out with a focus on the case study of the APBN in Indonesia. The results of the analysis were then presented in descriptive form to provide an overview of the strategies implemented by the government and the obstacles faced in realizing inclusive and sustainable development.

*Data validity and reliability*

To ensure data validity, this study only uses data sources from official government agencies and scientific articles that have gone through a peer-review process. Data reliability is also guaranteed by triangulation, which is comparing data from various sources to verify the consistency of information and obtain an objective view. With this method, research is expected to contribute to the understanding of the importance of effective and efficient budget management in supporting the achievement of sustainable development goals in Indonesia.

1. **Results and Discussion**

In this study, the results obtained from data analysis indicate that the optimization of state budget management in Indonesia has progressed, but still faces various challenges that need to be overcome. Based on data collected from the annual reports of the Ministry of Finance and Bappenas, there has been an increase in budget allocation for strategic sectors such as infrastructure, education, and health. For example, the budget allocation for infrastructure has increased significantly in recent years, which aims to support sustainable economic development.

However, despite the increase in budget allocation, the effectiveness of budget use is still a concern. Based on the report of the Ministry of Finance (2023), there are many programs that experience delays in implementation and low budget realization. This indicates that budget management is not yet fully optimal and needs improvement in the aspects of program planning and implementation. Therefore, it is important for the government to improve monitoring and evaluation mechanisms so that each funded program can run according to plan and provide the expected impact.

In this discussion, researchers identify several factors that influence budget management. First, complex bureaucratic problems are often an obstacle to the implementation of development programs. Long and complicated administrative processes can result in delays in the disbursement of funds and project implementation. This is in line with the findings of Musgrave and Musgrave (1989), which stated that efficient bureaucracy is the key to budget optimization. Second, challenges in terms of accountability and transparency are also important issues. Data shows that there are still concerns about the use of the budget that is not in accordance with its designation. Therefore, there needs to be increased transparency in budget management, so that the public can participate and monitor the use of public funds. The application of information technology in budget management can be one solution to increase transparency and accountability, as stated by Bappenas (2022).

Third, the gap between budget planning and realization needs to be considered. Many planned programs are not implemented according to the targets set, which can be caused by a lack of coordination between government institutions and agencies. Previous research shows that good coordination between government institutions can improve the effectiveness of budget management (Ministry of Finance, 2023). Therefore, it is important to strengthen synergy between agencies in formulating and implementing budget policies. In the context of sustainable development, the results of this study emphasize the importance of integration between budget policies and the sustainable development agenda. A holistic approach is needed that considers social, economic, and environmental aspects in every funded program. This is in line with the principles of sustainable development that prioritize the balance between economic growth and meeting community needs and environmental preservation. The government needs to formulate a comprehensive strategy to ensure that every budget expenditure not only drives economic growth but also contributes to community welfare and environmental sustainability. Overall, this study found that although there have been positive steps in managing the state budget in Indonesia, the existing challenges require serious attention from the government. Optimizing budget management depends not only on increasing fund allocations, but also on efficiency, transparency, and accountability in the use of public funds. Through these improvement efforts, it is hoped that the government can be more effective in realizing sustainable and inclusive development for the entire community. Recommendations for further policies include the need to increase human resource capacity in budget management, better application of information technology, and strengthening

1. **Conclusions**

Optimizing state budget management is key to realizing sustainable development in Indonesia. The results of the study show that although there has been an increase in budget allocation for strategic sectors, the effectiveness of budget use still faces various challenges, such as complex bureaucracy, lack of transparency, and gaps between planning and realization. Therefore, it is important for the government to improve monitoring and evaluation mechanisms and strengthen accountability in the management of public funds so that each program can provide maximum impact. Furthermore, the integration between budget policies and sustainable development needs to be strengthened to ensure that budget expenditures not only drive economic growth, but also contribute to community welfare and environmental sustainability. Recommendations for improvement include increasing human resource capacity in budget management, implementing better information technology, and strengthening synergy between institutions. With these steps, it is hoped that the government can face challenges and realize inclusive and sustainable development for all Indonesian people.

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