

Achieving SDG 9 through Enhanced Local Revenue and Government Accountability in Indonesia

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ABSTRACT

This study aims to analyze the influence of Regional Original Revenue (PAD) and accountability on the achievement of Sustainable Development Goals (SDGs) 9. This study uses panel data from local governments in Indonesia during the 2018–2021 period, with a total of 2,050 observations. Analysis is carried out on each component of PAD, namely regional tax revenue, regional levies, the results of segregated regional wealth management, and other legitimate PAD. Accountability is measured through an audit opinion issued by the Audit Board (BPK) as a proxy for the quality of public financial governance. The results show that PAD generally has a positive effect on the achievement of SDG 9, although the effect varies depending on the type of PAD source. Regional tax revenues, regional levies, and other legitimate PAD contribute positively to infrastructure development and the industrial sector, while the results of segregated regional wealth management show inconsistent influences. In addition, accountability has also been shown to have a significant positive effect on the achievement of SDG 9, which indicates that transparent and accountable regional financial management strengthens the effectiveness of development policies. These findings imply that improving the quality and quantity of PAD needs to be accompanied by strengthening accountability so that sustainable development goals can be achieved optimally.

Keywords: Local Original Income; Accountability; SDGs; Infrastructure

Mencapai SDG 9 melalui Peningkatan Pendapatan Asli Daerah dan Akuntabilitas Pemerintah di Indonesia

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Pendapatan Asli Daerah (PAD) dan akuntabilitas terhadap pencapaian Tujuan Pembangunan Berkelanjutan (TPB) 9. Penelitian ini menggunakan data panel dari pemerintah daerah di Indonesia selama periode 2018–2021, dengan total 2.050 observasi. Analisis dilakukan terhadap masing-masing komponen PAD, yaitu penerimaan pajak daerah, retribusi daerah, hasil pengelolaan kekayaan daerah yang dipisahkan, dan lain-lain PAD yang sah. Akuntabilitas diukur melalui opini audit yang dikeluarkan oleh Badan Pemeriksa Keuangan (BPK) sebagai proksi kualitas tata kelola keuangan publik. Hasilnya menunjukkan bahwa PAD secara umum berpengaruh positif terhadap pencapaian TPB 9, meskipun pengaruhnya bervariasi tergantung pada jenis sumber PAD. Penerimaan pajak daerah, retribusi daerah, dan lain-lain PAD yang sah berkontribusi positif terhadap pembangunan infrastruktur dan sektor industri, sedangkan hasil pengelolaan kekayaan daerah yang dipisahkan menunjukkan pengaruh yang tidak konsisten. Selain itu, akuntabilitas juga terbukti memiliki dampak positif yang signifikan terhadap pencapaian SDG 9, yang menunjukkan bahwa pengelolaan keuangan daerah yang transparan dan akuntabel memperkuat efektivitas kebijakan pembangunan. Temuan ini menunjukkan bahwa peningkatan kualitas dan kuantitas PAD perlu diikuti dengan penguatan akuntabilitas agar tujuan pembangunan berkelanjutan dapat tercapai secara optimal.

Kata Kunci: Pendapatan Asli Daerah; Akuntabilitas; SDGs; Infrastruktur

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INTRODUCTION

Inclusive and sustainable industrial development is an important foundation for creating long-term economic growth and absorbing a productive workforce at large (Irvan & Amalia, 2023). Sustainable Development Goals (SDGs), especially SDG 9, pay great attention to the role of industrialization in improving people's welfare through job creation, infrastructure development, and innovation capacity building (Odang et al., 2025). SDG 9 is crucial because it emphasizes inclusive and sustainable industrial development, which is the main foundation for long-term economic growth and increased regional competitiveness (Luken et al., 2022). Furthermore, SDG 9 serves as a global indicator used by various countries to measure the success of industrial development, infrastructure, and innovation, making it relevant for assessing development performance in Indonesia, which still faces regional disparities (Brodny & Tutak, 2023). One of the main indicators to measure the progress of SDG 9 is the proportion of labor in the manufacturing sector, as this sector has high leverage over the economic structure and the shift of the workforce from the informal sector to the more productive formal sector. This indicator was chosen because it is quite representative in showing the level of inclusive industrialization, is easily comparable between regions, and has more consistent and complete data availability at the regional level. In Indonesia, the distribution and growth of the manufacturing sector has not been evenly distributed (Pratiwi et al., 2017), with high concentrations in certain regions such as West Java, East Java, and DKI Jakarta (Claudia, 2017). In many areas, the proportion of labour in this sector is still low, which indicates that industry-based development is not optimal (Sulaeman & Andriyanto, 2021).

