

Government Spending Efficiency in BRICS Countries: Implications for Indonesia's Accession

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ABSTRACT

Research Originality: This study assesses Indonesia's move to join the BRICS as a pragmatic economic strategy through an efficiency analysis and an empirical comparison. Data Envelopment Analysis (DEA) is used to measure government spending efficiency, and panel data analysis is used to compare fiscal performance across BRICS countries.

Research Objectives: The research seeks to analyze how government effectiveness (GE), corruption perception index (CPI), trade openness (TO), and industrial value added (IND) shape government spending efficiency (GSE) across BRICS countries during the 2000–2023 period.

Research Methods: A two-stage approach is used: DEA estimates fiscal efficiency, while panel regression identifies its determinants.

Empirical Results: Empirical findings reveal that Indonesia consistently maintained strong fiscal efficiency, outperforming several original BRICS members even prior to its accession. The determinants of efficiency varied between periods: from 2000 to 2009, GE, CPI, and TO positively influenced GSE, while IND had a negative association. In contrast, from 2010 to 2023, GE and TO exerted adverse effects.

Implications: These findings suggest that maintaining fiscal efficiency in Indonesia depends on enhancing governance quality and strengthening industrial competitiveness.

Keywords:

corruption; efficiency; government effectiveness; trade openness

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INTRODUCTION

Indonesia's accession to the BRICS group (Brazil, Russia, India, China, and South Africa) as a new member is a significant development for its economic and foreign policy. According to the World Bank (2024), BRICS accounts for over 40% of the world's population and 26% of global GDP, offering a significant alternative to the dominance of developed countries in the global economic landscape. With a nominal GDP of around US\$1.4 trillion in 2023 and its status as a developing country with a large domestic market, Indonesia is considered to have the potential to strengthen the BRICS' position as an inclusive, dynamic economic bloc. Li (2019) argues that the accession of new countries to the BRICS creates strategic opportunities to strengthen national economies. This is particularly evident in the potential for increased foreign investment, expanded international trade and strengthened cooperation in sustainable development, infrastructure and the financial sector (Banday et al., 2021; Narayan & Bui, 2021; Soomro et al., 2022). BRICS provides Indonesia with access to infrastructure project financing and strengthens its domestic financial system. It also enables Indonesia to participate more actively in global financial governance, including through participation in multilateral financial institutions such as the New Development Bank (Suchodolski & Demeulemeester, 2018).

The opportunities offered by Indonesia's BRICS membership are significant, but optimizing these benefits depends heavily on the quality of fiscal governance and public spending efficiency, which must compete with those of other member countries (Adebayo & Samour, 2024). In the current global context, Indonesia is under increasing pressure from a range of issues, including post-COVID fiscal constraints and rising uncertainty driven by global geopolitical turmoil, including regional conflicts, economic bloc fragmentation, and tensions in the global supply chain. Furthermore, volatility in financial markets and the intensification of the climate crisis exacerbate the challenges of managing the state budget. In these circumstances, the government must not only increase investment in strategic sectors such as education, health, infrastructure, defense, and financial services, but also ensure that every rupiah spent delivers optimal and sustainable development (Rahayu et al., 2017; Salman et al., 2019).

Government spending efficiency (GSE) is defined as the extent to which budget resources produce optimal development outcomes (Atems, 2019; Cuadrado-Ballesteros & Peña-Miguel, 2024; Montes et al., 2019). In this context, spending on strategic sectors such as education, health, the military, and infrastructure should be evaluated not only by the amount spent, but also by how effectively these funds are used to stimulate economic growth and improve public welfare (Melton-Fant, 2023; Nguyen & Su, 2022). However, the reality is that high spending does not always lead to optimal development outcomes. For instance, according to World Bank data, Indonesia allocates 25.6% of its total national expenditure to education and health, yet still faces challenges regarding literacy and dropout rates, as well as disparities in health services across regions.

