

SYNCHRONIZATION OF SOCIAL BOND ISSUANCE SETTINGS AS A FINANCING INSTRUMENT FOR AFFORDABLE HOUSING IN INDONESIA

Firzatul Rima Fitriana¹, Budi Endarto²

^{1,2}Fakultas Hukum, Universitas Wijaya Putra, Surabaya, Indonesia
242263004@student.uwp.ac.id¹, budiendarto@uwp.ac.id^{2*}

Received 02 Dec 2025 • Revised 31 Dec 2025 • Accepted 22 Jan 2026

Abstract

This article examines the legal synchronization of social bond issuance as an alternative financing instrument for the fulfillment of affordable housing needs in Indonesia. The central issue of this study is the lack of alignment between social bond regulations and affordable housing provisions, which hinders the achievement of sustainable urban development. The objective of this research is to formulate a juridical basis capable of harmonizing social bond requirements with affordable housing targets. This study employs normative legal research through statutory and conceptual approaches. The results indicate that the provisions of POJK 18/2023 on social bonds are not yet aligned with affordable housing regulations contained in Government Regulation 12/2021, Government Regulation 21/2024, and Regulation of the Minister of Public Works and Housing 7/2022, creating obstacles to effective implementation. A horizontal synchronization model is required to harmonize these regulatory frameworks, particularly to support economic equalization under the Asta Cita Program designated as a National Priority in the National Medium-Term Development Plan 2025–2029. The study concludes that regulatory synchronization is essential to ensure the effectiveness of social bonds as a financing instrument for affordable housing in Indonesia.

Keywords: Affordable Housing, Social Bonds, Regulatory Harmonization, Sustainable Financing, Normative Legal Research

INTRODUCTION

For nearly a decade, Indonesia has been bound by commitments as part of the global community, as demonstrated by ratifying its commitment to achieving the Sustainable Development Goals (SDGs), based on Presidential Regulation Number 59 of 2017 (Irhamisyah, 2019)(Indonesia, 2017). As a follow up, referring to the goals and targets of the 2030 SDGs, the Indonesian government has also issued a Presidential Regulation concerning the establishment of targets for the National Sustainable Development Goals for 2024. Thus, the commitment reflected in the SDGs by the Indonesian government is not merely about ratification; rather, it has technically designed the targets and the stages of their achievement.

Commitment to sustainable development is part of the 2030 SDG Agenda, which fundamentally emphasizes five key principles: people, planet, prosperity, peace, and partnership (Hutabarat, 2022). The fulfillment of the SDGs is a shared commitment of the countries that have ratified them, including Indonesia, and as a consequence, all national development policies are oriented towards and refer to the achievement of the SDGs strategic plan, namely “to end extreme poverty, fight inequality and justice, and protect our planet” (Endarto, Taufiqurrahman, & Mardiana, 2024). Next, a more specific goal of the effort to end extreme poverty is the fulfillment of affordable housing. This is reflected in Goal 11 of the SDGs, which aims to make cities and human settlements inclusive, safe, resilient, and sustainable, one aspect of which is the provision of affordable housing. By formulating affordable housing as one of the SDG goals, this issue can be considered a global problem that must be addressed through global commitments.

Various regulations have been established by the Indonesian government regarding the fulfillment of affordable housing, known as subsidized housing regulations, to assist low income communities (MBR) in owning decent homes through support such as price subsidies, low interest loans, and down payment assistance subsidies (SBUM). However, so far, these measures have not shown sufficiently effective results in their implementation.

In addition to regulations, the most current policy on fulfilling affordable housing has been formulated into a priority program outlined in the 6th Asta Cita, specifically in the field of economic equity, particularly concerning the accelerated housing provision program for the people (BBT, 2025). However, considering the spirit of efficiency, it is still felt to be difficult to achieve if there is no innovation in financing the provision of public housing, or if such financing is solely borne by the state budget (APBN). Therefore, an innovative financing model aligned with the SDG’s concept is needed to realize the fulfillment of affordable housing.

