Constitutional_Study_of_the_Regulation_of_Social_Bond_in_Indonesia

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Constitutional Study of the Regulation of Social Bond in Indonesia

Full Paper

Abstract

This article is the result of research that aims to find arguments and constitutional rationality related to the regulation of social bonds together with green bonds, sustainable bonds, and bonds linked to sustainability, social bonds are among the themed bonds available in the capital market, whose existence is regulated in POJK No. 18 of 2023. The preparation of POJK 18/2023 refers to the standards for issuing debt securities based on sustainability issued by The International Capital Market (ICMA) and the ASEAN Social Bond Standards issued by the ASEAN Capital Markets Forum (ACMF). POJK 18/2023 as a sub-system of the legal system in Indonesia besides referring to the issuance standards prepared by the constitution, which is crafted as the highest agreement and serves as a legally enforceable foundation for the laws and regulations below, should ideally be cited by international organizations it. The results of the study found juridical arguments and rationality where as a country that is oriented to realize a social welfare state in its constitution and is born from the culture of its collectivist society, the regulation of social bonds is in line with the constitutional principles that apply in Indonesia.

Keywords: Constitutional; Regulation; Social Bond.

1. Introduction

The Government of Indonesia through the OJK as the authority in the capital market sector has issued POJK No.18 of 2023 concerning Issuance and Requirements of Debt Securities and Sustainability - Based Sukuk, which replaces Financial Services Authority Regulation No. 60 of 2017 concerning the Issuance and Requirements Environmentally Friendly Debt Securities (Green Bond). POJK Regulation No. 18 of 2023 intends to realize sustainable development and be able maintain national economic stability that prioritizes harmony between sustainable economic, environmental and social aspects. One of the newly regulated capital market instruments is social bonds.

Based on Article 1 (4) of POJK No. 18 of 2023, what is meant by social bond is a debt security whose proceeds are used for financing or refinancing socially oriented business activities. Furthermore, based on Article 1 (11), what is mean by socially oriented business activity is business activity that goal is to mitigate social problems and/or provide benefits to the target population. With the formulation of social bond regulations, it complements other thematic bond instruments in the capital market such as green bonds, sustainable bonds and sustainability-linked bonds.

Not so long after the issuance of POJK No. 18 of 2023, several companies in 2023 have issued social bonds. The first is PT Bank KB Bukopin Tbk in collaboration with the International Finance Corporation World Bank the private sector bank in Indonesia has released its inaugural social bond. The social bond issuance is dedicated to funding social initiatives that focus on handling the socio-economic impacts of COVID-19 and financing in social segments such as Micro, Small Medium Enterprises (SME's), affordable change, healthcare, education and infrastructure. Furthermore, PT Sarana Multigriya Fimansial (SMF), supported by The Asean Development Bank (ADB), issued a social bond instrument worth 8 trillion which will be used to support government-subsidized Home Ownership Loans (KPR) for low-income people. This stems from the shortage of home ownership (backlog) in Indonesia which has reached 12.7 million. From the two companies that issued social bonds, it seems that the involvement of international institutions in the issuance process PT Bank KB Bukopin Tbk in

collaboration with the International Finance Corporation (IFC) World Bank and PT Sarana Multigriya Fimansial (SMF) supported by The Asean Development Bank (ADB).

This is very reasonable because if it is viewed from the general explanation of POJK 18/2023, the issuance of social bonds in Indonesia refers to the standards for issuing debt securities based on sustainability published by ICMA. In relatio ocial bonds, ICMA issued voluntary guidelines for Issuing Social Bond. In addition to ICMA, ASEAN Capital Markets Forum (ACMF) also issued ASEAN Social Bond Standards. Although it is voluntary, it has been implemented and has become a standard for social bond issuance in several countries including Indonesia.