Improving the efficiency of public spending depends not only on governments allocating budgets effectively, but also on accounting for various institutional and managerial factors that shape the quality of fiscal management. The effectiveness of government is determined by the extent to which public services are of a high quality, bureaucratic capacity is effective, political pressure is independent, and the formulation and implementation of policy is optimal.

According to Chen & Aklikokou (2021), effective government performance in the aforementioned functions is associated with enhanced oversight of the state budget, more efficient bureaucratic processes, and a reduced potential for fiscal leakage. In summary, it may be posited that a high level of government effectiveness is a significant indicator of the success of transparent and accountable state financial management. Furthermore, corruption levels are a significant indicator of the effectiveness of state expenditure. High levels of corruption have been shown to erode budget efficiency, resulting in funds intended for public interests not reaching their designated targets. In this context, the Corruption Perception Index (CPI) is one of the benchmarks for assessing the strength of a country's financial management, oversight and integrity systems (Pei et al., 2021; Wei, 2022).

GSE is a crucial aspect in evaluating a country's fiscal performance, especially amid fiscal constraints and demands for effective development (Afonso & Fraga, 2024; Aizenman et al., 2019; Puron-Cid & Rodríguez Bolívar, 2018; Zhao & He, 2024). Efficiency refers to the extent to which public budgets can be optimally converted into economic and social development outcomes without wasting resources (Albassam, 2020). In the context of the global economy, fiscal constraints have prompted many countries, including Indonesia and the BRICS countries, to review the efficiency of public sector spending to ensure fiscal sustainability and inclusive development (Ma & Qamruzzaman, 2022). The efficiency of the system is measured using Data Envelopment Analysis (DEA), a non-parametric, frontier-based technique that quantifies the relative efficiency of decision-making units (Lobo & Araujo, 2017; Munoz, 2016; Pula & Elshani, 2022).

The issue of GSE has become a critical one in global financial management. Afonso and Fraga (2024) found that, despite a significant increase in public spending across 20 Latin American countries during the 2000-2019 period, these expenditures remain inefficient. On average, these countries could achieve the same level of performance with a budget reduction of up to 27%. Conversely, if expenditure levels are maintained, governments can improve performance by 18%. Meanwhile, in 68 developing countries and 14 developed countries during the period 2006-2014, Montes et al. (2019) found that increased fiscal transparency plays an important role in reducing public debt levels and strengthening government effectiveness and spending efficiency. Consequently, an analysis of public spending efficiency must be supplemented by an examination of the external factors that influence it, encompassing both the institutional aspects of government and the structural characteristics of a nation's economy.

As indicated by previous literature, government effectiveness, which is defined as the quality of public services and the capacity of the bureaucracy to manage policies efficiently, has been demonstrated to contribute positively to increased fiscal transparency and accountability. This, in turn, has been shown to improve budget allocation efficiency (Benbitour et al., 2024; Saab et al., 2019). Conversely, elevated levels of corruption have been shown to impede the efficiency of expenditure, leading to resource waste and distorting fiscal decision-making (Wei, 2022). Furthermore, an open economic structure supported by a strong industrial sector is believed to promote fiscal efficiency through mechanisms of market discipline and increased national productivity (Mugoni et al., 2024; Sadowski et al., 2025). Recent studies have explored the relationship between government spending and the economy. However, most of these studies are limited to linear approaches that do not account for technical efficiency in the transformation of fiscal inputs into economic outputs. In the global economic landscape, particularly in the wake of Indonesia's accession to the BRICS, evaluating public budgetary efficiency has become increasingly imperative. The present study aims to analyze Indonesia's fiscal efficiency relative to that of the five BRICS member countries. The present study analyses data from 2000 to 2023, dividing this period into two distinct time frames: the period before the establishment of BRICS (2000 to 2009) and the period from the organization's inception in 2010 to 2023.

