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The Influence of Government Expenditure on Education, Health and Poverty Sectors on Indonesia's Human Development Index in 2019-2023 an Islamic Economics Perspective

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Abstract: This study aims to analyze the influence of government spending in the education, health, and poverty alleviation sectors on Indonesia's Human Development Index (HDI) for the 2019–2023 period. This study integrates fiscal policy analysis with an Islamic economic perspective. Particularly through the maqashid al-shariah approach, providing a distinct normative framework for evaluating the effectiveness of government spending on human development. The method used is a quantitative approach with regression of panel data based on secondary data from BPS-Statistics Indonesia and the Ministry of Finance. The results showed that education expenditure had a negative and insignificant effect on Human Development Index (HDI), health expenditure had a positive but insignificant effect, and poverty alleviation expenditure was also insignificant. Simultaneously, all variables had no significant effect on Human Development Index (HDI). This study concludes that increasing government spending has not been effective in increasing Human Development Index (HDI), so more targeted and efficient policies are needed.

Keywords: Islamic Microfinance, Food Security, Zero Hunger, SDGs

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INTRODUCTION

The concept of conventional development has been criticized for focusing too much on macroeconomic indicators such as gross domestic product (GDP) and per capita income, while the aspect of human welfare as a whole has not been fully accommodated. This approach is considered less able to represent the quality of life of the community because it ignores important dimensions such as health, education, and decent living standards (Sen, 2017). This condition encourages the need for a more human-oriented development measure as the main subject of development. In response to these limitations, the United Nations Development Programme (UNDP) introduced the Human Development Index (HDI) as an alternative indicator that measures the success of human development through three main dimensions, namely health, education, and decent living standards (United Nations Development Programme, 2023). HDI is widely used to assess the development achievements of a country or region, as well as as the basis for formulating public policies that are oriented towards improving people's welfare (Anand & Sen, 2015).

Context of fiscal policy, government spending plays a strategic role in encouraging human development and community welfare through strengthening priority sectors. Effective government spending allocation not only serves as an economic stimulus, but also as an instrument for equitable development and improving people's quality of life (Bhinadi, 2009). A number of studies show that government spending in these two sectors has a positive effect on improving the quality of human resources and HDI (Mongan, 2019; Mahendra, 2020; Pujianti et al., 2023). However, the effectiveness of public spending is highly dependent on the quality of budget management, governance structures, and policy alignment with the actual needs of society.

However, the effectiveness of public spending is highly dependent on the quality of budget management, governance structures, and policy alignment with the actual needs of society. Gupta et al., (2002) emphasize that inefficiencies in public expenditure, weak institutional capacity, and poor targeting significantly reduce the impact of government spending on social development outcomes. Supporting this argument, Muslihatinningsih, (2018) provide empirical evidence from Indonesia showing that disparities in fiscal capacity, governance quality, and policy implementation across regions weaken the effectiveness of government expenditure in improving HDI. This suggests that increased budget allocation alone is insufficient to enhance human development without effective governance and well-coordinated policy execution. In Indonesia, improving HDI remains a persistent challenge despite substantial government budget allocations to education, health, and poverty alleviation sectors. During the 2019–2023 period, fiscal policy dynamics intensified, particularly following the COVID-19 pandemic, as the government increased public spending to protect social welfare and maintain living standards. Nevertheless, the rise in budget allocation has not been followed by a proportional and evenly distributed improvement in HDI across regions (Wiratmoko & Purwanti, 2023)

Various previous studies have examined the influence of government spending on HDI with mixed results. A number of studies have found that government spending in the education and health sectors has a positive and significant effect on HDI Widodo et al., (2012); Nurvita et al., (2022) and contribute to reducing poverty levels Desmawan & Syaifudin, (2020). However, other research shows that government spending does not always have a significant impact on the increase in HDI, especially when it is less efficient or not on target (Sikayena et al., 2022). These differences in findings show that the relationship between government spending and HDI is not yet completely conclusive. In addition to government spending, the poverty rate is also an important factor that affects HDI. High poverty rates can hinder people's access to education and health services, thus negatively impacting human development Odhiambo, (2019) Nayak, (2025). Therefore, poverty alleviation policies are an integral part of a sustainable human development strategy (Kakwani & Son, 2016)

