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ADVANCES IN SOCIAL HUMANITIES RESEARCH

# Who Pays the 20 Percent Deduction? Vacancy in Concession Funding Arrangements in Government Regulation Number 31 of 2026

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**Abstract**

Government Regulation No. 31 of 2026 establishes disability-related concessions across nine sectors but leaves unresolved the question of how service providers should finance the mandatory minimum tariff reduction of 20%. This study aims to identify sector-specific financing vulnerabilities, assess existing compensation mechanisms, and formulate feasible funding recommendations. A qualitative documentary research approach integrates legal analysis with a synthesis of published policy reports, subsidy practices, and budgetary frameworks. The analysis examines regulatory delegation provisions, service provider ownership structures, financing alternatives, and implementation risks. The findings identify 19 delegation clauses that lack explicit provisions requiring compensation for service providers. Private suppliers of assistive devices and land transportation operators face substantial financial exposure because existing public service obligation (PSO) and electricity subsidy schemes primarily operate through state-owned enterprises. Transitional disability eligibility documentation further complicates the verification of concession claims. Among the available financing options—ministerial budget allocations, intergovernmental fiscal transfers, and tax expenditures—ministerial budget allocations represent the most feasible initial funding mechanism within the regulatory implementation period. The study proposes a pilot reimbursement scheme for assistive devices administered by the Ministry of Social Affairs, supported by verified disability identification, reimbursement ceilings, periodic financial reconciliation, and personal data protection safeguards. The study concludes that explicit financing provisions and a coordinated provider compensation framework are essential to prevent formal administrative compliance from concealing unresolved funding gaps and to ensure equitable and sustainable access to disability-related concessions nationwide.

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## INTRODUCTION

Ten years after the enactment of Law No. 8 of 2016 concerning Persons with Disabilities, four regulatory mandates were finally consolidated into a single government regulation. Government Regulation No. 31 of 2026 concerning Concessions for Persons with

Disabilities and Incentives for Companies, enacted by the President on July 2, 2026, implements (Agency, 2026; F. P. A. of the M. of Finance, 2012, 2021; Indonesia, 2024) of the law. The regulation specifies the types and amounts of concessions to be provided by the central and regional governments, as well as the forms and procedures for granting incentives to private companies (Gobel et al., 2024).

The principal obligations are established under Articles 4 and 5, which prescribe a minimum tariff reduction of 20% for holders of Disability Cards (Kartu Penyandang Disabilitas, KPD) across nine sectors: education, transportation, health care, assistive devices, housing and utilities, employment, entrepreneurship, culture and tourism, and sports. Higher concession rates may apply to persons with disabilities who require accompanying assistance in the transportation, culture and tourism, and sports sectors.

The entities responsible for fulfilling these obligations are subject to different legal requirements. (Pajak.com, 2021) imposes the obligation on the central and regional governments, while (Regulation of the Minister of Finance Number 124 of 2024 on Organization and Work Procedures of the Ministry of Finance, 2024) extends the scope of implementation to state-owned enterprises (Badan Usaha Milik Negara, BUMN) and regionally owned enterprises (Badan Usaha Milik Daerah, BUMD). By contrast, (Regulation of the Minister of Social Affairs Number 2 of 2021 on Disability Card, 2021) merely requires the central and regional governments to encourage private-sector participation in providing concessions. The wording of the latter provision establishes a substantially less stringent obligation than the mandatory language used in (Government Regulation of the Republic of Indonesia Number 31 of 2026 on Concessions for Persons with Disabilities and Incentives for Companies, 2026), creating a legal distinction with unresolved budgetary implications.

Chapter V of the Government Regulation addresses funding through a single provision. ((Persero), 2022) identifies three funding sources: the State Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Negara, APBN), regional revenue and expenditure budgets (Anggaran Pendapatan dan Belanja Daerah, APBD), and other lawful, nonbinding sources. (L. C. of the M. of Finance, 2018) further stipulates that funding from the state budget must comply with the applicable laws and regulations governing public finance. However, this broad statutory reference provides insufficient operational guidance in the absence of implementing regulations. The Elucidation of (Law of the Republic of Indonesia No. 8 of 2016 on Persons with Disabilities, 2016) merely states "Sufficiently clear," despite the provision addressing an area in which greater regulatory specificity is particularly necessary.