Indonesia's move to join the BRICS group represents a strategic policy choice with the potential to have long-term implications for economic cooperation and fiscal governance. This study aims to evaluate the efficiency of government spending in BRICS member countries and use this as a benchmark to assess Indonesia's fiscal performance. By positioning Indonesia within the efficiency frontier of BRICS countries, the study will provide empirical evidence to inform the development of Indonesia's fiscal strategy post-membership. We hypothesize that government effectiveness and corruption control, as reflected in the CPI score, positively impact GSE. Additionally, we suspect that an increase in industrial value added and trade openness in each country may be positively correlated with GSE in both BRICS countries and Indonesia.

METHODS

This study aims to analyze Indonesia's fiscal efficiency relative to the five original BRICS member countries during the 2000–2023 period. The selected period captures the long-term dynamics of fiscal efficiency following the post-Asian Financial Crisis recovery, alongside the institutional evolution and economic expansion of BRICS. This period encompasses several major global economic shocks, including the commodity boom, the 2008 global financial crisis, and the COVID-19 pandemic, which are highly relevant to changes in government spending efficiency (GSE).

Government spending efficiency is measured using the DEA approach, which was chosen for its ability to evaluate relative efficiency across countries without requiring the specification of a particular production function and to form an efficiency frontier

based on the best performers. Furthermore, panel data regression is employed to examine the effects of institutional and structural factors, namely government effectiveness, corruption perception, trade openness, and industrial value added, on GSE. The division of the panel analysis into several sub-periods enables identification of the dynamics of changes in fiscal efficiency in line with the institutional development of BRICS, thereby providing a deeper understanding of the potential implications of BRICS membership for Indonesia's fiscal performance. The inputs are government expenditures on education, health, infrastructure, and the military. Meanwhile, the economic growth rate serves as the output variable. Furthermore, by adopting and modifying the econometric model (Adegboye & Akinyele, 2022; Chan et al., 2017), this study analyses the comparison of the influence of government effectiveness, corruption perception index, trade openness, and industrial value added on GSE in Indonesia with five BRICS members using panel data regression with the following model:

$$GSE_{it} = \widehat{\beta}_0 + \widehat{\beta}_1 GE_{it} + \widehat{\beta}_2 CPI_{it} + \widehat{\beta}_3 TO_{it} + \widehat{\beta}_4 IND_{it} + \hat{e}_{it} \quad (1)$$

where GSE is the result of efficiency analysis using Max DEA, GE represents the government effectiveness score, CPI is the corruption index for each country, TO is trade openness, and IND is industrial value added. The data sources for this study were taken from the World Bank, the United Nations Conference on Trade and Development (UNCTAD), and the Stockholm International Peace Research Institute (SIPRI).

RESULTS AND DISCUSSION

Based on the DEA results reported in Table 1, Indonesia consistently exhibits higher government spending efficiency than BRICS member countries over the sample period. Indonesia attains efficiency scores equal to or close to the efficiency frontier in several years, indicating an optimal conversion of fiscal inputs into economic and social outputs. This empirical evidence suggests that, even prior to its formal BRICS accession in 2025, Indonesia's fiscal performance was comparable to, and in some periods exceeded, that of incumbent BRICS members.

This efficiency reflects the Indonesian government's ability to allocate and use public budgets in a targeted and productive manner, while also demonstrating relatively stronger fiscal resilience compared to several other BRICS member countries. In contrast, countries such as India and China, the two largest economies in BRICS that have been members since its establishment in 2009, show more volatile efficiency trends and have lagged Indonesia's achievements for many years. This indicates that the size of an economy does not always correlate directly with fiscal efficiency, and that stability and the effectiveness of fiscal governance are key factors that are more determinative in efficiency analysis.