In fact, the issue of fulfilling affordable housing is felt almost worldwide, as evidenced by the data on progress towards the Sustainable Development Goals compiled by the United Nations, General Assembly Economic and Social Council on April 25, 2025. The data illustrates that the acceleration of urbanization has resulted in over half of the global population living in urban areas, a figure expected to reach nearly 70 percent by 2050. From this percentage, it is clear that the potential impact is a social issue, starting with the need for healthy housing, particularly in urban areas. Therefore, it is certain that more attention is required to prepare affordable housing for these urban populations (Perkins, Kurtiş, & Velazquez, 2022). However, what requires serious consideration is that meeting this condition clearly necessitates an appropriate financing model for the provision of affordable housing.

Furthermore, based on data in the Progress Toward the Sustainable Development Goals, Economic and Social Council, 2025 session, related to target 11.1, elaborated in point 100, concerning the funding needs, housing affordability is a pressing issue, affecting 1.6 billion to 3 billion people globally, encompassing challenges from homelessness to overcrowding and lack of basic services. Recent data from 124 countries reveal that the global average housing cost burden is 31 percent, with sub-Saharan Africa at 43.5 percent, compared with 21.4 percent in Europe and North America (Perkins et al., 2022). The data can be used as a reference for planning housing procurement as well as an appropriate financing model for the ASEAN region, including Indonesia. From the explanation above, it is evident that one of the goals of the SDGs, particularly in the field of affordable housing, is a global issue that must be supported with funding instruments such as social bonds. Likewise, Indonesia also requires the strengthening and development of social bonds as a financing instrument for affordable housing to fulfill the SDGs commitment, particularly Goal 11.1. The pressing nature of the affordable housing issue worldwide will equally become a challenge for Indonesia. Therefore, it is highly appropriate that Indonesia has accommodated this by regulating alternative relevant financing instruments, namely social bonds.

However, the same issue persists regarding the underdevelopment of financing instruments that are relevant to fulfilling Goal 11 of the SDGs, which is to make cities and human settlements inclusive and sustainable, particularly in achieving affordable housing. Considering this condition, this study is

highly relevant when discussing the issues of how affordable housing financing is regulated in Indonesia, the regulation of social bonds as a sustainable finance instrument in Indonesia, and the model for synchronizing regulations related to social bonds with the regulation of affordable housing in Indonesia.

RESEARCH METHOD

The method of this study is normative legal research, and the approach used is the statute approach, which will examine the research object in the form of norms regulated in the legislation applicable in Indonesia and in several countries related to the study object, as well as conventions, treaties, and international agreements (Marzuki, 2019). The statutory approach is used to examine sets of rules or standards that have been agreed upon in international conventions within the regulations of a particular country. In addition, this study also employs a conceptual approach, related to doctrines from theories relevant to the subject of this study (Irwansyah, 2022). The concepts to be examined in relation to social bonds include, but are not limited to, sustainable finance, social finance, and thematic bonds, which are concepts of sustainable finance and finance that have a social impact. To address the existing issues, the discussion is divided into three main topics: the regulation of affordable housing financing in Indonesia, the regulation of social bonds as a sustainable finance instrument in Indonesia, and the model for synchronizing regulations related to social bonds with the regulations on affordable housing in Indonesia.

RESULTS AND DISCUSSION

Regulations of the Affordable Housing Financing Program in Indonesia

One of the crucial challenges in achieving the goal of ending extreme poverty within the fulfillment of SDG Goal 11, which is Sustainable Cities and Communities, is particularly related to affordable housing. As outlined in the background, the issue of affordable housing is a problem in several developed countries. Similarly, in Indonesia, the issue of affordable housing can be seen based on data published by the Ministry of Public Works and Public Housing (PUPR), where the housing backlog or the gap/deviation between the housing needs and the available housing units still requires 12.7 million units (Surabaya, 2024). Various efforts have been made by the government to address this issue, such as subsidized housing policies; however, these have not been sufficiently effective in their implementation. Therefore, it is necessary to have a thorough consideration regarding regulatory frameworks and financial support systems to support the provision of affordable housing.

Various policies have been formulated by the Indonesian government, and the most current is the priority program outlined in the 6th Asta Cita, which focuses on economic equity, particularly concerning the acceleration of housing provision for the people. However, given the current emphasis on budgetary efficiency, it is still considered difficult to realize without innovative housing finance solutions, especially if such financing relies solely on the state budget. In response to this situation, the government has developed the President's work program known as Asta Cita, which has been formalized as a National Priority in the 2025-2029 RPJMN. The Asta Cita program is expected to serve as a solution to address global megatrends and to achieve the Sustainable Development Goals (SDGs).