However, on the other hand, there are no regulatory considerations both from a theoretical and constitutional point of view, which ideally should be the main consideration of each legislative regulation. As a result, research on the constitutional analysis of Indonesia's social bond securities regulation is crucial considering that the constitution is the source of legitimacy or the basis of authorization for the laws and regulations under it. In accordance with universal legal principles, laws and regulations whose levels are below the constitution, their enactment must not contradictory with higher laws. This is where the concept of hierarchy of laws and regulations is needed so that it is not in the contrary with regulations that are hierarchically higher above it or even the highest hierarchy such as the constitution.

The issue of constitutional studies on the regulation of social relationships has not been extensively explored, according to the findings of a search for research conducted in a number of different countries. Even though research on social ties has been done from a variety of angles. The first study was conducted by Diletta Lenzi, who studied Corporate social bonds: A legal analysis. In a legal perspective, Lenzi emphasizes the risk of social-washing in the issuance of social bonds. In addition, Lenzi identifies the implicit legal" Achilles heels" of social bonds and offers implicit legal remedies to guarantee that issuers and heirs carry out their scores to achieve social impact. Considering the ongoing work at the European Union position in term of social invention and sustainable finance, it would be a misplaced occasion were the EU's interest in sustainable finance to be limited to green fiscal products, leaving social bonds out of the debate. In the same way, it seems necessary to clarify the relationship between social impact and environmental impact.

Second, in his paper Impact Investing from a Human Rights Perspective: Social Bonds for Sustainable Development, Stephen Park SK, provides the view that a framework is needed to evaluate human rights factors as an impact of investing in social bonds. This composition punctuate the integral part of the global fiscal requests in enabling the fulfilment of sustainable development and the consummation of mortal right bedded therein. Due to the size of their means and their sheer number, institutional investors apply considerable influence over commercial conduct and in certain cases, over state in colorful surrounds. By analysing the incipient yet fleetly growing social bond request, this composition shows how impact investing can further sustainable development in a manner that maximizes the consummation of mortal rights. From a conventional perspective, this composition underscores the critical need for the mortal rights community to engage with fiscal request actors as new and innovative instruments and strategies crop . This paper reveals that current norms and practices don't adequately take into account the mortal rights impacts of social bonds. Grounded on these compliances, the paper recommends reforms to the social bond request that could ameliorate investor valuations, external guarantees, and influence to maximize impact.

The third study by Sophie Peeters, Maud Schmitt, and Ariane Volk, discusses social bonds the context mitigating economic social effects COVID-19 crisis. Accordi to report, there was already more interest in the social bond market prior to COVID-19 pandemic. The current global health crisis has brought attention to the extent to which social bonds are helpful tools that businesses can utilize to support their investment theses, business models, and projects. Additionally, more and more novice

issuers are releasing social bonds in reaction to emergencies. Finding a suitable number of bankable projects and determining how bond profits will be monitored for impact are only two of the problems that lie ahead. Ultimately, the social issues addressed in the emergency response to the crisis were and are critical to achieving the Sustainable Development Goals. As the world falls short of financing SGG's, social bond might be an opportunity to scale up. If so, the appeal of social bond issuances may well continue after the pandemic has subsided.

Fourth, Allessandro Rizzello and Abdellah Kablia in their paper entitled sustainable Fiscal hookups for the SDG's the case of social impact bonds. In this paper, an exploratory analysis of social impact bonds is handed in order to(i) understand how numerous instruments are suitable for involving sustainable profitable actors in SDG grounded hookups,(ii) determine the interplay between social impact bonds and SDG's. Grounded on the results, SIBs are completely biddable with SDG- grounded fiscal cooperation structures, and their armature shows a high degree of SDG investment readiness. This exploration is original because it takes SIB's analysis of new fiscal tools for achieving the SDGs and expands it into cooperation for the pretensions, which is at the center of SDG's 17. The paper fills the significant gap in the current exploration related to the issues of backing sustainable development and fiscal sector instruments on sustainability.

