

**A Review of Indonesia’s Commitment to Achieving  
the Sustainable Development Goals (SDG) through SDG Bonds Issued  
by the Government of the Republic of Indonesia**

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Received: December 9<sup>th</sup>, 2025; Revised: January 13<sup>th</sup>, 2026; Accepted: January 13<sup>th</sup>, 2026.

Available online: June 21<sup>st</sup>, 2026, Published regularly: June 2026.

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**Abstract**

The study is titled “A Review of Indonesia’s Commitment to Achieving the Sustainable Development Goals (SDG) through SDG Bonds Issued by the Government of the Republic of Indonesia.” Climate change is a global issue that threatens sustainable development and serves as a critical component in achieving the SDG and the goals of the Paris Agreement. Given the substantial financing needs of the SDG, SDG Bonds have emerged as an innovative financing instrument used by the government to support sustainable funding. This research aims to examine Indonesia’s commitment to achieving the SDG, analyze the opportunities and challenges, and review the impact of SDG Bond allocations during the 2021–2023 period. The study employs a qualitative-descriptive method using primary data from interviews with three informants and secondary data derived from official government reports and relevant literature. The findings indicate that Indonesia demonstrates a strong commitment to the SDG. Opportunities arise from abundant natural resources, while key challenges include significant financing requirements and the need for stronger cross-sector collaboration. SDG Bonds are proven to be effective in financing six SDG targets.

**Keywords:** SDG bonds, sustainable development goals, sustainable finance, green finance

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### **Abstrak**

*Penelitian ini berjudul “Tinjauan Komitmen Indonesia dalam Mencapai Tujuan Sustainable Development Goals (SDG) melalui SDG Bonds yang Diterbitkan oleh Pemerintah Republik Indonesia.” Perubahan iklim merupakan isu global yang mengancam pembangunan berkelanjutan dan menjadi komponen penting dalam pencapaian SDG serta tujuan Paris Agreement. Seiring dengan besarnya kebutuhan pembiayaan SDG, SDG Bonds hadir sebagai instrumen pembiayaan inovatif yang digunakan pemerintah untuk mendukung pendanaan berkelanjutan. Penelitian ini bertujuan untuk mengkaji komitmen Indonesia dalam mencapai SDG, menganalisis peluang dan tantangan yang dihadapi, serta menelaah dampak alokasi SDG Bonds selama periode 2021–2023. Metode penelitian yang digunakan adalah kualitatif deskriptif dengan memanfaatkan data primer yang diperoleh melalui wawancara terhadap tiga informan serta data sekunder yang bersumber dari laporan resmi pemerintah dan literatur terkait. Hasil penelitian menunjukkan bahwa Indonesia memiliki komitmen yang kuat dalam pencapaian SDG. Peluang utama berasal dari kekayaan sumber daya alam, sementara tantangan utama meliputi kebutuhan pembiayaan yang besar dan perlunya penguatan kolaborasi lintas sektor. SDG Bonds terbukti efektif dalam mendukung pembiayaan enam target SDG.*

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### **INTRODUCTION**

Previous studies tend to focus on green bonds or sovereign thematic bonds from market, return, or partial environmental impact perspectives, this study provides a comprehensive analysis of Indonesia’s sovereign SDG Bonds. Specifically, it examines how the proceeds from SDG Bonds issuances are allocated to programs targeting the achievement of the SDGs, particularly in the post-COVID-19 context, when public financing needs increased and such instruments played a role in supporting economic recovery. In addition, this study analyzes the SDG Bonds framework, which is developed with reference to second-party opinions from international institutions and supported by transparent reporting mechanisms by the relevant authorities. To support SDG achievement, policies should strengthen local financing mechanisms such as green bonds, align carbon markets with sustainable policies, and encourage private investment in green projects (Ali, 2024).

Climate change has become a pressing global issue, as it has led to increasingly severe heat waves each year, with temperature increases projected to exceed 2°C. All countries must collaborate and take collective action (United Nations, 2021). Sustainable development has become a key global agenda that must be realized in the coming years. This effort is closely linked to the reduction of carbon footprints as a strategic measure to control the rise in global temperatures within safe limits,

thereby minimizing the risk of climate-related disasters, including the loss of small island states and coastal areas due to sea-level rise (Bachelet, M. J., Becchetti, L., & Manfredonia, 2019)

As part of the global effort to address climate change, on 25 September 2015 in New York, the United Nations (UN) officially adopted the document “Transforming Our World: the 2030 Agenda for Sustainable Development”, this landmark framework established 17 SDG and 169 targets, that have a broader, universal scope, applying to all countries, including developed economies (United Nations, 2025). The SDG were designed to address the shortcomings of the Millennium Development Goals (MDGs), were pioneered by developing countries with a focus on the social aspects of development, emphasizing poverty alleviation, hunger reduction, gender equality, and lowering infant mortality, and were also intended to be realized through global cooperation (Bayu & Novita, 2021)