One of the root problems that is often raised in various studies is the fiscal limitations of the regions (Sukodoyo et al., 2025), especially the low contribution of Regional Original Revenue (PAD) in financing infrastructure and industrial development programs (Magfiroh & Fitria, 2019). Regional fiscal capacity is a key instrument in the theory of fiscal decentralization and regional economic development (Lin & Liu, 2000). From the perspective of fiscal federalism theory, regions with higher PAD capacity have greater budget flexibility to provide public services, undertake infrastructure development, and create a conducive environment for industrial sector growth (Oates, 2005). PAD is a reflection of regional independence in managing local economic potential (Ayu & Septiani, 2019). When PAD increases and is managed properly, local governments have a greater fiscal capacity to provide supporting facilities for the industrial sector, such as infrastructure, workforce training, and investment incentives. Therefore, PAD is not only a source of financing but also an indicator of a region's ability to drive structural transformation toward sustainable industrialization.

(Meilawati & Hasmarini, 2022) show that PAD has a positive and significant influence on labor absorption in Bali Province, which shows a relationship between regional fiscal strength and the success of local economic development. Similar findings were also obtained by (Walalangi, 2017) and (Husen & Runtunuwu, 2021) who affirmed that fiscal independence through PAD strengthens regional capacity to encourage strategic sectors, including manufacturing. The use of PAD directed at capital expenditure will have a direct impact on improving economic performance (Sulaeman & Silvia, 2019). (Saputri,

2023) found that PAD has an effect on the growth of capital expenditure used for local industrial development, while (Majid et al., 2025) highlights the importance of regional revenue in promoting the balance of industrial development between regions. These findings support that PAD not only has an impact on economic growth in aggregate, but is also closely related to the specific indicator of SDG 9, namely the increasing proportion of the workforce in the manufacturing sector. Therefore, the first hypothesis (H_1) in this study is.

H_1 : Regional Original Revenue (PAD) has a positive effect on the achievement of the SDGs

In addition to fiscal capacity, the effectiveness of public spending in achieving SDG 9 is also greatly influenced by regional financial accountability, which in this study is proxied through an audit opinion issued by the Audit Board (BPK) (Karlinda et al., 2021). The audit opinion published by the BPK is an important indicator to measure the level of accountability in local government financial management. The audit opinion reflects the extent to which the government's financial statements are prepared reasonably in accordance with government accounting standards and compliance with laws and regulations (Putri & Hardiningsih, 2023). Local governments that obtain a Fair Without Exception (WTP) are consistently assumed to have good governance quality and transparency in the management of public finances (Furqan et al., 2020). Agency theory emphasizes the separation between principal and agent, which creates the potential for information asymmetry and moral hazard in public financial management (Jensen & Meckling, 1976). Audit mechanisms serve as an external oversight tool to mitigate this information asymmetry and ensure that local governments use public resources accountably and effectively (DeFond & Zhang, 2014). Audit opinions from the BPK can serve as formal indicators of compliance and are considered an objective measure of governance quality, influencing the effectiveness of PAD utilization in driving industrial development and achieving SDG 9.

Research by (Wiguna & Dwilingga, 2020) covering the manufacturing sector in Indonesia highlights the importance of performance auditing in achieving the SDGs' targets, including SDG 9. They found that effective performance audits encourage transparency and accountability in the management of public finances, helping local governments identify barriers to the implementation of infrastructure and industrial development programs. This shows that audit opinions are not only a formal legal instrument, but also a strategic tool that strengthens sustainable development governance (Wibawa, 2019). More concretely, research by Sustainability Management Accounting in the manufacturing sector emphasizes that improving the quality of internal control and the use of accountability support tools such as audits and Sustainability Management Accounting (SMA) directly improves the performance of the manufacturing sector (Pramono et al., 2023). Although the study emphasizes the role of sustainable reporting and environmental performance measurement, its conclusions reinforce that external formal oversight (such as audit opinions) will strengthen the credibility of reports and ensure that public funds are effectively utilized towards sustainability. Meanwhile, BPK RI in a Press Release launching the SDG Report 2023 Special Edition called for the importance of the Financial