The affordable housing policy, known in Indonesia as the subsidized housing policy, is a government program designed to assist low-income communities (MBR) in owning decent homes through assistance such as price subsidies, low-interest loans, and down payment assistance (SBUM). Some of these policies have been outlined in various regulations, with the first set articulated in Government Regulation Number 21 of 2024 concerning Amendments to Government Regulation Number 25 of 2020 on the Implementation of Public Housing Savings (PP 21/2024). PP 21/2024 establishes general policies regarding housing, including budget allocation, targets, and housing subsidy programs. Some key points regulated in PP 21/2024 include:

1. Housing Finance Liquidity Facility (FLPP) which establishes a subsidy scheme for home ownership loans for low-income communities.
2. Funding Sources, which determine the sources of funds for subsidized housing programs, including government budgets and contributions from the private sector.
3. Income Limit Determination, which regulates the income threshold eligible to receive housing subsidies.

Secondly, it is regulated in the Regulation of the Minister of Public Works and Public Housing Number 7 of 2022 concerning the Implementation of Housing Development Assistance and the Provision of Special Housing. Several matters regulated in this regulation include:

1. Subsidized Housing Standards that determine the technical specifications and quality standards of subsidized housing that must be met by developers.

2. Application and verification procedures, which are provisions that regulate the procedure for applying for subsidized housing, document verification, and feasibility assessment.
3. Rights and obligations of developers, which establish the rights and obligations of subsidized housing developers, including obligations regarding construction quality and selling price.

And the third is regulated in Government Regulation Number 12 of 2021. This regulation governs the management and implementation of subsidized housing programs, including the roles of local governments and related institutions. Some of the provisions regulated include:

1. Governance of Program Implementation, which establishes the structure and mechanisms for the implementation of subsidized housing programs at the national and regional levels.
2. Inter agency coordination, which regulates the coordination between the Central Government, Local Governments, and financial institutions in the implementation of subsidy programs.
3. Reporting and Evaluation, which sets out the procedures for reporting and evaluating programs to ensure the efficiency and effectiveness of subsidy implementation.

However, upon closer examination, it is evident that all these regulations have not yet been connected with financing instruments aligned with the commitments under the SDGs. In other words, several regulations related to affordable housing have not touched upon funding instruments, such as social bonds. Therefore, strategic thinking is required on how the issue of affordable housing in Indonesia can be synchronized with financing models that are in line with the priority programs outlined in Asta Cita 6, particularly those related to economic equity and the accelerated provision of housing for the people, which has also been designated as a National Priority in the RPJMN 2025-2029.

Social Bond Regulations in Indonesia

The concept of sustainable development in the SDGs is essentially a development approach that ensures the continuous improvement of people's economic well being, development that preserves environmental quality, as well as development that guarantees justice and the implementation of governance capable of maintaining the enhancement of life quality from one generation to the next (Hutabarat, 2022). The issuance of SDGs brings a paradigm shift across all sectors of life, including the financial sector, which is developing sustainable finance.

Sustainable finance has indeed developed in line with the growing global commitment to the Sustainable Development Goals (SDGs). However, until now, this terminology had not been found prior to the enactment of the Republic of Indonesia Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector ("UU PPSK"). Article 1, Point 35 of the UU PPSK states that sustainable finance is an ecosystem supported comprehensively through policies, regulations, norms, standards, products, transactions, and financial services that align economic, environmental, and social interests in financing sustainable activities and financing the transition towards sustainable economic growth. Based on this provision, a reorientation is necessary, indicating that economic activities, including in the financial sector, should not only be oriented towards profit or purely economic aspects but must also consider environmental and social interests.

