

## ABSTRACT

***ANALYSIS OF BUDGET EFFICIENCY  
OF LOCAL GOVERNMENTS AND THE FACTORS AFFECTING IT  
IN UNDERDEVELOPED PROVINCES IN EASTERN INDONESIA  
FROM 2017-2024***

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*This study aims to analyze the efficiency of the use of General Allocation Funds, Special Allocation Funds, and Capital Expenditures in driving regional economic growth, as well as to identify the influence of population density, Human Development Index, and Domestic Investment on the level of budget efficiency in underdeveloped provinces in Eastern Indonesia for the period 2017-2024. The research method used is quantitative descriptive with a two-stage analysis. The first stage uses an output-oriented Data Envelopment Analysis (DEA) model to measure efficiency levels. The second stage uses Tobit regression to analyze the factors that influence this efficiency. The results show that budget efficiency levels in underdeveloped provinces in Eastern Indonesia vary and fluctuate. The Tobit regression results show that: (1) human development index has a positive and significant effect, (2) population density has a significant negative effect, (3) domestic investment has no significant effect on budget efficiency levels (4) Population density, IPM and PMDN together had a significant effect on budget efficiency.*

**Keywords:** *Budget Efficiency, Economic Growth, Tobit Regression, Population Density, HDI, PMDN.*