Table 1. Result of Efficiency Analysis

Year	Brazil	Russian	India	China	South Africa	Indonesia
2000	0.9267	1	0.9429	0.8581	0.9863	1
2001	0.9383	0.8972	0.7959	0.8535	1	1
2002	0.9967	0.9035	0.7887	0.7863	1	1
2003	1	0.8908	0.7704	0.7429	0.9944	0.8381
2004	0.9623	0.8983	0.7592	0.7149	0.9484	0.9046
2005	0.9369	0.9031	0.7109	0.6821	0.9605	0.8822
2006	0.8953	0.8625	0.7307	0.6705	0.9219	0.8930
2007	0.8384	0.7795	0.7346	0.6326	0.9117	0.8765
2008	0.7831	0.7424	0.6856	0.5574	0.8705	0.9883
2009	0.8295	0.9280	0.6649	0.5270	0.9065	1
2010	0.7551	0.8289	0.6590	0.5265	0.9201	1
2011	0.7580	0.7943	0.5946	0.5176	0.8765	0.9457
2012	0.7696	0.7834	0.6052	0.5039	0.8688	0.8683
2013	0.7625	0.8176	0.6834	0.5098	0.8628	0.7211
2014	0.7813	0.8318	0.6813	0.5159	0.8731	0.7519
2015	0.8569	0.8731	0.7134	0.5330	0.8724	0.6676
2016	0.9670	0.8717	0.7624	0.5391	0.9221	0.9268
2017	1	0.7802	0.7386	0.5401	0.9265	0.9651
2018	0.9520	0.8017	0.7036	0.5376	0.9423	1
2019	0.9025	0.8224	0.7414	0.5415	0.9380	1
2020	0.8943	0.8561	0.7568	0.5332	1	0.9184
2021	0.8371	0.8266	0.6705	0.5455	1	0.9877
2022	0.8732	0.8594	0.6564	0.5441	0.9777	1
2023	0.9174	0.7907	0.6451	0.5478	1	1

Source: Output Max Dea (2025)

This finding is in line with Rambe et al. (2022), who state that Indonesia has an increasingly robust economic and fiscal management structure, supported by bureaucratic reforms, greater budget transparency, and stronger public institutions. This success is not only an indicator of good fiscal performance but also a positive signal to the international community that Indonesia deserves to be part of a strategic alliance of developing countries such as BRICS. As a new member, Indonesia will not only be a follower in this alliance but also has the potential to make a substantial contribution in shaping the direction of global economic cooperation among Southern countries. With its macroeconomic stability, large domestic market, and experience in fiscal reform, Indonesia can serve as a bridge between BRICS and ASEAN countries, while strengthening BRICS' position as an alternative to

a more inclusive, multipolar global economic architecture. This finding is consistent with Chan et al. (2017), who emphasize the strategic importance of institutional strength and fiscal transparency in enhancing emerging economies' roles in global economic governance.

Table 2. Panel Data Regression Analysis 2000-2009

Variable	CEM		FEM		REM	
	Coefficient	Std. Error	Coefficient	Std. Error	Coefficient	Std. Error
C	2.834	0.208	10.833	0.519	2.965	0.178
GE	-0.220***	0.030	0.071***	0.025	-0.239***	0.036
CPI	0.007***	0.002	0.003***	0.001	0.008***	0.001
TO	-0.000	0.000	0.001**	0.000	-0.001	0.000
LOG(IND)	-0.084***	0.007	-0.383***	0.020	-0.090***	0.006
R ²	0.816		0.986		0.643	
Adj. R ²	0.799		0.983		0.611	
F-stat.	49.979		376.562		20.282	
Prob.(F-stat)	0.000		0.000		0.000***	

(1) Chow: Cross-section F (4,41) = 71.268; Prob. F = 0.000***

(2) Hausman: Cross section random $\chi^2(4) = 135.879$; Prob. $\chi^2 = 0.000$ ***

Source: Data processed (2025); Note: ***Significant at $\alpha = 0.01$; **Significant at $\alpha = 0.05$; *Significant at $\alpha = 0.10$.