In alignment with the SDG, global efforts to mitigate climate change were further reinforced at the 21st Conference of the Parties (COP 21), held on 12 December 2015 in Paris, which was attended by world leaders, including the then President of Indonesia, Joko Widodo (Cabinet Secretariat, 2016). The Paris Agreement entered into force on 4 November 2016 and has been approved or ratified by 195 countries, including Indonesia. Through this agreement, countries committed to collective action in addressing climate change with the shared objective of achieving a carbon-neutral world, or Net Zero Emissions (NZE). This commitment is reflected in Indonesia's participation in the 2015 Paris Agreement, under which the country pledged to help limit global temperature increases to well below 2°C and to pursue efforts to keep warming within 1.5°C above pre-industrial levels (Putri, Tristiyanto, & Davey 2021).

In 2024, Indonesia achieved 61.4% of the SDG indicators, with 143 out of 233 indicators successfully met (Bappenas, 2025). At the global level, Indonesia ranked 78th out of 195 countries in 2024, with a country score of 69.4 (Sustainable Development Solutions Network Report, 2024).

The COVID-19 pandemic has increased global SDG financing needs by approximately 70 percent, rising from USD 2.5 trillion to USD4.2 trillion per year. At the national level, pre-pandemic estimates indicate that Indonesia's total financing requirements to achieve the SDG by 2030 amounted to around IDR67,000 trillion, with a financing gap of approximately IDR14,000 trillion (about USD 1 trillion). In the post-pandemic period, financing needs are projected to nearly double to around IDR 122,000 trillion, while the financing gap is expected to widen to about IDR 24,000 trillion (approximately USD 1.7 trillion). These projections highlight the urgency of strengthening resource mobilization, financing innovation, and funding synergy to close the SDG financing gap by 2030 (Ministry of Finance, 2024)

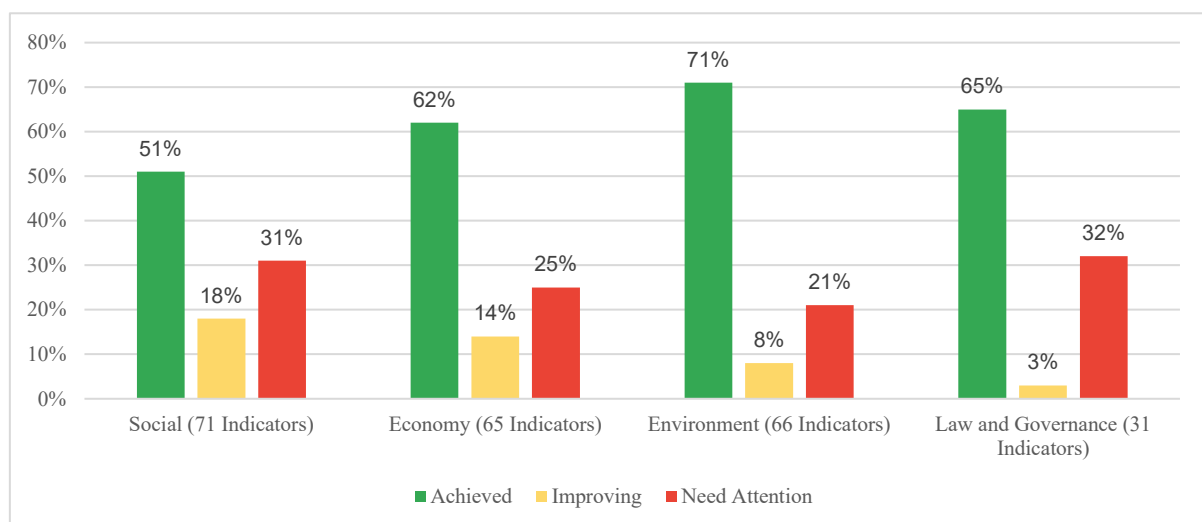
The state budget (APBN) alone is insufficient to finance the SDG, necessitating alternative financing mechanisms, one of which is environmental-based bonds such as Green Bonds, financial

instruments that allocate funds specifically to environmentally sustainable projects (Cendekiawan & Firmansyah, 2024). The COVID-19 pandemic not only affected Indonesia’s economic growth trajectory but also disrupted progress toward achieving the SDG (Irsyad, 2022).

One of the recent developments in corporate finance is the growing use of corporate green bonds as a financing instrument, whereby the proceeds are specifically allocated to support projects aimed at environmental protection and climate change mitigation, including renewable energy, green buildings, and resource conservation (Flammer, 2021).