The fundamental question left unanswered by the Government Regulation is straightforward: when a hearing aid retailer provides a 20% price reduction to a customer holding a KPD, who bears the resulting financial shortfall? Government Regulation No. 31 of 2026 does not explicitly establish a reimbursement mechanism, cross-subsidization arrangement, or other form of compensation for service providers required to reduce their tariffs. For state-owned enterprises, the resulting financial burden may potentially be accommodated through existing compensation arrangements, subject to the applicable eligibility and funding requirements. However, no comparable mechanism is explicitly established for private hearing aid retailers.

The Government Regulation does, however, provide a mechanism for phased implementation. (Perdana et al., 2026) stipulates that the types and amounts of concessions may be introduced gradually, taking into account the fiscal capacities of the central and regional governments. Nevertheless, this provision addresses public fiscal capacity without explicitly considering the financial capacity of private businesses that may bear the direct costs of providing concessions. (Satyandaru & Hermawan, 2026) establishes a maximum period of two years from the regulation's promulgation for the adoption of all implementing regulations. If this period elapses without sufficient clarity regarding funding arrangements, two interrelated risks may emerge: limited or inconsistent compliance among private service providers and mounting pressure to revise concession rates before the policy's effectiveness can be adequately evaluated.

The Ministry of Social Affairs does not directly administer the sectoral budgets for transportation, energy, or communications and information technology. Nevertheless, (Tsaputra et al., 2024) assigns the minister responsible for social affairs the authority to coordinate monitoring and evaluation of the implementation of cross-sectoral concessions and to report the results to the President at least annually. This coordination mandate provides an institutional basis for the Ministry of Social Affairs to contribute to the development of funding policy before individual technical ministries formulate their respective implementing regulations without a harmonized financing framework.

This study addresses four research questions. First, which sectors face the greatest risk of imposing financial burdens on exclusively private enterprises operating outside the structures of state-owned enterprises and public service agencies, thereby increasing the likelihood of resistance to implementation? Second, which existing compensation practices in other sectors could serve as appropriate references for designing concession financing mechanisms? Third, among ministerial and technical agency expenditures, intergovernmental fiscal transfers, and tax-based instruments, which financing option is most feasible under the current ministerial and agency work plan and budget (Rencana Kerja dan Anggaran Kementerian/Lembaga, RKA-K/L) framework? Fourth, what measures should the DRSPD and the Ministry of Social Affairs undertake to oversee the formulation of implementing regulations under (Aliyah, 2024), considering their institutional positions outside the relevant technical sectors?

The provisions governing incentives for companies under (Maulid et al., 2022; Sariasa et al., 2024; Sihombing & Nurlaily, 2022; Yuliartini et al., 2023) fall outside the scope of this study, including the question of why (Setiawan, 2026) does not explicitly provide for tax-based incentive instruments. These issues warrant separate investigation. Cross-ministerial institutional coordination is examined exclusively in relation to the preparation of implementing regulations under (Fitri, 2024) and does not extend to the broader governance of concession implementation.

## METHOD

This study employed a qualitative documentary research approach, integrating legal analysis with a synthesis of published policy reports and administrative data. The primary sources comprised Government Regulation No. 31 of 2026 and its official elucidation, which

were systematically examined to identify concession obligations, regulatory delegations, and funding provisions. Supporting sources included public service obligation (PSO) studies and tax expenditure reports issued by the Ministry of Finance, subsidized electricity tariff data from PT PLN, and Minister of Social Affairs Regulation No. 2 of 2021 concerning Disability Cards. These documents provided comparative evidence of existing subsidy arrangements, compensation mechanisms, and financing practices relevant to disability-related concessions.