From an Islamic economic perspective, development is not only aimed at improving material well-being, but also creating falah and maslahah 'ammah for the entire society. Government expenditure is seen as a mandate that must be managed fairly and efficiently to maintain the purpose of maqashid al-sharia, especially the protection of life *(hifz al-nafs)*, education *(hifz al-'aql),* and property *(hifz al-mal)* (Ascarya & Yumanita, 2020; Zaman & Asutay, 2019). Thus, government spending on the education, health, and poverty alleviation sectors is the main instrument in

encouraging equitable human development. Results of the review of previous research, it was found that there was an inconsistency in the results of the study regarding the influence of government expenditure in the education, health, and poverty alleviation sectors on HDI. In addition, most previous research has placed more emphasis on the amount of budget allocation without examining its effectiveness in depth, especially from the perspective of Islamic economics (Fadila et al., 2023; Oktavian et al., 2023). Therefore, this study seeks to fill the research gap by analyzing the influence of government expenditure on HDI in Indonesia in the 2019–2023 period with an emphasis on the effectiveness of public policies in the perspective of Islamic economics.

Based on the background and gaps of the research, the purpose of this study is to analyzing the influence of government expenditure in the education, health, and poverty alleviation sectors on the HDI in Indonesia in the period 2019–2023 from an Islamic economic perspective.

1. Government Expenditure and Human Development Index

Government spending is a crucial public policy instrument for promoting human development, particularly in improving the quality of life of society. The Human Development Index (HDI), developed by the United Nations Development Programme (UNDP), measures development achievements through three key dimensions: education, health, and a decent standard of living, which collectively reflect the effectiveness of social and economic policies (United Nations Development Programme, 2023). Numerous empirical studies indicate that public expenditure plays an important role in human development; however, its impact is highly dependent on policy context, institutional quality, and budget allocation equity. Empirical evidence from Indonesia supports this relationship.

Wiratmoko & Purwanti, (2023) found that government spending on education, health, and social protection functions significantly influences HDI across Indonesian provinces. These findings are consistent with human capital theory, which suggests that well-managed public spending in social sectors can improve education and health outcomes—key components of HDI. This evidence highlights the importance of effective public expenditure management in achieving human development objectives, particularly in developing countries such as Indonesia.

Similarly, Nofiana et al., (2025) demonstrate that government expenditure in the education, health, and infrastructure sectors contributes to HDI improvement in eastern Indonesia. Although the magnitude of the effects varies across sectors, the study emphasizes that the relationship between public spending and human development is complex and influenced by governance quality and local economic conditions. These findings reinforce the view that while public sector expenditure plays a strategic role in enhancing HDI, its effectiveness depends on sound budget governance and contextual policy implementation. Therefore, HDI remains an essential indicator of development success that places human welfare at the central of public policy.

2. Education Expenditure, Health Expenditure, and Human Development

In particular, education and health expenditures have received substantial attention in the literature as two critical components of public spending that directly influence human development. Education is widely recognized as the foundation of human capital, as it enhances productivity, knowledge, and skills, which ultimately improve the quality of life. Empirical studies in both national and regional contexts confirm that government spending on education contributes positively to the

education dimension of the HDI, particularly through improvements in expected years of schooling and mean years of schooling (Widodo et al., 2012; Mongan, 2019). Nevertheless, the effectiveness of education expenditure depends heavily on policy implementation, budget targeting, and regional demographic characteristics.

Similarly, health expenditure plays a crucial role in shaping the health dimension of HDI, particularly life expectancy. Magida et al, (2025), in a study published in Social Sciences, demonstrate that government spending on public health significantly improves life expectancy and overall population health. However, the study also highlights that the impact of health expenditure on HDI is strongly influenced by the effectiveness of the national health system, including service accessibility, infrastructure quality, and equitable distribution of healthcare services. Based on these findings, education and health expenditures can be considered strategic instruments for enhancing HDI, although their effectiveness is contingent upon systemic factors such as governance quality, service delivery, and policy coordination.

3. Economic Conditions, and Human Development

In addition to the role of public spending, macroeconomic conditions such as poverty levels are also recognized as important factors influencing human development. Poverty limits people's access to education and health services, thereby negatively affecting the HDI (Odhiambo, 2019), in a study published in the African Development Review, demonstrates a significant negative relationship between poverty and HDI across several African countries. Although the geographical context differs, the findings provide strong empirical evidence that poverty remains a major constraint on individuals' ability to improve their quality of life and economic capacity, which are core components of HDI. Furthermore, Kakwani & Son, (2016) emphasize that poverty and inequality significantly weaken human development outcomes when social policies are not inclusive and well-targeted. These findings highlight the importance of integrating poverty reduction strategies with social sector policies to ensure a more effective and sustainable improvement in human development.