The finance sector is increasingly seen as vital for accelerating the transition to sustainability and climate neutrality. One reason is the need to mobilise large amounts of private capital in order to meet the investments needs for achieving the climate targets of the Paris Agreement and SDG. Another reason is because of the finance sector’s role in allocating capital efficiently. This makes the finance sector a key arena for impacting what happens in economies broadly all over the world (Maltais & Nykvist, 2020).

To address the financing needs of the SDG, the Indonesian government issued SDG Bonds for the first time in 2021. These instruments were designed to finance sustainable development projects as well as support recovery efforts from the impacts of the COVID-19 pandemic. During the issuance period from 2021 to 2023, several SDG targets were financed, including SDG 4 (Quality Education), SDG 9 (Industry, Innovation, and Infrastructure), SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), SDG 2 (Zero Hunger), SDG 6 (Clean Water and Sanitation), and SDG 8 (Decent Work and Economic Growth) (DJPPR, 2024).



**Figure 1. Indonesia’s SDG Indicator Performance in 2024 Based on Four Pillars**

Source: Bappenas (2025), processed by the author (2025)

This figure illustrates Indonesia's SDG performance across four development pillars, showing uneven progress among economic, social, environmental, and governance dimensions. The results indicate that financing instruments such as SDG Bonds play a crucial role in accelerating underperforming pillars and supporting balanced SDG achievement.

The implementation of the SDG in Indonesia faces persistent challenges, including weak institutional coordination, regional disparities, limited financing, and low public awareness. The COVID-19 pandemic has further constrained progress, underscoring the need for stronger coordination between central and local governments, enhanced institutional capacity, and greater engagement of the private sector and society (Zen, Mageiasti, & Yulhendri, 2025).

The objectives of this study are to review Indonesia's commitment to achieving the SDGs through SDG Bonds issued by the Government of Indonesia, to analyze the opportunities and challenges in achieving the SDGs, particularly in relation to financing through SDG Bonds and to examine the impact of SDG Bond allocations on Indonesia's SDG achievements.

## **THEORETICAL FRAMEWORK**

### **Sustainable Finance Theory**

According to Schoenmaker and Schramade (2019) in their book "Principles of Sustainable Finance," sustainable finance integrates long-term social and environmental objectives into financial decision-making processes. They emphasize that financial markets have a responsibility not only to pursue risk–return considerations, but also to generate positive impact, thereby supporting the achievement of the SDG. The concept of sustainable finance incorporates ESG impacts, meaning that every financial decision should support environmentally friendly development and deliver social benefits, particularly in contributing to the achievement of the SDG targets.

To strengthen the ESG-based Financial Services System while expanding the development of sustainable financial market instruments, emphasizing the importance of synergy between the private sector and the government in supporting the achievement of the SDG (Prabowo, 2024)

### **Green Finance Theory**

In supporting sustainable economic growth, the concept of green finance plays a crucial role as it encourages transformative change. Green finance directs funding toward environmentally conscious and socially responsible projects, thereby contributing significantly to environmental preservation while simultaneously supporting the achievement of sustainable development objectives. The International Finance Corporation (IFC) in 2016 defined green finance as the provision of financial resources to support activities that generate positive environmental impacts. The concept of green finance has received increasing scholarly and policy attention, driven by the growing awareness of

the importance of sustainable economic development. Broadly defined, green finance refers to financial investments directed toward environmentally sustainable projects that contribute to reducing carbon emissions, including initiatives in renewable energy, energy efficiency, sustainable agriculture, and pollution mitigation (Chandran, R., & Chandran, S. C. M, 2024).

### **Triple Bottom Line Theory**

The Triple Bottom Line (TBL) theory was introduced by John Elkington in 1997 through his book “Cannibals with Forks: The Triple Bottom Line of Twentieth Century Business.” This concept emphasizes that companies should not focus solely on profit, but must also consider the social (people) and environmental (planet) impacts of their operations. Through this approach, firms can achieve a balance between economic performance, environmental protection, and the enhancement of social welfare. The Triple Bottom Line framework consists of three core dimensions: economic, environmental, and social. This theory aligns closely with the objectives of SDG Bonds, which are financial instruments designed not only to generate financial returns but also to contribute to SDG.

### **Sustainable Finance Disclosure by OJK**

The Financial Services Authority of Indonesia (Otoritas Jasa Keuangan/OJK), as the regulatory board overseeing the financial services sector, plays a crucial role in fully supporting the implementation of sustainable finance as well as the achievement of the SDG and Net Zero Emissions (NZE). To this end, OJK has issued and/or published three (3) OJK Regulations (POJK), three (3) guidelines, and one (1) roadmap related to sustainable finance, as outlined below:

1. POJK 51/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.

This regulation requires financial institutions to formulate a Sustainable Finance Action Plan (RAKB) and to submit sustainability reports on a regular basis. POJK 51/2017 serves as a foundational regulation in driving the transformation of the financial sector and supporting the achievement of national SDG targets (OJK, 2017).