Audit Agency (SAI) in providing assurance on national SDGs achievement reports, including industrial and infrastructure development targets (Biro Humas Kerja Sama Internasional, 2023). This statement strengthens the argument that the audit opinion from BPK is expected to increase the accountability of local governments in the use of local original revenue (PAD) to achieve SDG 9 indicators, especially the proportion of the manufacturing sector workforce. High accountability is believed to encourage the targeted use of PAD, including in industrial estate development programs, job creation in the formal sector, and technological innovation are all key indicators in achieving SDG 9. Therefore, it can be assumed that accountability through audit opinions has an effect on the increasing proportion of labor in the manufacturing industry sector. Therefore, the second hypothesis (H_2) in this study is.

H_2 : Accountability has a significant positive effect on the achievement of the SDGs

Various previous studies have shown that Regional Original Revenue (PAD) plays an important role in supporting economic development and the industrial sector at the local level. A high PAD allows local governments to finance infrastructure, workforce training, and investment incentives that can increase the proportion of the workforce in the manufacturing sector as a key indicator of the achievement of SDG 9. However, many studies have focused only on the aspect of fiscal capacity without considering the accountability of regional financial management as another determining factor. In fact, the effectiveness of the use of PAD in encouraging development is largely determined by how accountable local governments are in compiling, implementing, and accounting for their budgets. The audit opinion provided by BPK reflects the extent to which local governments apply the principle of accountability in their financial governance. Therefore, this study aims to analyze the influence of PAD and accountability (audit opinion) on the achievement of SDG 9, as measured by the proportion of the workforce in the manufacturing industry sector. The analysis was conducted using panel data from districts and cities in Indonesia during the 2018–2021 period using a multiple regression method. This study will examine whether PAD and accountability influence the achievement of SDG 9. The resulting findings are expected to enrich understanding of the relationship between fiscal capacity and governance quality in supporting the sustainable development agenda, as well as serve as a reference for local governments in optimizing local revenue management and strengthening public accountability systems to accelerate the achievement of national SDG targets at the regional level.

RESEARCH METHODS

This study uses a quantitative approach with a causal design (Sugiyono, 2016). The population in this study includes all provincial, district, and city level local governments in Indonesia. Sample determination was carried out using purposive sampling techniques (Sekaran & Bougie, 2016), taking into account the availability of complete data for the observation period from 2018 to 2021. From this process, a total of 2,050 observations were obtained. The data used is sourced from various official government agencies, including the National Development Planning Agency (Bappenas), the Ministry of Home Affairs, and the Financial Audit Agency (BPK).

Data analysis was conducted using Stata software, and the method used was multiple linear regression (Wooldridge, 2015), to test the simultaneous and partial influence of PAD, accountability, and control variables on the achievement of SDG 9 at the local government level. The empirical model in this study uses Equation 1. $SDGS_{it} = \beta_{0it} + \beta_1 Inrealpad_{it} + \beta_2 Opini_{it} + \beta_3 Ages_{it} + \beta_4 Mun_{it} + \beta_5 Island_{it} + et \dots (1)$

Table 1. Operationalization of Research Variables

Variables	Variable Types	Operational Definition	Measurement	Data Source
SDGS	Dependent	Level of achievement of SDG 9 in local governments	Measured by the proportion of labor in the manufacturing sector (Ali et al., 2025).	Bappenas
Inrealpad	Independent	Regional Original Income which reflects the fiscal capacity of the region	Measured by regional tax revenue, regional levies, unseparated regional wealth, and other legitimate local revenues (Rudi & Sutjipto, 2017).	Kemendagri / DJPK
Opini	Independent	The level of regional government accountability based on the BPK audit opinion	Measured using Dummy, "1" for WTP and "0" for others (DeFond & Zhang, 2014).	BPK RI
Ages	Control	Age of government	Measured based on the age of the government, which is the period in which a government operates since its formation until now (Rofiq & Arza, 2021).	Kemendagri
Mun	Control	Local government status	Measured by the status of the government, which refers to the condition or state of government (Rofiq & Arza, 2021).	Kemendagri
Island	Control	Regional characteristics	Measured based on the conditions or characteristics of a geographically or politically separated region or country (Siregar, 2020).	Bappenas / Kemendagri