4. Islamic Economic Theory of Public Expenditure

From an Islamic economic perspective, government spending is considered a mandate *(amânah)* that must be managed to realize the public good (المصلحة العامة / *maslahah 'ammah),* namely the fair and equitable fulfillment of societal welfare through public policies oriented toward social interests. Ascarya & Yumanita, (2020) examine the application of justice and equity principles in public spending across Muslim-majority countries and find that well-targeted budget allocations significantly improve social welfare indicators. Although their study does not directly measure the HDI, it provides an important normative foundation suggesting that the effectiveness of government spending should not be assessed solely by its magnitude, but also by the extent to which it promotes equitable social welfare outcomes. This perspective strengthens the argument that public expenditure effectiveness plays a crucial role in supporting sustainable human development.

5. Research Hypothesis

H1: Government expenditure in the education sector affects the HDI in Indonesia.

Education is one of the crucial factors in human development. Higher government expenditure on education is expected to improve the quality of education, which in turn positively contributes to the improvement of the HDI.

H2: Government spending in the health sector affects the HDI in Indonesia.
Health is a fundamental aspect of human development. Increasing government expenditure in the health sector is expected to enhance access to and quality of healthcare services, which will ultimately improve the HDI.

H3: Poverty levels affect the HDI in Indonesia.
Poverty level can influence the quality of life of the population. The lower the poverty rate, the greater the opportunity for people to access education, health, and a decent standard of living, thus positively impacting the HDI.

H4: Government expenditure in the education sector, government expenditure in the health sector, and poverty level simultaneously affect the HDI in Indonesia.
These factors are expected to have a combined effect on the HDI. By analyzing them simultaneously, this study aims to determine the overall contribution of these variables to human development in Indonesia.

RESEARCH METHODS

1. Types and Approach to Research

This study uses a quantitative approach with a panel data analysis method. The quantitative approach was chosen because the study aims to empirically examine the influence of government expenditure in the education, health, and poverty alleviation sectors on the Human Development Index in Indonesia during the period 2019–2023.

2. Population and Sample

The population in this study is all data on government expenditure in the education, health, and poverty alleviation sectors in Indonesia. The research sample used annual national data for the period 2019–2023. The sampling technique was carried out by census (total sampling), because all available and relevant data were used as research objects (Astri, et.,al.,, 2013).

3. Types and Data Sources

The type of data used in this study is secondary data in the form of panel data which is a combination of time series and cross section data. Data was obtained from the BPS-Statistics Indonesia and the Ministry of Finance of the Republic of Indonesia, including HDI data, government expenditure in the education sector, government expenditure in the health sector, and poverty data. Secondary data were obtained from BPS-Statistics Indonesia and the State Budget (APBN) to ensure data accuracy and reliability (Rahimah & Chandriyati, 2018).

4. Data Collection Techniques

The data collection technique is carried out through the documentation method by collecting data from official government reports, statistical publications, and State Revenue and Expenditure Budget (APBN) documents. The data used has been officially published and is accessible to the public. Data collection was conducted through documentation of official government reports and statistical publications (Rahimah, & Chandriyati, 2018)

5. Stage of Data Analysis

The data analysis stage in this study begins with the collection and processing of secondary data. Furthermore, a descriptive analysis was carried out to describe the characteristics of the research data. The next stage is the selection of the panel data regression model through the Chow test, the Hausman test, and the Lagrange Multiplier test to determine the best estimation model. After the best model is determined, regression estimation and parameter significance testing are carried

out to determine the influence of each independent variable on HDI. The final stage is the interpretation of the results of the analysis and the drawing of conclusions. "Panel data model selection was conducted using the Chow test, Hausman test, and Lagrange Multiplier test prior to regression analysis (Hidayati & Imaningsih, 2019).