Fifth, an article written by Yuliya Yelnikova and Irina Golochalova with the theme social bonds as an instrument of responsible investment. The result of research dedicated to structuring social bonds as an instrument for responsible investment in the scientific sphere. As a tool for achieving social effect and impact on development, social bonds are understood empirically as a tool for public private partnerships. The review is based on an analysis of modern information and bibliometrics, and a discussion of the scientific trend features of their study in relation to SIP. In terms of scientific publications, social bonds became the most studied category during the second half of the 20th century, including social sciences, economics, econometrics, finance, accounting, and business. Based on meaningful clustering of social bond publications by keywords, most research on these bonds is associated with impact investment and social policy. This perspective of social bonds is new in scientific circles, and it is being considered alongside the concepts of sustainable development, green bonds, and corporate green bonds.

The six articles prepared by Juan David Gonzalez Ruiz et all, with the theme gender social bonds in the Latin American request. While global admeasurements of sustainable debt are adding, there's a deficit of exploration that allow for a better understanding of social bond admeasurements, particularly those with a gender focus, which are directly tied to achieving the SDGs. The study's findings revealed that gender social bonds have surfaced as a important fiscal medium in the sustainable finance geography, with an emphasis on promoting gender equivalency and closing the big gap. This study anatomized the gender social bond as a request that surfaced in the Latam region in 2019. This bond has been the catalyst for different enterprise to promote, through the development of fiscal products, the SDGs related to equity, particularly SDG 5 gender equivalency, SDG 10 decent work and profitable growth, SDG 9 assiduity, invention, and structure, and SDG 10 reduced inequality.

When compared to these six studies, this study has quite a fundamental difference, it can be seen that this article will examine more specific aspects of the regulation of social bonds from the perspective of the Indonesian Constitution. Thus, there is a novelty to this study when compared to previous studies. The results of this study are expected to provide juridical arguments related to the constitutional basis for the regulation of social bonds in Indonesia.

2. Method

This study employs a normative legal research methodology with an exploratory focus, i.e., it investigates a novel phenomena that has not been extensively or infrequently studied previously. Social bond is a new study the field of financial law and the Indonesian Capital Market. The approach used in this research is a statute approach that will study the object of research in the form of norms regulated

in the legislation which is applied in Indonesia a several conventions or international treaties and agreements among others, Presidential Regulation No of 2017 on the Implementation of Achieving the Sustainable Development Goals, POJK No. 18 of 2023 on the Issuance and Requirements of Debt Securities and Sukuk Based on Sustainable Asset-Backed S urities, by linking the principles in the Guidelines for Issuing Social Bond issued by ICMA and the ASEAN Social Bond Standards issued by the ASEAN Capital Markets Forum (ACMF).

This research also uses a constitutional approach that will examine the object of this research in relation to the constitution as the highest law in a country, to explore the basic principles relevant to this research The constitutional approach is used to test and explore the regulatory arguments in POJK No. 18 of 2023 concerning the Issuance nd Requirements of Debt Securities and Debt Securities-Based Sukuk with the principles contained the 1945 Constitution of the Republic of Indonesia, especially those related to economic justice and social justice.

The key legal materials examined i his study are international treaties that Indonesia has ratified, as well as laws and regulations. W le secondary legal materials in form of legal journals and textbooks related to the topic in this study. The collection of legal materials is obtained through literature study. All legal materials are selected, described and analyzed to be further linked to laws and regulations and formulated systematically in accordance with the subject matter through the approaches that are used in this study.

3. Findings and Discussion

There is a clear basic distinction between this study and the others; this article will look at specific issues of social bond regulation from the Indonesian Constitution's point of view. The expected results of this study are supposed to offer legal arguments for the constitutional basis for social bond regulation in Indonesia. In order to achieve these goals, this article will be divided into two s discussions. The first will focus on the characteristics of social bond regulations and how they relate to the attainment of the Sustainable Development Goals, where in this section will examine the distinctive characteristics of green bonds in comparison to other bond instruments. In addition, the connection between Indonesia's social bond regulations and the accomplishment of the SDGs will be discussed. Next, as an attempt to achieve social justice and welfare, social bond regulation is examined in the second sub-chapter. Where the Indonesian state's primary goals, as outlined in the constitution, are social justice and welfare. Therefore, the topic being studied is whether social bond regulation and the constitutionally mandated pursuit of social justice and welfare are related, in addition to being focused on attaining the SDGs.