The study did not include service provider surveys or quantitative estimates of sector-specific fiscal burdens because the implementing ministerial regulations defining the technical scope of concessions had not yet been fully issued. Consequently, reliable fiscal estimates could not be established without relying on unverified assumptions. The analysis therefore prioritized regulatory and institutional assessment as a foundation for developing feasible financing arrangements, while recognizing the need for subsequent quantitative evaluation once the implementing regulations became available.

The analysis proceeded through three stages. First, regulatory delegation provisions were mapped to identify institutional responsibilities and coordination requirements. Second, service provider ownership structures across the nine designated sectors were examined to identify potential financing vulnerabilities and implementation risks, particularly among private providers. Third, existing tariff compensation and subsidy mechanisms in other public service sectors were assessed to determine their applicability to disability-related concessions. The findings were subsequently synthesized to formulate financing recommendations, with particular attention to administrative feasibility, institutional coordination, and implications for the Ministry of Social Affairs' budget allocations.

All evidence was drawn from publicly accessible legal documents, government reports, and published policy studies to ensure transparency, traceability, and independent verification of the findings.

## RESULTS AND DISCUSSION

### Nineteen doors to open

Before getting into the question of who pays, it is a good idea to calculate how many institutions must move in order for this PP to run in full. A search of Articles 7 to 23 found nineteen clauses for the delegation of advanced arrangements, spread across nine concession sectors. The clauses designate nineteen ministries, institutions, and agencies at the central level, plus regional head regulations in most sectors.

**Table 1.** Map of Delegation of Advanced Concession Arrangements according to GR 31/2026

| Sectors | Regulatory delegated recipient institution | Basics | Number of clauses |
|---|---|---|---|
| Education | the Ministry of Primary and Secondary Education; the Ministry of Higher Education, Science, and Technology; the Ministry of Religion | (Regulation of the Minister of Social | 2 |

| | | | |
|---|---|---|---|
| | | Affairs Number 2 of 2021 on Disability Card, 2021) | |
| Transportation | Ministry of Transportation; Ministry of Public Works; Ministry of Energy and Mineral Resources; National Police of the Republic of Indonesia; Regional Head | ((Persero), 2022) | 5 |
| Health | Ministry of Health; Regional Head | (Law of the Republic of Indonesia No. 8 of 2016 on Persons with Disabilities, 2016) | 1 |
| Tools | Ministry of social affairs | (Satyandaru & Hermawan, 2026) | 1 |
| Housing and utilities | Ministry of Energy and Mineral Resources; Ministry of Communication and Information; Ministry of Public Works; Regional Head | (Aliyah, 2024) | 4 |
| Employment | Ministry of Manpower; Professional Certification Agency | (Sariasa et al., 2024) | 2 |
| Entrepreneurship | Ministry of Small and Medium Enterprises; Regional Head | (Yuliartini et al., 2023) | 1 |
| Culture and tourism | Ministry of Tourism; Ministry of Marine Affairs and Fisheries; Ministry of Environment; Ministry of Forestry; Ministry of Culture; Regional Head | (Maulid et al., 2022) | 2 |
| Sports | Ministry of Youth and Sports; Regional Head | (Sihombing & Nurlaily, 2022) | 1 |

Such a distribution explains why Article 28 is left so brief. The drafters of the PP seem to have chosen to leave the details of financing to each sector, following the logic of the existing authority. The problem is that none of the nineteen clauses expressly require derivative

regulations to contain a compensation mechanism for service providers. They only regulate the "granting of concessions", not the financing. If nineteen institutions interpret their mandates narrowly, the PP can run completely administratively without a single rule answering who bears the difference in tariffs.

One line in Table 1 differs from the other. Article 13 leaves the arrangement of the Concession of Assistive Devices to the ministerial regulation that conducts government affairs in the social field, without any other institution and without alternative regulation of regional heads. Of the nineteen delegation clauses, only this clause falls to the Ministry of Social Affairs. Section 2.6 will return to this point.