6. Data Analysis Techniques

This study uses panel data regression analysis with the following model equations:

$$IPM_{it} = \beta_0 + \beta_1 SP_{it} + \beta_2 SK_{it} + \beta_3 KMS_{it} + e_{it}$$

Where:

IPM = Human Development Index,
SP = government expenditure in the Education Sector,
SK = government expenditure in the Health Sector,
KMS =poverty level,
e = error term

RESULTS

1. Panel Data Regression Analysis and Model Selection

Panel data regression analysis was used to examine the influence of government expenditure in the education, health, and poverty sectors on the HDI in an integrative manner. The panel data approach allows the combination of time and individual dimensions so that it is able to provide more comprehensive estimation results.in the analysis of panel data, there are three main estimation models, namely the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). To determine the most suitable model, a series of tests were performed, including Chow test, Hausman test, and Lagrange Multiplier (LM) test.

The Chow test is used to choose between CEM and FEM, the Hausman test to determine the best model between FEM and REM, and the Lagrange Multiplier test to compare CEM and REM. The selection of models was carried out based on the probability value of each test with a significance level of 5 percent. The selected model is then used as a basis for analyzing the influence of independent variables on HDI in Indonesia.

2. Selection of the best model of panel data regression

a. Chow Test

The Chow test is used to determine which model is more suitable between CEM and FEM. The hypothesis:

H_0 = CEM model is more suitable
H_1 = FEM model is more suitable

Based on the Chow test with α = 5%, H0 is accepted (p >0.05), so the model used is CEM.

b. Hausman Test

The Hausman test is used to determine which model is more suitable between FEM and REM. Hypothesis

H_0 = REM model is more suitable
H_1 =FEM model is more suitable.

Based on the test results, the probability value is >0.05, so H_0 is accepted, meaning that REM is more appropriate than FEM because the difference in estimation is not significant.

c. LM Test

The LM test is used to determine which model is more appropriate between the Common Effect Model (CEM) and the Random Effect Model (REM). The hypothesis is:

H_0: CEM model is more precise

H_1: REM models are more accurate

Based on the LM test at a prob value of > 0.05, H_0 was accepted meaning that CEM was more suitable than REM and was chosen as the best model. From the results of the significant test of panel data regression, the model chosen is the Common Effect Model, with the following processed results:

Table 1. Cross-section Hypothesis Test

	Cross-section hypothesis test	**Time**	**Both**
Breusch-Pagan	0.447911	0.007381	0.455291
	(0.5033)	(0.9315)	(0.4998)

From the results of the test model processing, in determining the best model, it can be determined using the Chow Test, Hausman Test, and LM Test. Here are the results of the test:

Table 2 Best Model Test Results

The best model test results				
Common effect model test				
	C	Std. Error	t-Statistic	Prob
C	-138,696	183,988	0,754	0,452
Education (X1)	34,150	22,131	-1,543	0,125
Health (X2)	87,690	47,620	1,841	0,067
Poverty (X3)	-2,526	8,192	-0,308	0,758
R-Squared	0,0231			
F-Statistic	1,202			
Prob(F-statistic)	0,311			

From the results of *the Common Effect Model* processing, the following estimation model was obtained:

IPM = -138.695582919 - 34.150201924*SP + 87.689969606*SK -
2.52596131024*KMS+ e

It can be seen from the above estimate that changes in independent variables will affect dependent variables (HDI), so it can be explained as follows:

a. If all independent variables are considered fixed, then the HDI as a dependent variable will be at -138.696.
b. If Education Sector Expenditure (X1) increases by 1 unit, then HDI will decrease by 34,150, indicating a weak and insignificant negative impact.
c. If Health Sector Expenditure (X2) increases by 1 unit, then HDI will increase by 87,690, indicating a potential positive impact that is close to significant.
d. If Poverty (X3) increases by 1 unit, then the HDI will decrease by 2.526, indicating a very weak and insignificant negative influence

Hypothesis testing was used to determine the influence of the relationship between dependent variables and independent variables both individually and as a whole. Hypothesis tests are carried out with the t-test and F-test.

3. F-Statistics Test

From the regression results of the Common Effect model, the F test is used to conclude the influence of independent variables on HDI simultaneously:

H0: SP, SK, and KMS have a insignificant effect on HDI.

H1: SP, SK, and KMS have a significant effect on HDI.

Based on the F-statistical Prob value of 0.3107, which is greater than 0.05, H0 is accepted, meaning that simultaneously expenditure on the education, health, and poverty sectors does not have a significant effect on HDI.