3.1. Characteristics of Social Bond Regulations and Their Relationship in Achieving SDG's

If looking at the development of global social bond instruments, it began recognized well developed during the Covid-19 pandemic, where at that time there was a lot of need for alternative funding to cope with the outbreak, but on the other hand, the impact of the pandemic was that economic and social growth that had decreased dramatically. It can be seen from several studies that the issuance of social bonds is ded both to meet the funding needs of the impact of declining economic conditions and social effects due to the crisis caused by the CO D-19 pandemic it self. In addition, the issuance of social bonds is also oriented towards fulfilling the achievement of Sustainable Development Goals.

It has become a global commitment, that dev opment in various countries has referred to the SDGs which is a long-term world program initiated by the United Nations in order to optimize all the potential and resources owned each country. The SDGs have 17 goals and 169 underlaying targets with the strategic plan being "to end extreme poverty, fight inequality and injustice, and protect our planet". The alistic goals formulated and stipulated in the SDG's serve as guidelines for global development to end extreme poverty, fight inequality and injustice, and protect the sustainability of the earth.

The Indonesian government is also committed and participated in efforts to succeed or achieve the SDGs, with the enactment of Presidential Regulation Number 59 of 2017 concerning the Implementation of Achieving the Sustainable Development Goals. Based on the SDG Index Sco[18], In 2022, Indonesia placed 97th out of 165 countries, indicating a rise in the country's attainment of the Sustainable Development Goals. In its journey, the SDG's concept also affects the financial industry which [11]equired to develop the concept of a sustainable financial system. One of the things formulated in the sustainable financial system is the roadmap for finance, where [11]JK as the financial services authority in Indonesia, must formulate a work program known as the sustainable fi[11]ce framework. The Roadmap for Sustainable Finance includes four main principles, namely, risk management principles, sustainable priority economic sector development principles, environmental and social governance and reporting principles and capacity enhancement and collaborative partnership principles.

The four main principles are largely oriented towards sustainable development, and for this reason, a follow-up is needed in the form of regulations related to a more specific sustainable financial system instrument known a[4] thematic bonds. The definition of thematic bonds refers to the opinion of Banu Turhan Kayaalp that green, social, sustainability, and sustainability-linked bonds are examples of sustainable financial instruments. These are capital-raising fixed-income securities that are issued to generate funds for initiatives and endeavors that are associated with a particular topic, like ocean and marine conservation, education, housing, climate change, and the Sustainable Development Goals. From this understanding, it can be seen that social bonds are one part of thematic bonds which, according to Sidorenko, collect money to support initiatives tha[4]hould have a beneficial social impact, assisting issuers in addressing social injustices. inexpensive basic infrastructure (clean drinking water, energy, and sanitation); access to financial, health, and educational services; inexpensive housing; creation of jobs; and food security are some of the social project categories.

Since social bonds became a [10]pular capital market instrument, a number of non-bank companies have issued them. For example, Asian Development Bank (ADB) and the [10]redit Guarantee and Investment Facility (CGIF) assisted Thailand's Thaifoods Group in launching first social bond issued by a non-financial corporate issuer under the Association of Southeast Asian Nations (ASEAN) social bond guidelines. Thaifoods Group will utilize the bond's profits to fund initiatives and assets linked to the development of jobs and the advancement of local economies through loans to its subsidiaries. This deal will be a useful example of how private businesses may support social sustainability.

The success story of Thailand's Thaifoods Group as a private company that issued social bonds, in 2023 was followed by an Indonesian company, PT SMF, a company engaged in secondary financing. In the issuance, PT SMF has successfully raised worth 500 billion rupiahs through social bonds and worth 200 [41]llion rupiahs through social sukuk. This innovative transaction shows that ADB is committed to promoting inclusive social development in Indonesia, and to supporting the development of sustainable capital markets as well. The two companies that have issued social bonds further emphasize the future orientation of the capital market towards sustainable finance with the development of capital market instruments that have a sustainable character as stated in the Strengthening Ecosystem for Sustainable Finance in ASEAN+3 document.