We found that during the period 2000-2009, government effectiveness, CPI, and TO had a positive effect on GSE in the five BRICS countries, while IND had a negative effect. Based on Table 2, GE had a positive effect on GSE across the five BRICS member countries during 2000-2009. A coefficient of 0.07 means that for every 1-point increase in the government effectiveness variable (z-score), GSE will increase by 0.07 basis points. Meanwhile, a 1-basis-point increase in the CPI score was found to increase GSE by 0.003. The trade openness variable was also found to have a positive effect on GSE with a coefficient of 0.0009. This means that if trade openness increases by 10%, GSE will become more efficient, increasing by 0.009 basis points. IND, which proxies the industrial value-added variable, has a negative effect on GSE with a coefficient of -0.383. Thus, when industrial value-added increases by 1%, GSE decreases by 0.0038 basis points.

In the second stage, the analysis results indicate that, after the establishment of BRICS, government effectiveness and TO had an effect on GSE. Meanwhile, CPI and IND had no effect on GSE. During 2010–2023 across the five founding BRICS countries, GE and trade openness were found to negatively affect GSE, with coefficients of -0.055 and -0.004, respectively. Thus, during that period, a 1-z-score increase in GE was found to reduce GSE by 0.06 basis points. Meanwhile, if trade openness increases by 10%, GSE will decrease by 0.04 basis points. This indicates that since the establishment of BRICS, their public spending efficiency has statistically declined when viewed through the lens of government effectiveness, the corruption perception index, trade openness,

and industrial value added. Furthermore, the absence of a significant influence of the corruption perception index (CPI) and industrial value added (IND) on GSE indicates that these variables have not yet become primary determinants of public spending efficiency within the BRICS context during that period.

Table 3. Panel Data Regression Analysis 2010-2023

Variable	CEM		FEM		REM	
	Coefficient	Std. Error	Coefficient	Std. Error	Coefficient	Std. Error
C	3.857	0.087	2.188	1.012	3.712	0.251
GE	-0.045***	0.012	-0.055***	0.016	-0.051	0.032
CPI	-0.001	0.001	0.001	0.002	-0.001	0.002
TO	-0.004***	0.001	-0.004***	0.001	-0.003***	0.001
LOG(IND)	-0.107***	0.002	-0.048	0.039	-0.103***	0.007
R ²	0.994		0.987		0.857	
Adj. R ²	0.994		0.985		0.849	
F-stat.	2,868.521		574.279		97.786	
Prob.(F-stat)	0.000***		0.000***		0.000***	

(1) Chow: Cross-section F (4,61) = 34.539; Prob. F = 0,000***

(2) Hausman: Cross section random $\chi^2(4) = 25.651$; Prob. $\chi^2 = 0,000***$

Source: Data processed (2025); Note: ***Significant at $\alpha = 0.01$; **Significant at $\alpha = 0.05$; *Significant at $\alpha = 0.10$.