One of the elements formulated in the sustainable financial system is the roadmap for finance, where the OJK, as the financial services authority in Indonesia, must formulate a work program known as the sustainable finance framework (Hayati, Yulianto, & ., 2020). The Roadmap for Sustainable Finance outlines four main principles, namely: risk management principles, principles for the development of priority sustainable economic sectors, environmental and social governance and reporting principles, and principles for capacity enhancement and collaborative partnerships (Amatul Haq, Fauzia, & Khoirunnisa, 2019). These four main principles are broadly oriented towards sustainable development, and for this purpose, follow-up actions are required in the form of regulations related to specific sustainable financial system instruments, known as thematic bonds. Consequently, social bonds, as one of the sustainable financial system instruments, are issued in capital markets to raise financing for projects and activities related to a specific theme, such as climate change, education, housing, ocean and marine conservation, and the Sustainable Development Goals. Thus, the intended sustainable financial instruments include environmentally-focused bonds, social bonds, sustainability bonds, and sustainability linked bonds (Kayaalp, 2022).

From this, it can be seen that the concept of the SDGs also influences the financial industry, which develops the concept of a sustainable financial system. One of the components formulated within a sustainable financial system is the roadmap for finance, where the OJK, as the financial services authority in Indonesia, must formulate a work program known as the sustainable finance framework (OJK, 2015).

In response to this new paradigm, the Indonesian Government, through the Financial Services Authority (OJK) as the regulatory authority in the capital market sector, has issued OJK Regulation No.

51/2017 on the Implementation of Sustainable Finance for Financial Services, Issuers, and Public Companies ("OJK 51/2017"). The background for issuing OJK 51/2017 itself is to realize sustainable development that can maintain economic stability and be inclusive, requiring a national economic system that prioritizes harmony between economic, social, and environmental aspects. Considering this, it is deemed necessary to follow up with specific and binding regulations for all financial service institutions, issuers, and public companies. The more specific regulations referred to here include provisions related to social bonds, which are regulated under OJK Regulation No. 18 of 2023 concerning the Issuance and Requirements of Debt Securities and Sukuk Based on Sustainability ("OJK No. 18/2023") (Endarto, Indriastuty, & Mardiana, 2025).

POJK No. 18 of 2023 is a regulation that replaces the Financial Services Authority Regulation Number 60 of 2017 concerning the Issuance and Requirements of Environmentally Friendly Debt Securities (Green Bond). The regulation of POJK No. 18 of 2023 aims to realize sustainable development while maintaining the stability of the national economy by prioritizing harmony between economic, environmental, and social sustainability aspects. In POJK No. 18 of 2023, the procedures for issuing debt securities instruments in the capital market, such as green bonds, social bonds, sustainable bonds, and sustainability-linked bonds, are regulated. Based on Article 1 (4) of POJK No. 18 of 2023, a social bond is defined as a debt-based security whose issuance proceeds are used to finance or refinance business activities with a social perspective. Furthermore, based on Article 1 (11), business activities with a social perspective are defined as business activities aimed at mitigating social problems and/or providing benefits to the target population.

Based on the previous explanation, it is very reasonable that those who aim to realize social and economic welfare, in its constitution and born from a collectivist cultural background, have social bond regulations that align with the principles of the constitution applicable in Indonesia (Indriastuty & Fithri, 2024). From this perspective, it can be asserted that social bonds are financing instruments aligned with the socio economic concept based on collective culture and the principles enshrined in the Indonesian constitution, particularly those related to their primary objective, which is to realize social economic welfare.

Synchronization of social bond settings with the affordable housing program

The effort of legal development, in reality, must be carried out continuously by referring to the paradigm of contemporary change. However, in conducting legal development, attention must also be paid to the national legal system. The rationale behind this thought can be referred to as stated by Syamsudin, who asserts that law is part of a system within a complexity of elements formed into a unified interaction (process), where each element is bound within a unified relation and depends on one another (interdependence of its parts). This complex unity of elements constitutes a larger whole, which encompasses all its component elements (the whole is more than the sum of its parts), where the whole determines the characteristics of each of its component fragments (the whole determines the nature of its parts). However, it is worth considering that the entirety cannot be comprehended if it is separated or understood in isolation from the whole (the parts cannot be understood if considered in isolation from the whole), because the parts move dynamically either independently or collectively within the whole system (Dr. Rahman Syamsuddin 2019). Furthermore, Syamsuddin also presents the view that a system is a type of unit constructed from its system components, which interact functionally with one another to achieve the system's objectives. The law itself is not merely an aggregation or summation of rules that each stand alone. The significance of a legal regulation lies in its systematic relationship with other legal rules. Law is a system, which means that law is an order, and it constitutes an integral unity consisting of interconnected parts that are interrelated with one another. In other words, a legal system is a unity composed of elements that have interrelations and work together to achieve the objectives of that unity (Indriastuty & Fithri, 2024).