**Who bears in each sector**

The Ministry of Social Affairs in its public presentation detailed the scope of nine concession sectors, ranging from discounts on education fees to universities, land, sea, air, toll, parking, and non-subsidized fuel transportation rates, health services outside the national health insurance, the provision of physical aids and software, to adjustments to electricity, water, and internet tariff adjustments (Antara News Agency, 2026). These details show that the service providers come from very different ownership structures, something that cannot be read from the list of sectors in Article 4 alone.

Services in some sectors are held by entities with direct fiscal channels to the state, such as PLN, Pertamina, PDAM, and state universities, while in other sectors, the services are completely in the hands of private business entities without any ownership relationship with the state. The difference in ownership structure determines who bears the 20 percent difference without certainty of reimbursement.

**Table 2.** Service Provider Structure and Fiscal Burden Risk per Concession Sector

| Sector (Article 4) | Dominance of service providers | Existing compensation pathways | Risk level |
|---|---|---|---|
| Tools | Private manufacturers and distributors: adaptive wheelchairs, prostheses, hearing aids, accessibility software | None | Height |
| Land transportation outside SOEs | Intercity travel operators, online taxis and motorcycle taxis, private petrol stations selling non-subsidized fuel | Partial: PSOs only reach state-owned operators | Height |
| Culture and tourism | Privately owned tourist destinations, galleries and museums | None | Medium to high |
| Employment | Job training institutes and private professional certification bodies | None | Medium |

| | | | |
|---|---|---|---|
| Entrepreneurship | Property owners who rent out micro and small business premises | None | Medium, with a small transaction value per case |
| Housing and utilities | Mixture: electricity and water by SOEs and SOEs; internet and telephone by private operators; gas cylinders by private agents | Partial: electricity and gas subsidies through PLN and Pertamina | Medium |
| Health | Mixed: government and private health facilities; insurance premiums by private insurance companies (Article 10 letter b) | Part: JKN scheme for cooperating health facilities | Medium |
| Education | Mixed: public and private education units | Partial: operational assistance for state education units | Low to moderate |
| Sports | Mixed: local government and private facilities | None, with a generally small transaction value | Low |

Of the nine sectors, the most complicated problem is Assistive Devices. Article 12 stipulates that the scope includes physical objects and software for mobility, hearing, vision, intellectual, communication, and mental functions, with an explanation of the article detailing examples ranging from adaptive wheelchairs, prostheses and orthoses, hearing aids, cochlear implants, white canes, braille display screens, to screen reader software. Almost all of these goods are produced and distributed by private parties, both domestic manufacturers and importers of medical devices, and no state-owned enterprises produce adaptive wheelchairs or prostheses on a national scale.

Auxiliary distributors who are required to cut the selling price by 20 percent without reimbursement basically have no good choice. He can absorb losses until the margin is exhausted, raise the base price before the discount is applied so that the benefits of the Concession evaporate on paper, or stop serving KPD holders for various reasons that are difficult to prove as rejection. These three avenues are equally detrimental to the purpose of this PP.

Land transportation outside state-owned enterprises follows behind. Article 8 paragraph (2) covers domestic travel rates, parking fees, toll rates, non-subsidized fuel, and the cost of issuing driver's licenses, with a non-uniform composition of providers: the cost of making a driver's license is clearly in the hands of the state because the arrangements are left to the Police in Article 9 paragraph (5), while intercity travel operators, taxis and online motorcycle taxis,

and private petrol stations are completely out of state control. A PSO policy review from the Fiscal Policy Agency of the Ministry of Finance (2012) notes that Public Service Obligations in Indonesia have historically been designed to compensate state-owned operators, with PT KAI, PT PELNI, and PT Pos Indonesia as the largest recipients. Private operators are outside that architecture, while the discount obligations are equally heavy.

**How many transactions to finance**

The amount of burden depends on the number of people who are eligible. Here GR 31/2026 contains two provisions that produce different figures. Article 3 limits the recipients of the Concession to persons with disabilities who have KPD. Article 30 paragraph (1) relaxes it during the transition period: persons with disabilities who do not have a KPD continue to obtain a Concession with a certificate of disability from a health service facility, or other documents that have been used before this Government Regulation came into effect.