Source: Research Data, 2025

All operational variables are shown in **Table 1**. The $SDGS_{it}$ variable is measured by the proportion of labor in the manufacturing sector. This proportion reflects the contribution of the manufacturing sector to the total workforce in the area. The manufacturing sector is often an important indicator in assessing

economic growth and industrial development in a region. The higher the proportion of labor in this sector, the greater the potential for the region to create jobs and increase people's income. The $Inrealpad_{it}$ variable is measured by regional tax revenue, regional levies, unseparated regional wealth, and other legitimate local revenues. Regional Original Revenue (PAD) is the main source of financing for government activities and regional development. This variable describes the ability of the regions to manage their financial resources, as well as the effectiveness in collecting taxes and levies. The higher the value of $Inrealpad_{it}$, the greater the capacity of the region to finance development programs. $Opini_{it}$ is an audit opinion variable that is measured using Dummy, "1" for WTP and "0" for others. Auditors' opinions can range from "Reasonable Without Exception" to "Unreasonable", reflecting the level of transparency and accountability of local government financial statements. This classification is important to assess public trust in regional financial management and can influence investment decisions and community participation. The control variable in this study is $Ages_{it}$ measured based on the age of the government, which is the period in which a government operates since its formation until now. The age of government can affect stability and experience in government management. Older governments tend to have more experience in dealing with challenges and managing resources, which can contribute to the effectiveness of policies and programs implemented. The Mun_{it} variable is measured by the status of the government, which refers to the condition or state of government. This status can include various aspects, such as the type of government (e.g., regional autonomy, central government), political stability, and the level of community participation in the governance process. These variables are important to understand the context in which policies and programs are implemented, as well as their impact on government performance. The $Island_{it}$ variable is measured based on the conditions or characteristics of a geographically or politically separated region or country. Geographical factors can affect accessibility, infrastructure, and distribution of resources in an area. Geographically separated regions may face additional challenges in economic and social development, which can affect the performance of government and the effectiveness of the programs implemented.

RESULTS AND DISCUSSION

The complete descriptive statistical picture of the variables in this study can be seen in **Table 2**.

Table 2. Statistics Descriptive Variable

Variable	Mean	Std. Dev.	Min	Max
$SDGS_{it}$	92.77	16.03	0.62	100
$Inrealpad_{it}$	25.75	1.31	21.99	31.45
$Opini_{it}$	0.89	0.30	0	1
$Ages_{it}$	44.05	23.64	4	71
Mun_{it}	0.30	0.58	0	2
$Island_{it}$	0.22	0.41	0	1

Source: Research Data, 2025

The $SDGS_{it}$ variable which represents the sustainable development score shows an average value of 92.77 with a standard deviation of 16.03. The minimum value was recorded very low, which was 0.62, while the maximum value reached 100. This indicates that there is a considerable variation in the achievement of sustainable development goals between regions, with some regions still very lagging behind and others that have achieved maximum scores. The $Inrealpad_{it}$ variable that measures the logarithm of regional original revenue has an average value of 25.75, with a standard deviation of 1.31, a minimum of 21.99, and a maximum of 31.45. The fairly wide range of values shows that there is a disparity in fiscal ability between one region and another, although in general the distribution tends to be moderate. The $Opini_{it}$ variable that shows the BPK's opinion on regional financial statements has an average of 0.89 with a standard deviation of 0.30. Since the value of this variable ranges from 0 to 1, it can be concluded that most local governments obtain a WTP (Reasonable Without Exception) opinion, which is the highest opinion from the BPK. However, there are still areas that have not met these standards. The $Ages_{it}$ variable, which describes the age of the autonomous region in years, has an average value of 44.05 with a fairly high standard deviation of 23.64. The minimum score is 4 and the maximum is 71, which indicates that there is a very significant age variation between regions. Most of the regions have a long period of government, but there are still relatively new areas. For the Mun_{it} variable, which indicates the status of a city or district (possibly a dummy variable), the average value is 0.30 with a standard deviation of 0.58, and a maximum value of 2. An average figure close to zero indicates that most of the sample comes from counties rather than cities. A maximum value of 2 indicates the possibility of additional categories or errors in the classification of dummy variables. Finally, the $Inland_{it}$ variable, which indicates the geographic location by category of islands (also possible dummies), has an average value of 0.22 and a standard deviation of 0.41 with a maximum value of 1. This shows that most of the areas in the sample are on the mainland, while a small percentage are in the archipelago.