Social bond as one of the thematic b[16]ds has specific characteristics, namely both from the aspect of use of proceeds, or equivalent amount, will be exclusively applied to finance or re-finance in part or in full new a[7] or which are aligned with the four core components of the Social Bond Principles. Furthermore, the four core components for alignment with the Social Bond Principles are Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting and Social Impact.[7]

In addition to the Social Bond Principles published by ICMA, the ASEAN Capital Markets Forum (ACMF), is a forum which comprises market regulators from ASEAN countries whose primary task is to promote greater integration and conne[22]ity of regional markets. The ACMF also issued the ASEAN Social Bond Standards which stipulates the four components of the Social Bond Principle, namely the use of proceeds, process for project evaluation and selection management of proceeds, and reporting. The distinguishing component of social bond issuance from the two organizations lies in the social bond impact which is only found in the regulations issued by ICMA. Thus, it should be noted that the success of social bond issuance is the existence of social impact achievement which is the goal-oriented of social

bond issuance. Of course, this must be the main parameter besides other principles of social bond issuance. Lenzi went on to say that there are three key differences that could help various kinds of social ties form. Social bond categories may primarily rely on:

1. Who is in charge of achieving social impact (issuers of beneficiaries), and on what basis legal;
2. Definition given to the achievement of the social impact; and

Investor remuneration.

From previous description, it can be seen that the regulation of social bonds in Indonesia is the result of accepting or adopting from a set of rules, or standards that have been agreed in international conventions. In general, the application to the regulation of a particular country is commonly referred to a form of legal harmonization or unification. The form of legal instruments that can be used as unification or harmonization can be in the form of international conventions and model laws. What is meant by model law here is the work produced by international organizations in certain legal fields that can be used as a reference for legislation in each country to create or modify its national legislation.

If it is viewed from the aspect of the application of legal subjects, international conventions between states and states are subject to the Vienna Convention on the Law of Treaties (1969 Vienna Convention). However, if the legal subject is between international organizations or between international organizations and internal organizations, comply to the Vienna Convention on the Law of Treaties Between States and International Organizations or Between and International Organization (1986 Vienna Convention). In its development, it shows quite progressive thinking, which is contained in the 1986 Vienna Convention where in the convention the subjects of international law are no longer limited to the states only, but international organizations are also considered as subjects of law. This is expressly formulated in the preamble of the 1986 Winna Convention, "... international organizations are parties as subjects of international law distinct from states". Referring to this provision, international organizations such as ICMA and the ASEAN Capital Markets Forum can be considered as legal subjects. Therefore, both the Social Bond Principles issued by ICMA and the ASEAN Social Bond Standards formulated by ACMF can be adopted through means of harmonization and unification.

The concept of legal harmonization is processes in order to avoid conflict and produce balance. Harmonization is more directed at changing existing rules so that harmony arises. Harmonization can be achieved through international agreements among states or through the mandate of supranational institutions. The main purpose of legal harmonization is to seek uniformity or common ground from the fundamental principles of various existing legal systems.

In the meanwhile, unification can be accomplished across nations through international agreements, tradition, international practice, or international treaties. George A. Zaphiriou's definition, which reads as follows: "International unification means the adoption of an agreed-upon set of rules, standards, or guidelines for application to transnational transactions," is cited in this definition. This was accomplished in international trade by custom, international practice, international agreement made between nations through an international convention, or international agreement within the framework of a professional organization". The scope of unification includes the elimination and replacement of an existing legal system with a new legal system. What is interesting is Taufiqurahman's view which states that the concept of unification can also be carried out through actions toward the issuance of legal rules that become rules by non-state actors.

From this view, the International Capital Market (ICMA) and the ASEAN Development Bank (ADB) as non-state actors, the regulations developed are also objects of legal unification in their member countries. Thus, as organizations categorized as non-state actors, both the voluntary guidelines for Issuing Social Bond issued by the International Capital Market (ICMA) and the ASEAN Social Bond Standards issued and The Asean Development Bank (ADB) can be used as a reference for the regulation of POJK No. 18 of 2023.