2. Sustainable Finance Roadmap Phase II (2021–2025).

This roadmap is expected to serve as a fundamental framework for the Financial Services Sector and as a reference for relevant Ministries and Government Agencies in formulating various innovative financing initiatives (OJK, 2021).

3. POJK 14/2023 concerning Carbon Trading through the Carbon Exchange.

This regulation was issued as part of efforts to reduce Greenhouse Gas (GHG) emissions through the governance of carbon economic value (Nilai Ekonomi Karbon/NEK). This initiative is aligned with the objectives of the SDG, as revenues generated from carbon exchange trading can be utilized

to finance green projects (OJK, 2023).

4. POJK 18/2023 concerning the Issuance and Requirements of Debt Securities and/or Sukuk (EBUS/Green Bonds) Based on Sustainability.

This regulation aims to expand the regulatory scope with regard to the types of securities, sustainability themes, and mechanisms for the issuance of such securities (OJK, 2023).

5. Climate Risk Management and Scenario Analysis (CRMS).

This initiative represents a concrete effort to support the development of sustainable finance in Indonesia and serves as a policy instrument issued by OJK to enhance climate change risk management within the banking sector (OJK, 2024).

6. Indonesia Sustainable Finance Taxonomy (*Taksonomi Keuangan Berkelanjutan Indonesia*/TKBI).

The TKBI provides a classification of economic activities that support Indonesia's sustainable development efforts and objectives, encompassing economic, environmental, and social dimensions (OJK, 2025).

7. Guidelines on Understanding and Implementing Carbon Trading for the Financial Services Sector.

This publication serves as a practical and strategic guide to provide comprehensive understanding of carbon trading mechanisms, applicable regulatory provisions, investment opportunities that can be leveraged, and the role of the Financial Services Sector in building a transparent, credible, and competitive carbon ecosystem (OJK, 2025).

### **SDG Bonds**

SDG Bonds are Government Securities issued by the Government of the Republic of Indonesia through the Directorate General of Budget Financing and Risk Management (DJPPR) as an innovative financing instrument to support projects contributing to the achievement of SDG.

As thematic bonds, SDG Bonds generate social and environmental impacts by allocating proceeds to sectors such as poverty alleviation, education, healthcare, clean energy, and climate action, enabling investors to directly support SDG attainment (Sangfitri, 2025).

In September 2021, Indonesia became the first country in Southeast Asia to issue SDG Bonds in the international market, raising €500 million to finance social and environmental projects, reflecting strong government commitment to the SDG (UN Indonesia, 2021).

### **SDG Roadmap 2023 – 2030**

In 2018, the Government of the Republic of Indonesia developed the SDG Implementation Roadmap as a guideline for stakeholders in achieving the 2030 Agenda, supported by reliable data,

financing strategies, and monitored SDG indicators, including analysis of interlinkages to determine priority areas. However, the COVID-19 pandemic, global crises, polarization, and technological developments required adjustments to the roadmap, which were published in 2023, with carbon trading and industrial readiness identified as key priorities (Valentina, 2024).

In accordance with Presidential Regulation No. 111/2022, the government, through the Minister of National Development Planning/Head of Bappenas, established the SDG Roadmap 2023–2030 by Decree No. Kep.118/M.PPN/HK/08/2023. This roadmap provides more detailed methodologies, extended indicator projections, and serves to translate global SDG into national targets, guide development planning, and strengthen multi-stakeholder collaboration.

### **Government Debt Framework for SDG Bonds**

Indonesia plays a strategic role in addressing global challenges while advancing sustainable and inclusive growth; however, climate change and social inequality remain significant concerns. In response, the Government of Indonesia has developed and updated the Sustainable Government Securities Framework as a comprehensive mechanism to finance priority projects that generate environmental and social benefits in line with the UN SDG. The updated framework, issued in June 2025, reflects Indonesia's progress toward sustainable development, adapts to evolving fiscal and market conditions, and was formulated in collaboration with the United Nations Development Programme (UNDP) to ensure alignment with national sustainability objectives (DJPPR, 2025).

### **RESEARCH METHODOLOGY**

This study employs a descriptive qualitative approach, which aims to describe and explain in depth the situations or phenomena under investigation. Qualitative research is a method used to understand phenomena within their natural context, in which the researcher acts as the primary research instrument. Data collection is conducted using multiple techniques in combination (triangulation), data analysis is carried out inductively, and the final outcomes emphasize the interpretation of meaning rather than the formulation of generalizations (Sugiyono, 2020).