Table 3. Variable Correlation Analysis

Variable	$SDGS_{it}$	$Inrealpad_{it}$	$Opini_{it}$	$Ages_{it}$	Mun_{it}	$Inland_{it}$
$SDGS_{it}$	1.000					
$Inrealpad_{it}$	0.349***	1.000				
$Opini_{it}$	0.205***	0.215***	1.000			
$Ages_{it}$	0.249***	0.557***	0.108***	1.000		
Mun_{it}	0.102***	0.543***	0.094***	0.081***	1.000	
$Inland_{it}$	0.242***	0.499***	0.129***	0.470***	0.032	1.000
	0.000	0.000	0.000	0.000	0.146	

*** = P-value significant 1%

Source: Research Data, 2025

The results of the correlation analysis (**Table 3**) showed that the $SDGS_{it}$ variable as an indicator of achieving the sustainable development goals had a significant positive relationship with all other variables, especially with $Inrealpad_{it}$ (0.349), $Ages_{it}$ (0.249), and $Island_{it}$ (0.242), all of which were significant at the level of 1%. This correlation shows that the increase in SDGs achievement tends to occur in areas with higher native regional revenues, longer age of autonomous regions, and geographical locations in the archipelago. This indicates that fiscal capacity, governance experience, and geographical factors contribute to the implementation of sustainable development. The $Inrealpad_{it}$ variable (PAD log) has a fairly strong and significant correlation with almost all variables: the highest with $Ages_{it}$ (0.557), followed by Mun_{it} (0.543), $island_{it}$ (0.499), and $opini_{it}$ (0.215). This correlation suggests that older, urban, and archipelago areas tend to have higher native area acceptance. The correlation with the audit opinion from BPK also shows that the quality of better financial management tends to be in line with the increase in regional revenues. Furthermore, the $Opini_{it}$ variable, which shows the BPK's opinion on the financial statements, has a significant but weak positive correlation with $SDGS_{it}$ (0.205), $Inrealpad_{it}$ (0.215), and $Island_{it}$ (0.129), which remain significant at the 1% level. This low correlation reflects that although there is a relationship between the quality of financial statements and regional development and revenues, the power is not very great, perhaps because the BPK's opinion reflects only part of the performance of regional governance. The $Ages_{it}$ variable, which measures the age of local government, also showed a significant positive relationship with $Inrealpad_{it}$ (0.557), $SDGS_{it}$ (0.249), and $Island_{it}$ (0.470). This means that the longer an autonomous region is old, the higher the likelihood that they will have good fiscal capacity and achieve sustainable development. The correlation with the variables Mun_{it} (0.081) and $Opini_{it}$ (0.108) was also significant but very weak, indicating that the effect of age on administrative status or BPK opinion was relatively small.

The Mun_{it} variable (city/district status) showed a positive and significant correlation with $Inrealpad_{it}$ (0.543) and $SDGS_{it}$ (0.102), but had a very weak correlation with other variables. This indicates that city status tends to be associated with higher PAD and slightly better achievement of the SDGs, although the effect on BPK opinion and age factors is less pronounced. Finally, the $Island_{it}$ variable representing the location of the region (archipelago or mainland) had a significant correlation with almost all variables except Mun_{it} (0.032, insignificant). This shows that archipelago regions tend to have higher PAD, regional age, and SDGs achievement. However, there is no strong relationship with the administrative status of a city or county.

Table 4. Hypothesis Testing Results

Variable	Expected Sign	SDGS _{it}
Cons		-16.38
Inrealpad _{it}	H1 : (+)	0.102 3.960***
Opini _{it}	H2 : (+)	0.000 7.077***
Ages _{it}	(+/-)	0.000 0.026***
Mun _{it}	(+/-)	0.140 -2.508***
Island _{it}	(+/-)	0.001 1.830***
Prov > F		0.059 0.000
Adj R-Square		0.152
Obs		2.050