Furthermore, SDGs-oriented development has become a juridical reference for development in Indonesia by being stipulated based on Presidential Regulation Number 59 of 2017 concerning the Implementation of Achieving Sustainable Development Goals. This is also the application of laws and regulations based on international treaties and/or conventions. Through the concept of SDG's, it also has an impact on the financial industry which is developed through the concept of sustainable financial

system. The relationship between the SDGs and the regulation of social bonds, which is part of the sustainable financial system, is in line with the main objectives of the SDGs, namely "to end extreme poverty, fight inequality and injustice, and protect our planet". In other words, the idealistic goal of global development to end extreme poverty, fight inequality and injustice, and protect the sustainability of the earth, one of whose implementations requires the concept of a sustainable financial system that can be realized through the development of social bond financing.

From the previous discussion, it can be explained that both the regulations regarding the implementation of achieving sustainable development goals based on Presidential Regulation No. 59 of 2017 and the regulations related to social bonds based on POJK No. 18 of 2023, are the result of legal harmonization of international practices based international treaties or international conventions. Harmonization is more directed at changing existing rules so that harmony arises and seek out uniformity or common ground from the fundamental principles of various existing legal systems. This is different from the concept of unification which is more directed towards the elimination and replacement of an existing legal system with a new legal system. However, it should be noted that the harmonization process must consider national interests. This means that legal harmonization is a necessity but must also pay attention to national interests that must be protected and pursued in harmony with the constitution which is the source of legitimacy or the basis of authorization for the laws and regulations under it.

3.2. Social Bond Regulation as an Effort to Realize Social Justice and Welfare

Every country aims to achiev e awelfare state. This can be achieved if the state is able to bring social justice to its citizens. In terms of a socially just society, John Rawls advocates two main principles: (1) equalityin the enjoyment of liberty (this concept entails compliance) and (2) affirmative action (in effect, action for the"most disadvantaged"). This is accomplished by providing opportunities for the poor and by making the distribution of wealth relatively larger for each larger piece of the economic pie. "From John Rawls' view, social justice can be interpretedas the state's guarantee of social equality in the enjoyment of freedom and special treatment for the most disadvantaged groups. Itis also expressed that social justice is achieved by ensuring that the poorhaveequal opportunities anda relatively larger share of wealth and income when the economic pie is larger. Furthermore, Peter Corning offers Three normative policy principles—equality, equity, and reciprocity—that are combined and balanced to achieve the goals of social justice. Describes the three guiding principles:

1. Each person must receive goods and services based on their basic requirements; (equality).
2. Anything left over after meeting our fundamental requirements has to be allocated based on "merit"; (equity).
3. In exchange, each of us has a responsibility to provide a proportionate, ability-based contribution to the communal survival endeavor (reciprocity).

To realize a just social life, ideally the three principles offered by Peter Corning should be played in a balanced manner as an effort to realize justice. A just social structure is referred to, by Plato, as social justice. And social justice is the main key to achieving a harmonious and stable social structure.

However, the development of the social welfare state concept must pay attention to the culture of the community as viewed by Harry C. Triandis who states that People who live in collectivist cultures perceive themselves as a part of their in-group, which offers them a secure social environment that they must learn to adapt to. Individualists, on the other hand, believe that the social environment is flexible and the self is stable, thus they often mold it to suit their personalities. Referring to this view, Indonesian society is more likely to be born from a collectivist culture, and not a society with an individualist culture.