4. t-Statistics Test

The t-test was used to determine the significant influence of each independent variable on HDI:

a. Education Sector Expenditure (SP)
   Based on the results of the t-test, the Prob value was 0.1247 > 0.05, so it was not significant. This shows that the increase in the education budget has not had a direct impact on HDI.
b. Health Sector Expenditure (SK)
   Based on the results of the t-test, the Prob value was 0.0673 > 0.05, so it was close to significant. This means that increasing health sector spending has the potential to increase HDI, but its implementation needs to be improved
c. Poverty
   Based on the results of the t-test, the Prob value was 0.7582 > 0.05, so it was not significant. This shows that the effect of poverty alleviation on HDI is relatively weak in this model.

5. Determination Coefficient Test Results (R^2)

The results of the Coefficient of Determination test showed that the R-squared value of 0.0213, or 2.13%, reflected that the variation in the Human Development Index (HDI) could only be explained by three independent variables: Education, Health, and Poverty Sector Expenditure. This low R-squared value signifies the model's very limited explanatory capabilities, where 97.87% of the HDI variation is explained by other factors outside the model. These findings suggest that there are still many aspects that are not yet represented, and there is a significant opportunity to improve the model by adding other relevant variables. Therefore, further research is recommended to examine additional factors that can provide a more accurate and comprehensive picture of the influence of these variables on changes in HDI.

DISCUSSION

1. The Effect of Government Spending in Education on Human Development Index

Based on the results of the analysis, Education Sector Expenditure (SP) shows a coefficient of −34.1502 with a significance value of 0.1247, indicating that education spending does not have a statistically significant effect on the Human Development Index (HDI) in Indonesia during the 2019–2023 period. Although education expenditure has increased, its impact on HDI may be limited due to inefficient budget allocation and less effective program implementation. In many cases, spending tends to focus on physical infrastructure without adequately

improving teaching quality and human capital development, thereby reducing its effectiveness in enhancing HDI. This finding is consistent with previous studies showing that increased education spending does not automatically translate into higher HDI outcomes when efficiency and quality aspects are neglected Widodo et al., (2012); Mahendra, (2020) emphasize that inefficiencies in public spending significantly weaken the contribution of education investment to human development. Therefore, a comprehensive evaluation of education programs, improved budget efficiency, and enhanced teacher capacity building are essential to ensure that education expenditure contributes more effectively to human resource development and HDI improvement in Indonesia.

2. The Effect of Government Spending on Health on Human Development Index

The results of the analysis show that Health Sector Expenditure (SK) has a coefficient of 87.6899 with a significance value of 0.0673, which exceeds the 0.05 threshold, indicating that health sector spending does not have a statistically significant effect on the HDI. This condition may be explained by unequal access to health services; although budget allocations increase, inadequate infrastructure and uneven distribution of services can limit their impact on HDI. Social welfare theory emphasizes the importance of health investment in improving human development; however, empirical evidence suggests that increased spending does not always translate into higher HDI when efficiency and accessibility issues persist. This finding is consistent with studies by Mongan, (2019) Mahendra (2020), which show that health expenditure does not automatically improve HDI outcomes. Furthermore, Sikayena et al., (2022) highlight that inefficiencies in public spending significantly reduce the effectiveness of health investment. Therefore, improving budget efficiency, expanding access to health services—particularly in remote areas—and strengthening health workforce capacity are crucial to enhancing the contribution of health spending to HDI in Indonesia.

3. The Effect of Poverty on Human Development Index

He results of the analysis for the poverty variable (KMS) show a coefficient of -2.5259 with a significance value of 0.7582, indicating that poverty does not have a significant effect on the HDI. This condition may be attributed to the ineffectiveness of poverty alleviation strategies, where poorly targeted and unsustainable social assistance programs fail to generate long-term improvements in human development outcomes. Although social welfare theory emphasizes the importance of poverty reduction, increasing public expenditure alone does not guarantee improvements in HDI when program implementation lacks efficiency and integration. These findings are consistent with previous studies by Widodo et al., (2012) and Odhiambo, (2019), which suggest that poverty reduction efforts do not always translate into higher HDI levels when access to education and health services remains limited. Therefore, a more comprehensive and integrated approach is required in designing sustainable poverty alleviation programs, including accurate targeting of beneficiaries and strengthening access to basic social services. Such an approach is expected to enhance the effectiveness of poverty reduction policies in improving HDI in Indonesia.