The data sources in this study consist of primary data and secondary data. Primary data are obtained as the main source through interviews, which are intended to explore the research topic in depth and are presented in a narrative form.

The interviews were conducted using a semi-structured approach, with an average duration of 60–90 minutes per informant. The interviews focused on several main themes: (i) the role and commitment of governments in achieving the Sustainable Development Goals (SDGs) to be fulfilled by 2030, as part of the United Nations' global agenda, including the associated opportunities and challenges; (ii) the role and commitment of the Government of Indonesia in issuing SDG Bonds,

**Table 1. The Informants Data**

<b>Informant Identity</b>	<b>Job Title</b>	<b>Institutions</b>
Informant 1	Innovative Financing Development Expert, SGD Secretariat	Ministry of National Development Planning / National Development Planning Agency (Bappenas)
Informant 2	Financial Market Analyst at Directorate of Government Debt Securities	Directorate General of Financing and Risk Management (DJPPR), Ministry of Finance
Informant 3	Analyst of Department of Capital Market Regulation and Development,	Financial Services Authority (OJK)

including the mechanisms for issuance and the allocation and use of SDG Bond proceeds; and (iii) the role of regulatory institutions in supporting the achievement of the SDGs from a policy perspective.

Data validity in this study was ensured through source triangulation by comparing information obtained from semi-structured interviews with key informants, followed by member checking to confirm the accuracy and credibility of the findings.

The collected data were subsequently interpreted and analyzed comprehensively. The analysis of both primary and secondary data was carried out through the stages of data reduction, data presentation, and conclusion drawing and verification (Idrus & Nur, 2023).

### **Sampling Method**

The sampling method used in this study involves both primary and secondary data. Primary data were obtained through interviews with three informants or key resource persons who are closely related to the research topic. The interviews were conducted through discussions and question-and-answer sessions to generate accurate and relevant responses in accordance with the research objectives.

Purposive sampling is a sampling technique that selects samples based on specific criteria or considerations. In this study, purposive sampling was employed because the researcher assessed that the selected informants possess the most relevant and in-depth understanding of the phenomena under investigation. Accordingly, the researcher conducted interviews by selecting informants who are highly competent in fields directly related to this study, in order to obtain comprehensive research findings that align with the research objectives (Sugiyono, 2021)

Secondary data were obtained from journals and scholarly articles and were predominantly sourced from reports on SDG Bond issuances published by the Government of the Republic of Indonesia for the period 2021–2023. These reports contain information on the allocation of funds

from SDG Bond issuances, with allocations specifically directed toward Indonesia's SDG targets. In addition, the researcher analyzed data on the achievement of SDG targets obtained from official international sources, particularly the SDG Index, which provides Indonesia's ranking and performance in achieving the SDG. The researcher also analyzed other relevant data derived from public policies at both domestic and global levels in order to gain a comprehensive understanding of the research topic and to relate these findings to the discussion results. Furthermore, time-series data in the form of annual reports from both Indonesian government institutions and global organizations were analyzed, covering the period from 2021 to 2023.

### **Data Processing and Analysis Techniques**

This study employs semi-structured interviews, that interviews enable researchers to gain a deeper understanding of how respondents perceive and experience particular situations—insights that cannot be obtained solely through observation. The researcher formulated interview questions based on a preliminary documentation review and subsequently conducted interviews via zoom with three competent informants, recording the entire interview process. Secondary data were collected through a literature review of journals, scholarly articles, and official reports issued by relevant ministries and government agencies (Sugiyono 2021),

Data analysis was conducted through three stages: data reduction, data display, and conclusion drawing. The collected SDG-related data were filtered to identify information most relevant to the research focus. The results of the analysis indicate that achieving the SDG requires more ambitious and integrated synergy between government and non-government stakeholders. These conclusions were verified through confirmation of interview findings and comparison with various official reports related to SDG achievements and the issuance of SDG Bonds.

## **RESULTS, DISCUSSION, AND MANAGERIAL IMPLICATIONS**

### **Research Analysis Results**

Based on the research findings, Indonesia has shown strong commitment to global agreements by supporting the SDGs since 2015, as a continuation of the MDGs, requiring collaboration between government and non-government actors. Key institutions, including Bappenas and DJPPR, play a central role in ensuring sustainable SDG implementation, with 61.4% of targets achieved by 2024. Indonesia also committed to the Paris Agreement and developed the SDG Government Securities Framework to guide project selection, fund management, and reporting. Following COVID-19, SDG financing needs doubled to IDR 122 trillion, exceeding the State Budget's capacity and necessitating innovative instruments such as Green Bonds, Green Sukuk, and SDG Bonds. While opportunities exist—such as abundant resources, private sector participation, and supportive regulations—

challenges remain, including high funding requirements, complex multi-stakeholder coordination, SDG Bond issuance complexities, and limited bankability of some programs.