However, in reality, it is found that the development of law often occurs in a partial and sectoral manner. Partial here means that there is no connection between one regulation and another, or in other words, a regulation is not integrated as part of other regulations. This causes difficulties in the comprehensive implementation of a legal system.

Sectoral regulations, on the other hand, are regulations issued based on specific groups or sectors, such as regulations implemented by each agency on a sectoral basis. Sectoral regulation can lead to potential inconsistencies between one regulation and another. Similarly, in relation to affordable housing, until now the financing concept has been predominantly dominated by government subsidies. However, the direct use of social bonds as a financing instrument has not yet been observed.

For this reason, synchronization of regulations related to affordable housing with the regulation of social bond financing instruments is required. As previously explained, social bonds are a type of

sustainable financial instrument issued in the capital market to raise financing for projects and activities related to a specific theme, such as housing.

The synchronization in question aims to examine the conformity and harmony with statutory regulations based on the systematization of positive law, namely between higher and lower laws and regulations (Putri & Utomo, 2021). Several models of legal synchronization have been studied in various fields of law to realize conformity and harmony with statutory regulation (Endarto, Hadi, & Fithri, 2022). Unlike synchronization, harmonization is used to examine the conformity between laws and regulations horizontally or at the same level within the systematization of positive law. In connection with this theory, synchronization and harmonization are carried out between POJK regulations related to green bond regulation in Indonesia and regulations related to the affordable housing program.

The synchronization model can be conducted through both horizontal synchronization, which involves aligning laws and regulations with other regulations of the same hierarchical level, and vertical synchronization, which pertains to the conformity between a statute and other regulations at higher hierarchical levels. The synchronization process is an effort to maintain the consistency of rules and regulations based on their hierarchical structure. In relation to this, the regulation concerning the POJK on social bonds and rules associated with the affordable housing program requires synchronization to be implemented in accordance with the main affordable housing programs.

Through the harmonization of these laws, innovations in financing instruments for housing development have been identified, which are necessary to support the affordable housing program. These are regulated in several regulations, namely Government Regulation Number 21 of 2024 concerning Amendments to Government Regulation Number 25 of 2020 on the Implementation of People's Housing Savings, Minister of Public Works and Public Housing Regulation Number 7 of 2022 concerning the Implementation of Housing Construction Assistance and Provision of Special Housing, and Government Regulation Number 12 of 2021 concerning the Governance and Implementation of Subsidized Housing Programs.

CONCLUSION

As an effort to fulfill Goal 11 of the SDGs, namely to make cities and human settlements inclusive and sustainable, particularly in meeting the need for affordable housing, a financing system that is not excessively large is required, and this cannot be solely reliant on subsidized housing assistance as regulated in Government Regulation Number 21 of 2024 concerning Amendments to Government Regulation Number 25 of 2020 on the Organization of People's Housing Savings, Minister of Public Works and Public Housing Regulation Number 7 of 2022 on the Implementation of Housing Development Assistance and the Provision of Special Housing, and Government Regulation Number 12 of 2021 on Governance and Implementation of the Subsidized Housing Program.

Social bonds as a sustainable finance instrument in Indonesia are ideally used as a financing instrument for affordable housing. However, to realize this, synchronization of regulations related to social bonds with regulations on affordable housing financing in Indonesia is required. The synchronization process is an effort to maintain the consistency of rules and regulations based on their hierarchy. In this context, the regulations between the OJK social bonds and rules related to the affordable housing program require synchronization to be effectively implemented within the main affordable housing programs.

ACKNOWLEDGMENTS

This research supported by Higher Education Service Agency VII, The Directorate of Research and Community Service, Directorate General Research and Development, Ministry Higher Education, Science and Technology, for funding the Magister Thesis Research Scheme in 2025 (grant number: 009/LL7/DT.05.00/PL /2025, May, 28, 2025 and 128/C3/DT.05.00/PL/2025, May, 28, 2025).