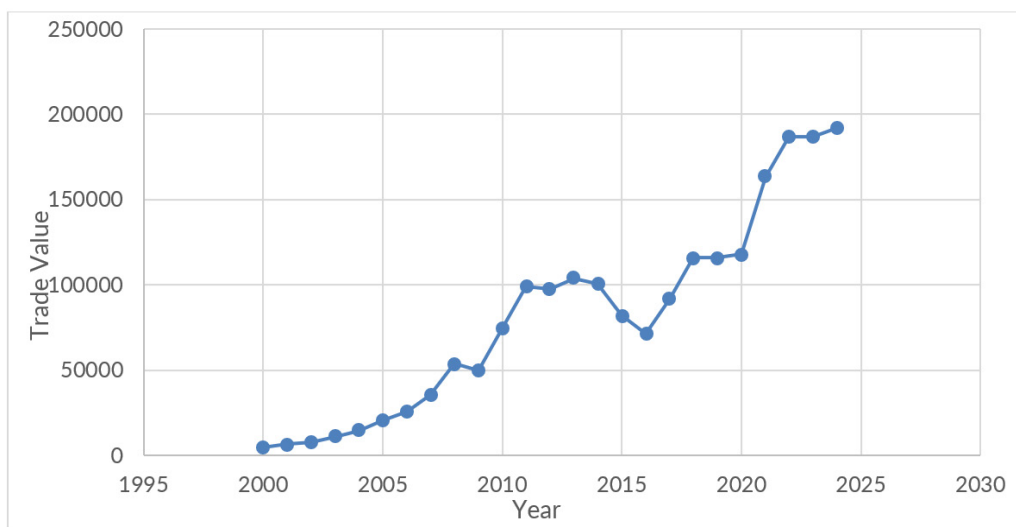
This finding is quite counterintuitive; improvements in governance and trade openness are expected to promote fiscal efficiency through more optimal resource allocation and increased productivity. This contradicts the Heckscher-Ohlin theory as presented in Salvatore (2019), which posits that countries will benefit from openness by specializing in sectors where they have comparative advantages, leading to greater economic efficiency. However, our findings support Banday et al. (2021), who argue that the expected gains from trade openness and governance reforms may not materialize uniformly across developing countries due to structural rigidities, institutional weaknesses, or unequal distribution of trade benefits.

In the context of geopolitics and the evolving global structure, this finding actually shows that external pressures and internal imbalances can reduce the efficiency of public spending. One explanation for this phenomenon is that, since its inception, BRICS has been seen as an alliance challenging the economic and political dominance of Western countries such as the United States, Canada, and Western European countries (Ma & Qamruzzaman, 2022; Banday et al., 2021). BRICS carries a narrative of resistance against the unipolar global order controlled by institutions such as the IMF and the World Bank (Adebayo & Samour, 2024). As a result, external pressures have emerged in the form of investment diversion, changes in global trade flows, and diplomatic barriers that

indirectly affect the internal economic performance of BRICS countries, including the efficiency of their fiscal policies.

Increased budgets amid ambitious development programs and BRICS multilateral cooperation are not always accompanied by efficient budget utilization, thereby negatively affecting GSE. Furthermore, although BRICS offers great potential for economic cooperation, the reality on the ground shows that its member countries still face complex structural and geopolitical challenges. Fiscal efficiency does not depend solely on economic openness or the quality of the bureaucracy in general, but is also influenced by the extent to which these countries can maintain internal stability, build market confidence, and navigate external pressures arising from shifts in the global power constellation. In this context, Indonesia's accession as a new BRICS member brings its own challenges and opportunities. With a relatively stable track record of fiscal efficiency, Indonesia has the potential to become a member that can maintain balance and make strategic contributions in promoting better fiscal governance among other BRICS countries.

Fig 1. International Trade Between Brazil & BRICS (Million US\$)



Source: UN Comtrade (2025)

Figure 1 illustrates the trend in international trade relations between Brazil and the other four BRICS member countries over a considerable period, reflecting increasingly intensive economic cooperation. A substantial increase is particularly evident after the official formation of BRICS in 2009. The establishment of this economic platform provides a significant incentive for member countries to enhance trade, investment, and other strategic cooperation through bilateral and multilateral channels.

This increase in intra-BRICS trade indicates a new orientation in global economic relations, in which developing countries are beginning to forge closer cooperation as an alternative to the economic dominance of developed countries. In this context, Brazil and other BRICS countries have succeeded in expanding export and import volumes, sharing technology, and building mutually beneficial supply networks. Interestingly, although the

regression results in this study indicate that trade openness has a negative impact on public spending efficiency during the period of BRICS' establishment, this phenomenon cannot be understood in simple terms. The negative effect of trade openness on public spending efficiency reflects structural challenges in managing the impact of global trade outcomes on national budgets, not that international trade is inherently harmful. On the contrary, increased bilateral cooperation opens up significant opportunities to indirectly enhance fiscal efficiency through investment, innovation, and economic diversification.