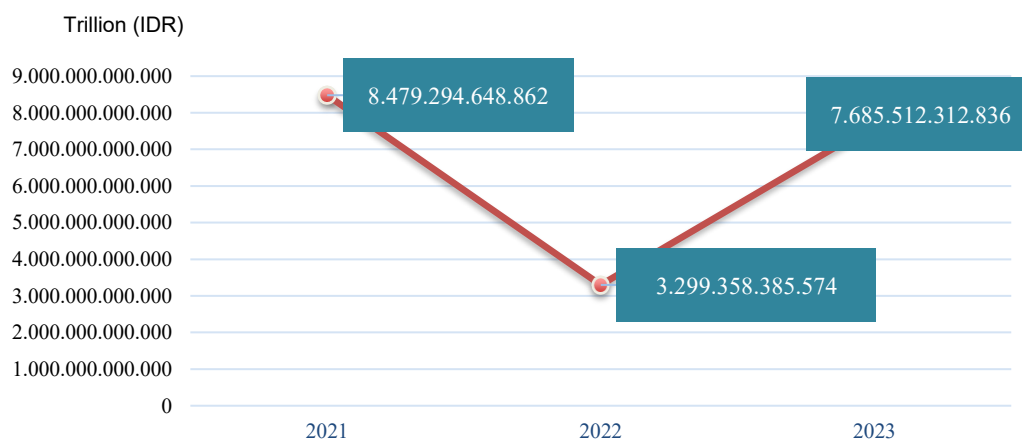
The achievement of SDG 4 (Quality Education) is more dominant than SDG 13 (Climate Action) because education is a fundamental need that directly supports human capital development and economic growth, making it a long-standing priority in government and donor budgeting since the MDGs era. In contrast, SDG 13 requires significantly larger and more complex financing, including climate mitigation and adaptation efforts as well as investments in low-carbon technologies, resulting in a substantial financing gap.

From a Sustainable Finance perspective, funding tends to prioritize sectors with high social impact, lower perceived risk, and strong relevance to post-COVID-19 economic recovery. Meanwhile, within the Triple Bottom Line (TBL) framework, the dominance of SDG 4 reflects a stronger emphasis on the people and profit dimensions, while the planet dimension represented by SDG 13 remains relatively limited due to its capital-intensive nature, higher risk, and long-term impact horizon.

In line with the government's efforts to promote innovative financing, the issuance of SDG Bonds has generated positive impacts across related sectors encompassing social, environmental, and economic dimensions.

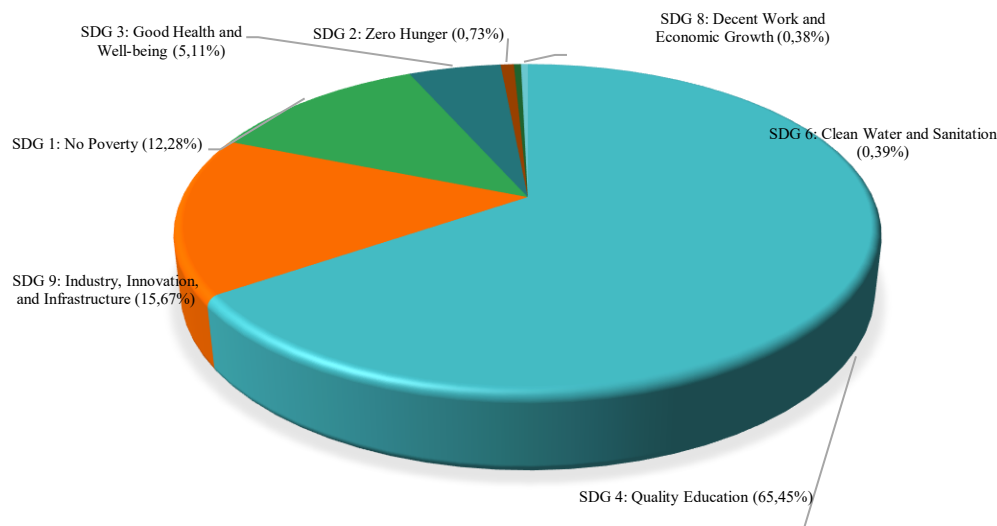
## Results of Secondary Data Processing

This figure demonstrates that SDG Bond issuance peaked in 2021, declined in 2022 due to post-pandemic fiscal adjustments, and increased significantly in 2023. This pattern indicates that SDG Bonds function as a counter-cyclical sovereign financing instrument, supporting fiscal resilience during periods of economic recovery. The total issuance of Indonesia's SDG Bonds during the period 2021–2023 amounted to IDR 19,464,156,347,272. The proceeds from SDG Bond issuances were fully allocated 100% to financing projects aligned with the SDG.