REFERENCES

- Amatul Haq, N., Fauzia, A. S., & Khoirunnisa, A. P. (2019). Promoting Sustainable Financial System in Indonesia Towards Sri-Kehati Index. *SSRN Electronic Journal*.
- BBT. (2025). Badan Bank Tanah Teken MoU dengan BAZNAS, Siap Bangun Masjid hingga Pondok Pesantren. *Badan Bank Tanah*. Retrieved November 10, 2025, from <https://banktanah.id/badan-bank-tanah-teken-mou-dengan-baznas-siap-bangun-masjid-hingga-pondok-pesantren/>
- Endarto, B., Hadi, F., & Fithri, N. H. (2022). Politik hukum green bond di indonesia the politic of law on green bond in indonesia. *Bina Hukum Lingkungan*, 7(1), 1–21.
- Endarto, B., Indriastuty, D. E., & Mardiana, F. (2025). Legal transplantation of blue bond regulation in Indonesia. *Environmental Development*, 53, 101118. Retrieved from

- <https://www.sciencedirect.com/science/article/pii/S2211464524001568>
- Endarto, B., Taufiqurrahman, & Mardiana, F. (2024). The Urgent Need for Blue Bond Regulation in Indonesia. *Juridical Tribune*, 530–546. Retrieved from <https://www.tribunajuridica.eu/arihiva/y14v4/1.pdf>
- Hayati, N., Yulianto, E., & . S. (2020). Peranan Keuangan Berkelanjutan Pada Industri Perbankan Dalam Mendukung Sustainable Development Goals. *Jurnal Akuntansi Bisnis dan Ekonomi*, 6(1), 1633–1652.
- Hutabarat, L. F. (2022). *Pertumbuhan Hijau Berkelanjutan bagi Indonesia di Forum Internasional. Badan Strategi Kebijakan Luar Negeri: Policy Brief* (Vol. 7).
- Indonesia, P. R. (2017). Peraturan Presiden Republik Indonesia Nomor 59 Tahun 2017 Tentang Pelaksanaan Pencapaian Tujuan Pembangunan Berkelanjutan.
- Indriastuty, D. E., & Fithri, N. H. (2024). Promotion of Sustainable Social Bonds Base on Indonesia's Constitutional Perspective. *Jurnal Penelitian Hukum De Jure*, 24(3), 265.
- Irhamasyah, F. (2019). Sustainable Development Goals (SDGs) dan Dampaknya Bagi Ketahanan Nasional Dampaknya Bagi Ketahanan Nasional. *Jurnal Kajian LEMHANNAS RI*, 38, 45–54.
- Irwansyah. (2022). *Penelitian Hukum, Pilihan Metode & Praktik Penulisan Artikel*. (A. Yunus, Ed.). Yogyakarta: Mirra Buana Media.
- Kayaalp, B. T. (2022). Sovereign Green, Social, and Sustainability Bonds Set to Grow as Emerging Markets Focus on Sustainability. *World Bank Group*. Retrieved July 24, 2025, from <https://www.worldbank.org/en/news/press-release/2022/11/07/sovereign-green-social-and-sustainability-bonds-set-to-grow-as-emerging-markets-focus-on-sustainability>
- Marzuki, P. M. (2019). *Penelitian Hukum Edisi Revisi Cet-II*. Jakarta: Kencana Prenada Media Group.
- OJK. (2015). Roadmap Keuangan Berkelanjutan di Indonesia 2015-2019. *Otoritas Jasa Keuangan*, 1–40.
- Perkins, K. M., Kurtiş, T., & Velazquez, L. (2022). Progress Toward the Sustainable Development Goals. *International Perspectives in Psychology*, 11(3), 197–205.
- Putri, L. E., & Utomo, S. L. (2021). Preferen Dalam Proses Konstitusional Indonesia Yakni Undang-Undang Dasar Republik Indonesia Tahun. *Jurnal Penegakan Hukum Indonesia (JPHI)*, 2(1).
- Surabaya, B. (2024). MENUJU ZERO BACKLOG HUNIAN MELALUI ToT PENGHUNIAN DAN PENGELOLAAN RUSUN. *Balai Pengembangan Kompetensi PU Wilayah VI Surabaya*. Retrieved July 24, 2025, from <https://bpsdm.pu.go.id/webbalaiwil6/detailpost/menuju-zero-backlog-hunian-melalui-tot-penghunian-dan-pengelolaan-rusun>