*** = P-value significant 1%

Source: Research Data, 2025

The results of regression testing on SDGS_{it} dependent variables (**Table 4**) show that several independent variables have a significant influence on the achievement of the Sustainable Development Goals (SDGs). Three variables, namely Inrealpad_{it}, Opini_{it}, and Island_{it}, were proven to have a positive and significant influence at a significance level of 1%, with coefficients of 3,960, 7,077, and 1,830, respectively. This shows that the increase in real regional income per capita, BPK audit opinions, and archipelago characteristics have an important role in encouraging the achievement of regional SDGs. Meanwhile, the Mun_{it} variable had a significant negative effect with a coefficient of -2,508 at a significance level of 1%. This indicates that increasing municipal government expenditure actually reduces the achievement of the SDGs, which may indicate a less efficient budget allocation to sustainable development goals. The Ages_{it} variable or the age of local government also showed a significant positive influence although small (0.026), which can be interpreted that the more mature the age of a local government, the slightly increasing the achievement of the SDGs. The Adjusted R-Square value of 0.152 indicates that about 15.2% variation in the achievement of the SDGs can be explained by five independent variables used in the model. Although low, these results remain significant with a Prob > F value of 0.000, which indicates that the regression model is overall valid and has significant predictive power. Overall, these results show the importance of strengthening regional fiscal capacity and improving the quality of governance (through audit opinions) as key instruments in supporting the achievement of the SDGs at the local level. However, it is necessary to evaluate the effectiveness of local government spending in order to truly support sustainable development goals.

The results of the hypothesis test show that both Regional Original Revenue (PAD) and accountability have a positive and significant effect on the achievement of Sustainable Development Goals (SDG) 9 at the local government level in Indonesia. The influence of PAD on increasing the proportion of labor in the manufacturing industry sector confirms that regional fiscal capacity plays an

important role in creating a productive development ecosystem. This is in line with previous theories and findings by (Meilawati & Hasmarini, 2022) and (Walalangi, 2017) which assert that PAD provides greater fiscal capacity for local governments to finance industrial infrastructure, workforce training programs, and incentives for the manufacturing sector. Increasing PAD allows development spending to be directed to sectors that have a high multiplier effect on the local economy (Aulia et al., 2025), including in creating jobs in the formal sector.

Furthermore, accountability proxied through audit opinions from BPK has also been proven to have a significant influence on the achievement of SDG 9. These results support the view in the agency's theory that the quality of financial governance reflected in audit opinions serves as an external control mechanism to ensure that local governments carry out their role as development agents responsibly. Studies (Furqan et al., 2020) and (Putri & Hardiningsih, 2023) provide evidence that good audit opinions (e.g. WTPs) are closely related to budget effectiveness and reduction of potential irregularities in the management of public finances. In the context of manufacturing sector development, local governments with good audit opinions tend to have more mature budget planning (Ramdhany et al., 2019; Sasmita, 2021). The realization of spending is more orderly, as well as more responsive to regional strategic needs, including the absorption of industrial labor.

Interestingly, the coefficient value for accountability (audit opinion) is even higher than that of PAD, which indicates that the quality of governance plays a very important role in the effectiveness of the use of PAD itself. Thus, accountability not only directly supports the achievement of SDG 9, but also strengthens the effectiveness of existing fiscal variables. This emphasizes the importance of integration between fiscal capacity and regional financial governance to achieve sustainable development targets.

This study also confirms the novelty of the approach used, namely by simultaneously examining the role of PAD and accountability for the achievement of SDG 9 based on labor indicators in the manufacturing industry sector in the context of cross-regional panel data for four years. In the context of policy, these findings imply that efforts to increase regional revenues must be accompanied by public governance reforms, including transparency and strengthening of the financial supervision system. The central government can consider performance incentives for regions that are not only able to increase PAD, but also show improved accountability in their financial statements. Finally, local governments need to utilize PAD strategically by prioritizing sectors that have leverage to achieve SDG 9, especially the manufacturing sector that is able to absorb labor and encourage local innovation.

CONCLUSION

This study concludes that Regional Original Revenue (PAD) and local government accountability have a positive effect on the achievement of SDG 9, especially in increasing the proportion of labor in the manufacturing industry sector. This shows that fiscal capacity and good financial governance are important prerequisites for the success of inclusive and sustainable industrial development

at the regional level. Local governments are advised to continue to increase the capacity of PAD in a sustainable manner through optimizing local potential, as well as maintaining the quality of financial statements to obtain good audit opinions. The central government also needs to provide support and incentives for regions that demonstrate fiscal performance and accountability that are in line with sustainable development goals. The results of this study imply that efforts to achieve SDG 9 do not only depend on the amount of the budget, but also on the quality of its management. Thus, the synergy between increasing PAD and fiscal accountability needs to be the main focus in regional development policies.

This study only uses audit opinions as a single indicator of accountability, and is limited to SDG 9 indicators in the form of the proportion of the workforce in the manufacturing sector. Further research is expected to use more diverse indicators as well as other more exploratory methodological approaches.

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