4. The Simultaneous of Government Expenditure in Education, Health and Poverty Sectors on the Human Development Index

The results of the F test show that the F-statistical value of 1.2021 with a probability of 0.3107 indicates that simultaneously, independent variables

(Education, Health, and Poverty Sector Expenditure) do not have a significant influence on the HDI. Although the government has allocated budgets for these strategic sectors, there are still many other factors that contribute to the variation in HDI in Indonesia, such as the unequal distribution of resources, where some regions receive more funding but lack adequate infrastructure.

The theory of the government allocation function states that public expenditure should be directed toward achieving community welfare through the provision of basic services. However, although spending in the education, health, and poverty alleviation sectors has increased, its impact on HDI remains insignificant. This condition may result from inefficient budget management, weak program integration, and lack of coordination across sectors. Similar findings were reported by Widodo et al., (2012) and Sikayena et al., (2022), who argue that public spending does not automatically improve HDI when efficiency and governance are weak. Therefore, the government needs to conduct comprehensive evaluations of public spending programs and strengthen coordination among institutions to ensure that sectoral policies work synergistically in improving human development outcomes.

5. The Influence of Human Development Index in Islamic Economic Perspectives

The HDI from the perspective of Islamic economics reflects the quality of life and welfare of society by integrating economic, social, and ethical dimensions. In Islamic economics, human development is not solely viewed in material terms but also encompasses moral and ethical considerations in line with the objectives of maqashid al-shariah. HDI serves as an indicator of sustainable development success by measuring the extent to which basic human needs—such as education, health, and a decent standard of living—are fulfilled (Sen, 2017; Ascarya & Yumanita, 2020; Zaman & Asutay, 2019). In the Quran, Allah says in Surah Al-Baqarah (2:267):

يَا أَيُّهَا الَّذِينَ آمَنُوا أَنفِقُوا مِنْ طَيِّبَاتِ مَا كَسَبْتُمْ وَمِمَّا أَخْرَجْنَا لَكُمْ مِنَ الْأَرْضِ ۖ وَلَا تَيَمَّمُوا الْخَبِيثَ مِنْهُ تُنفِقُونَ
وَلَسْتُم بِآخِذِيهِ إِلَّا أَن تُغْمِضُوا فِيهِ ۚ وَاعْلَمُوا إِنَّ اللَّهَ غَنِيٌّ حَمِيدٌ

> Meaning: "O you who have believed, do good from what you have obtained and from what We have taken out of the earth for you. And do not choose the bad and the bad, and you take away from it, when you yourselves will not take it, except by squinting at it. And know that Allah is Rich and Praiseworthy."

Overall, the influence of the Human Development Index from the perspective of Islamic economics requires serious attention to how public policies are formulated and implemented. Policies grounded in Islamic values are expected to create a prosperous, competitive, and ethical society. Therefore, integrating Islamic economic principles into every stage of development is essential to ensure that improvements in HDI are achieved significantly and sustainably Ascarya & Yumanita, (2020); Zaman & Asutay, 2019).

CONCLUSION

Based on the results of the panel data regression analysis using the Common Effect model, it was found that education sector expenditure (SP) had a negative coefficient (-34.150) and insignificant ($p > 0.05$). This shows that the increase in the education budget has not had a significant direct impact on the Human Development

Index (HDI) in Indonesia, so it is necessary to evaluate the management of the education budget to be more targeted and effective. Health sector expenditure (SK) has a positive coefficient (87.690) and is close to significant ($p \approx 0.067$), indicating the potential for a positive impact on HDI if the implementation of health programs is improved.

Meanwhile, the poverty variable (KMS) had a negative coefficient (-2.526) and insignificant ($p > 0.05$), indicating that its influence on HDI was still weak. The F test (simultaneous) showed $F = 1.202$ with a probability of 0.311, which indicates that together, the independent variables SP, SK, and KMS had no significant effect on HDI. A coefficient of determination (R^2) of 0.0213 indicates that only 2.13% of the variation in HDI can be explained by all three independent variables, while the remaining 97.87% is influenced by other factors outside the model. The perspective of Islamic economics, increasing HDI should pay attention to the principles of benefit, justice, and sustainability. Therefore, government spending in the education, health, and poverty alleviation sectors needs to be directed towards the welfare of the community as a whole, in accordance with Islamic economic values (Fadila et al., 2023).

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