**Figure 2. Nominal Issuance of SDG Bonds, 2021–2023**

Source: DJPPR (2024), processed by the author (2025)



**Figure 3. Indonesia's SDG Bond Issuance by SDG Targets, 2021–2023**

Source: DJPPR (2024), processed by the author (2025)

This figure shows the largest allocation directed toward SDG 4 (Quality Education), followed by allocations to SDG 9 (Industry, Innovation, and Infrastructure), SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), SDG 2 (Zero Hunger), SDG 6 (Clean Water and Sanitation), and SDG 8 (Decent Work and Economic Growth). This allocation pattern reflects the government's prioritization of human capital development and inclusive growth as core strategies for achieving the SDG.

Previous studies on green bonds and SDG financing in Indonesia have generally been descriptive, focusing on post-MDG SDG implementation and the development of Sustainable Finance, without examining specific fund allocations. In contrast, this study provides a comprehensive analysis of Indonesia's Government SDG Bonds, highlighting fund allocations to specific SDG targets, transparent reporting mechanisms, and the post-COVID-19 context.

The global financial sector is currently at a critical turning point, marked by a significant paradigm shift. This shift goes beyond the fintech revolution, representing a transition from profit-driven commercial finance toward sustainable and impact-oriented finance. The evolving financial landscape surpasses traditional green financing, emphasizing sustainability that integrates socio-economic considerations with effective governance. What was once an environmentally focused concept of sustainability now encompasses a balanced approach across social, economic, and environmental dimensions. This perspective recognizes the importance of a healthy environment in meeting human needs, shifting the paradigm from mere nature conservation to sustainable environmental management that actively engages humans as key participants.

**Table 2. Recapitulation of Indonesia's SDG Bonds Issuance Results 2021–2023**

Target SDG	Nominal (IDR)	Percentage	SDG Achievement
SDG 4: Quality Education	12,736,966,179,022	65.45%	Smart Indonesia Program for Madrasah Ibtidaiyah (MI), 2021 Smart Indonesia Program for Primary Schools (SD), 2021 Smart Indonesia Program for Madrasah Ibtidaiyah (MI), 2022 Vocational Education and Training for Maritime and Fisheries Competency, 2022 School Operational Assistance Program for Madrasah Ibtidaiyah (MI) Students, 2023 School Operational Assistance Program for Madrasah Tsanawiyah (MTs) Students, 2023 Higher Education Program for Diploma Levels 2, 3, and 4, 2023 Vocational Secondary Education Program for Industrial Sectors, 2023
SDG 9: Industry, Innovation, and Infrastructure	3,049,885,743,075	15.67%	Base Transceiver Station (BTS) / Last Mile Program, 2021
SDG 1: No Poverty	2,390,701,925,000	12.28%	Family Hope Program (PKH), 2022
SDG 3: Good Health and Well-being	994,748,718,287	5.11%	Complete Basic Immunization Program, 2022 Human Papillomavirus (HPV) Vaccine and Pneumococcal Conjugate Vaccine (PCV) Program, 2022 Child Social Rehabilitation Assistance Program, 2022
SDG 2: Zero Hunger	142,391,219,000	0.73%	Micronutrient-Enriched Rice Cultivation (Biofortification), 2022
SDG 6: Clean Water and Sanitation	75,802,791,510	0,39%	Tertiary Irrigation Network Development Program, 2023 Agricultural Water Reservoir (Embung) Development Program
SDG 8: Decent Work and Economic Growth	73,668,771,378	0.38%	Entrepreneurship Training Program for Food Industry, Furniture, and Building Materials Sectors, 2023

Source: DJPPR (2024), processed by the author (2025)

SDG programs that produce immediate and tangible social benefits—such as education, poverty alleviation, and protection of vulnerable groups—tend to be prioritized in funding allocations. In contrast, environmental objectives like Climate Action (SDG 13) are long-term, cross-sectoral, and higher-risk, so their benefits materialize more slowly compared to social programs.

Coordination between government agencies and the private sector sometimes faces challenges in policy harmonization, as each institution has distinct mandates, regulations, and priorities, potentially slowing implementation.

### Discussion of Research Findings

The findings of this study indicate that Indonesia's SDG Bonds align with the principles of

sustainable finance, where investment allocations consider risk, socio-economic impact, and long-term sustainability. From a Triple Bottom Line (TBL) perspective, the focus is primarily on the social (People) and economic (Profit) dimensions, reflected in programs that support welfare and post-COVID-19 economic recovery, while the environmental dimension (Planet) remains limited due to its long-term nature and high risk. These findings illustrate the practical application of sustainable finance theory, where investment decisions not only pursue profit but also account for social and environmental impacts, while emphasizing the importance of sound governance and inter-institutional coordination to address institutional frictions.