Table 4. PAM Government Spending Efficiency Indonesia 2000-2023

$GSE_t = 25.9619 + 0.4631 GE_t + 0.0201 CPI_t + 0.0003 TO_t - 0.9849 LOGIND_t + 0.4735 GSE_{t-1}$ (0.0041) (0.0615) (0.9378) (0.0157) (0.0117)
$R^2 = 0.6238$; Adj. $R^2 = 0.5131$; F statistic = 5.636565; Prob. $F = 0.003049$
(1) Residual Normality (Jarque-Bera) $JB = 0.5704$; Prob. $JB = 0.7518$
(2) Autocorrelation (Breusch-Godfrey) $\chi^2 = 2.707119$; Prob. $\chi^2 = 0.2583$
(3) Heteroscedasticity (White) $\chi^2 = 8.263961$; Prob. $\chi^2 = 0.1423$

Source: Data processed (2025)

In Indonesia, during the period 2000-2023, we found that government effectiveness has a positive and significant influence on the efficiency of government spending, with a coefficient of 0.8796. This finding is consistent with the literature that emphasizes the central role of bureaucratic quality, institutional capacity, and policy implementation capabilities in improving fiscal efficiency, particularly in developing countries (Nguyen & Su, 2022). These studies show that strengthening public institutions enables more targeted allocation of fiscal resources and reduces structural inefficiencies in government spending. In the Indonesian context, these results reinforce the argument that institutional reform is a key prerequisite for improving sustainable fiscal performance. The finding that the corruption index has a positive effect on government spending efficiency is also consistent with previous studies showing that controlling corruption reduces budget leakage and increases the effectiveness of public spending (Benbitour et al., 2024). The positive coefficient of 0.0382 indicates that improvements in perceptions of governance and the integrity of public institutions directly optimize budget use, particularly by increasing efficiency in the procurement and distribution of state spending. These results reinforce the findings of Chan et al. (2017), which confirm that fiscal transparency and the strengthening of supervisory institutions are key factors in enhancing developing countries' role in global economic governance.

Conversely, the significant negative effect of industrial value added on government spending efficiency is not entirely in line with theoretical expectations or some previous empirical findings. Several studies argue that industrialization can improve fiscal efficiency by expanding the tax base and creating economic value added (Xiu, 2025). However, the results of this study are closer to findings indicating that fiscal intervention in the industrial sector is not always efficient when faced with misdirected subsidies, policy distortions, or limited industrial absorption capacity (Raihan et al., 2026). Thus, these

negative findings indicate that fiscal allocation to Indonesia's industrial sector has not been fully translated into greater government spending efficiency.

Furthermore, the insignificant effect of trade openness on government spending efficiency is inconsistent with previous literature. Several studies have found that increased trade openness can encourage fiscal discipline and improve spending efficiency by creating greater competition and market pressure (Banday et al., 2021; Soomro et al., 2022). However, the results of this study are consistent with studies emphasizing that the benefits of trade openness for fiscal performance depend heavily on export structure, diversification levels, and integration into the global value chain. In Indonesia, the dominance of primary commodity exports and the limited participation of small businesses in international trade may explain the weak transmission of trade openness to government spending efficiency.

The findings demonstrate that the determinants of fiscal efficiency within BRICS are dynamic and highly dependent on institutional evolution, economic integration, and shifts in the global economic environment. The changes in the direction and significance of several explanatory variables between the pre- and post-BRICS periods indicate that fiscal efficiency in emerging economies cannot be explained solely by conventional governance indicators, but must also be interpreted within the broader framework of structural transformation and external economic exposure (Putra et al., 2025; Montes et al., 2019).

Indonesia's decision to join BRICS can be interpreted as a strategic economic response aimed at strengthening long-term fiscal resilience and economic sustainability amid increasing global uncertainty (Suchodolski & Demeulemeester, 2018). As a coalition of major emerging economies with complementary economic structures and expanding market potential, BRICS offers an alternative framework for South–South economic cooperation that is less reliant on conventional Western-led institutions. Indonesia's participation in BRICS may facilitate export market diversification, strengthen investment partnerships, and expand access to high-growth emerging markets (Ma & Qamruzzaman, 2022).