In the perspective of the constitution in Indonesia, Jimly Assiddiqie outlines that as a state of law, Indonesia not only adheres to the concept of welfare state, but its constitution is more likely to carry the spirit of social welfare state that becomes the soul or spirit of all constitutional policies regarding the economy. Especially the results of the 2nd amendment to the NRI Constitution in 2002 which combined Article 33 with Article 34 and changed it into a Chapter on 'National Economy and Social Welfare'. Thus, it can be viewed explicitly contains ideas not only about social welfare (social welfare) but can

be said to be the constitution of the social welfare state (the constitution of social welfare state) or can also be called the social welfare constitution (social welfare constitution) as well as the economic constitution (economic constitution). In the socio-economic context as a mea of realizing social welfare and the implementation of the social welfare constitution, it must refer to the value of Pancasila as Indonesia's Weltanscha g (Philosophische-Grondslag), where the economic syste n Indonesia is based on people-center economy based on coopera vism and kinship. Furthermore, Aurora Jillena Meliala, Jonathan Andre Woods in their study found that Indonesia's inherent economic system is yet to be implemented in the national legal life and dramatically impacts the nation's notions of prosperity.

In its relevance to this study and referring to some of these views, there seems to be a contradiction where on the one hand, the capital market is an individualist and liberalist product, but on the other hand, it is encouraged to provide space for aspects of collectivism. When we face these two conflicting choices, we should look at the 2030 Agenda. Where the 2030 Agenda sustainable development concept emphasizes 5 elements, namely:

1. Individuals. We're committed to eradicating hunger and poverty in all of its instantiations and to guaranteeing that everyone has access to a healthy, staid, and indifferent terrain in which to fulfill their implicit;
2. E rth. To ensure that the earth meets the needs of both current and future generations, we are committed to preventing environmental degradation. This includes responsibly managing the earth's natural resources, consuming and producing in a sustainable manner, and acting quickly to combat climate change;
3. Wealth. We are devoted to ensuring that everyone may live happy, prosperous lives and that developments in technology, society, and frugality are done in a way that respects the terrain;
4. Calm. We are committed to fostering societies that are inclusive, just, and free of violence and fear, because there c t be sustainable development without peace;
5. Collaboration. With the participation of all nations, all stakeholders, and all people, we are committed to reviving the Global Partnership for Sustainable Developmen nd mobilizing the resources necessary to carry out this Agenda. This partnership will be built on a foundation of strengthened global solidarity, with a special emphasis on the needs of the world's poorest and most vulnerable citizens.

Essentially, the SDGs are a development concept that upholds the continuous improvement of people's ec omic welfare, development that preserves the environment's quality, development that guarantees justice, and the application of governance that can uphold the improvement of people's quality of life from one generation o the next.

Therefore, social bonds are issued in capital to raise funds for projects and activities relating to a particular theme, such as ocean and marine conservation, education, housing, climate change, and the Sustainable Development Goals. Social bonds are one of the tools of the sustainable financial system. Thus, if we pay attention to global economic development, there is a clear dichotomy between people in collectivist culture and pe le in individualist culture. This means that the issuance of social bonds is not only profit-oriented, but social bonds raise funds for projects with expec positive social outcomes, helping issuers address social inequalities in line with the constitution of the Unitary State of the Republic of Indonesia which aims to realize social economic welfare.

4. Conclusion

From the previous discussion, there are the following conclusions, first, that the regulation of social bonds in Indonesia is through a process of legal harmonization of international practices either based on international treaties or international conventions oriented towards achieving sustainable development g s. Secondly, harmonization is an effort to achieve harmony and uniformity or the meeting point the Sustainable Development Goals that lead to the 2030 Agenda through the application of social bonds as an strument of a sustainable financial system that is in line with the principles that are fundamental in the 1945 Constitution of the Republic of Indonesia. Third, in

accordance with the purpose of its issuance, social bonds are not only profit-oriented, but for projects with expected positive social outcomes, helping issuers address social inequalities can be said to be in e with the concept of social economic welfare, which is a fundamental principle as mandated by article 33 with article 34 in the 1945 Constitution of the Republic of Indonesia. Referring to the previous conclusion, as an effort to carry out the constitutional mandate in terms of realizing social economic welfare, it should be necessary to accelerate social bond-based ancing in development in Indonesia. However, it is also necessary to strengthen the application of social bond principles use of proceeds, process for project evaluation and selection, management of proceeds, reporting and social impact, in order to minimize the potential for social washing.

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