Indonesia shows strong commitment to achieving the SDGs and implementing the Paris Agreement, reflected in the active role of the government—particularly the Ministry of National Development Planning and the Directorate General of Financing and Risk Management—in developing the SDG Government Securities Framework and issuing SDG Bonds to meet rising financing needs, which reached IDR 122 trillion post-COVID-19. The country benefits from abundant natural resources, sustainable finance regulations, and potential private sector involvement. However, challenges remain, including high financing requirements, the need for multi-stakeholder collaboration, and limited bankable SDG programs suitable as bond assets.

Data on the issuance of SDG Bonds during the period 2021–2023 show that one hundred percent of the funds raised were allocated across the four pillars of the SDG, with total financing amounting to IDR19.46 trillion. The highest issuance occurred in 2021, followed by a decline in 2022 due to post-pandemic budget adjustments, and a significant increase in 2023. The largest allocation was directed toward quality education (SDG 4), followed by infrastructure development (SDG 9), poverty eradication (SDG 1), and health and well-being (SDG 3).

## **Managerial Implications**

### **1. Policy Implications (Government & Regulators)**

- a. Promote the implementation of blended finance to reduce investment risks in SDG projects, this mechanism allows private sector participation with better-managed risks, thereby expanding the funding base for sustainable development programs.
- b. Enhance regulatory guidance related to SDG Bonds and green/impact financing to ensure transparency, accountability, and alignment with national development priorities
- c. Establish clear standards for issuers and investors, minimizing the risk of mismanagement or greenwashing practices.

### **2. Managerial Implications (Issuers, Investors, Financial Institutions)**

- a. Design balanced investment portfolios across social (People), economic (Profit), and environmental (Planet) aspects in line with sustainable finance principles; this approach

ensures that each investment is not only financially profitable but also generates positive social and environmental impacts.

- b. Prioritize projects with tangible social and economic impacts, while gradually integrating environmental projects that are high-risk and long-term; this allows investors to manage risks while contributing to the sustainable achievement of SDGs.
- c. Utilize innovative instruments to attract private investors, such as blended finance, government guarantees, or thematic bonds; this strategy increases the attractiveness of SDG projects and broadens private capital participation in sustainable development.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

1. This study indicates that Indonesia's SDG Bonds have proven effective in mobilizing funds for social and economic development, particularly in sectors like education, poverty reduction, and public health, which provide visible short-term benefits. Managerial practices demonstrate alignment with sustainable finance principles by integrating financial returns with social impact.
2. However, limitations remain, especially for environmental-focused initiatives such as SDG 13 (Climate Action), which are long-term, high-risk, and cross-sectoral, making immediate measurable outcomes challenging. Institutional frictions, including coordination challenges among government agencies, varying mandates, and regulatory differences, can affect the efficiency and transparency of bond implementation.
3. Regarding long-term sustainability, SDG Bonds show strong potential to support Indonesia's development agenda if investment decisions balance social, economic, and environmental outcomes (People, Profit, Planet) while ensuring good governance and risk management.

### **Recommendations**

1. SDG Bond portfolios should balance People, Profit, and Planet, ensuring investments deliver financial, social, and environmental benefits. Short-term socio-economic projects, such as education, poverty alleviation, and healthcare, should be prioritized, while long-term environmental projects like SDG 13 (Climate Action) can be gradually integrated to manage risk. Investment decisions must align with sustainable finance principles, considering financial risk, socio-economic impact, and long-term sustainability.
2. Instruments like blended finance, government guarantees, and thematic bonds can attract private investors, especially for high-risk, long-term environmental projects, improving

bankability and expanding funding for sustainable development. Strong public-private partnerships are key to enhancing financing capacity and implementation effectiveness.

3. Transparency and governance should be ensured through standardized, independently verified impact reporting. Improved inter-agency coordination can reduce institutional frictions and align mandates, while investment policies and regulations should follow national development priorities and the Triple Bottom Line (TBL) framework to support the long-term sustainability of SDG Bonds in Indonesia.

### **Research Limitations**

This study has several limitations, particularly related to time constraints, as the researcher was simultaneously engaged in professional work, which limited the time available for conducting the research. In addition, academic literature, theses, and empirical studies focusing on Sustainable Development Goals Bonds remain limited. Nevertheless, this research is expected to contribute meaningful insights to the existing literature and raise awareness of the importance of sustainable finance in addressing climate change and mitigating the impacts of global warming.

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