From a fiscal perspective, deeper engagement within BRICS may help improve public spending efficiency through several important channels. Expanded trade and investment cooperation can stimulate domestic economic activity and broaden the tax base, thereby strengthening the government's revenue capacity. Greater economic diversification may also reduce vulnerability to external shocks arising from excessive dependence on a limited number of trading partners and global financial centers. Institutional cooperation within BRICS further enables the exchange of development experience, infrastructure financing mechanisms, and policy innovation that may support more efficient fiscal governance (Soomro et al., 2022).

Indonesia's participation in BRICS may also strengthen its bargaining position within the global economic architecture, particularly in negotiations on trade governance, development financing, and the reform of international financial institutions. This becomes increasingly relevant in the context of persistent global volatility, where emerging economies require more flexible frameworks for cooperation that accommodate domestic development priorities and fiscal needs (Adebayo & Samour, 2024). Empirical findings show that

integration within BRICS does not automatically lead to improved fiscal efficiency. The negative relationship between trade and government spending efficiency in the post-2010 period suggests that increasingly intensive global economic integration is also accompanied by heightened vulnerability to commodity price volatility, financial market instability, and disruptions to global supply chains. In developing countries, these conditions can intensify pressure on governments' fiscal capacity, particularly when they must respond to external shocks by adopting expansionary fiscal policies to maintain domestic economic stability. This phenomenon has become increasingly relevant following the 2008 global financial crisis and the COVID-19 pandemic, which drove a significant increase in public spending across various BRICS nations (Aizenman et al., 2020).

From this perspective, Indonesia's decision to join BRICS can be understood as a long-term economic strategy to strengthen fiscal resilience and expand the scope for international economic cooperation. However, the economic benefits of BRICS membership will not be realized automatically without adequate domestic capacity. The findings of this study confirm that institutional quality, macroeconomic stability, and the government's ability to design adaptive fiscal policies remain key factors in determining the efficiency of government spending. Therefore, Indonesia's involvement in BRICS should be viewed not merely as a geopolitical and diplomatic move, but also as part of a broader economic transformation strategy to strengthen fiscal sustainability, enhance the competitiveness of national industry, and reinforce long-term economic resilience amid an increasingly multipolar and uncertain global economic landscape.

CONCLUSION

This study finds that government spending efficiency (GSE) among BRICS countries exhibited dynamic patterns during the 2000–2023 period, with Indonesia demonstrating relatively more stable and superior fiscal efficiency compared to several original BRICS members, even prior to its formal accession. The empirical findings reveal that during the pre-BRICS period (2000–2009), government effectiveness, the corruption perception index, and trade openness had a positive effect on fiscal efficiency, whereas industrial value added showed a negative effect. In contrast, during the post-BRICS period (2010–2023), government effectiveness and trade openness were found to negatively affect GSE, while corruption perception and industrial value added no longer exerted significant effects. The findings indicate that the determinants of fiscal efficiency in BRICS economies are highly dynamic and increasingly shaped by broader global economic uncertainty, institutional transformation, and geopolitical developments following the establishment of BRICS.

Indonesia's accession to BRICS therefore reflects not only a geopolitical strategy, but also a pragmatic economic initiative aimed at strengthening long-term fiscal resilience and economic competitiveness. Indonesia's relatively strong fiscal efficiency performance indicates its readiness to contribute to BRICS economic cooperation. However, the findings suggest that maintaining fiscal efficiency in Indonesia depends on enhancing governance quality and strengthening industrial competitiveness. Improving bureaucratic

effectiveness, promoting adaptive fiscal policies, and strengthening productive industrial sectors remain essential to maximizing the potential benefits of BRICS membership and supporting sustainable economic stability in the long run.

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