The difference between the two populations is not small: the Ministry of Social Affairs mentions the figure of nearly 15 million people with disabilities (Antara News Agency, 2026), while the KPD itself has only been issued based on the National Data on Persons with Disabilities (DNPD) in accordance with Article 1 number 6 of PP 31/2026, after going through the verification and validation of the Minister according to Permensos 2/2021 Article 3 to Article 4. As long as the coverage of the DNPD has not approached the figure of nearly 15 million, transactions entitled to concessions are still determined through documents that are much more loosely verified than KPD, and that is a problem for the designers of the claim reimbursement scheme: claims submitted by service providers must be testable, while disability certificates from various health facilities do not provide a centralized database for the test.

The KPD financing pattern itself has been running first within the Ministry of Social Affairs: Regulation of the Minister of Social Affairs Number 2 of 2021 Article 14 stipulates the cost of issuing KPD sourced from the Ministry of Social Affairs' Budget Implementation Entry List, while the distribution cost can come from the Ministry of Social Affairs' DIPA, provincial budget, district and city budget, or other legitimate sources. The Ministry of Social Affairs is therefore used to carrying the budget post attached to the KPD instrument, it's just that the post to finance the economic consequences of the use of the card itself does not yet exist.

**Compensation practices already in place in other sectors**

The two practices that are already underway and closest to this situation are transportation PSOs and electricity tariff subsidies. Both require service providers to sell below economic prices, and both have been running for decades. Both also have the same limitations, which are designed around one dominant operator with the status of state-owned enterprises.

The PSO scheme was introduced in the mid-1990s to compensate Perumka, which later became PT KAI, for low-fare economy class passenger services, then expanded to the electricity sector in 2001. The Ministry of Transportation (2024) explains how it works: the government pays part of the operator's operating costs so that the fares paid by passengers become more affordable. Electricity subsidies use a similar logic. The government bears the difference between subsidized tariffs and economic tariffs, then pays them to PLN as the sole

distributor for household customers with a power of 450 and 900 volt amperes, which are included in the underprivileged category in social welfare data (PT PLN, 2022).

What makes the two schemes able to run is the existence of one collection partner. The government only needs to transact with PT KAI or PLN, verify a set of reports, and disburse one periodic payment. PP 31/2026 does not provide that luxury for the Auxiliary Equipment sector, whose suppliers are hundreds of distributors spread across many provinces, with a business scale that is mostly small and medium-scale.

Even so, there is one thing about electricity subsidies that is rarely mentioned: the recipient group is not only households, because the tariff group of small businesses and small industries also receive subsidies. That means that the state can indeed flow compensation to non-government business actors, as long as the distribution channel still passes through one collecting entity. For sectors with many small and medium providers such as Auxiliary Equipment, the problem is not in the impossibility of compensation, but in verification and disbursement that require a more complicated design than simply copying the PSO pattern.

**The three paths of the State Budget and their consequences**

Article 28 paragraph (2) leaves the implementation of state budget funding to the provisions of laws and regulations in the financial sector without mentioning the path. Three paths are open, with far different consequences.

The spending path of ministries and technical institutions places compensation posts in the RKA-K/L of each sectoral ministry, according to the division of authority in Table 1: The Ministry of Transportation budgets for transportation compensation, the Ministry of Energy and Mineral Resources covers the electricity and gas components, and so on. This path has advantages because each technical ministry does control the data of service providers in its own sector, but the disadvantage can also be read from Table 1: it requires budget commitments from nineteen institutions at once, and obtaining them simultaneously is not realistic.

The transfer route to the regions through non-physical special allocation funds is suitable for services whose implementation is local, such as regional sports facilities, tourist destinations owned by district and city governments, or drinking water tariffs whose arrangements are indeed left to the regulation of regional heads in Article 15 paragraph (1). For the distribution of aids and intercity travel that operate across provinces, this route is not administratively appropriate.

The third path, tax expenditure, is often thought to be a shortcut because it does not burden direct spending posts, even though in terms of travel time, this path is the most troublesome. The Ministry of Finance Learning Center (2018) defines tax expenditure as tax revenue that is not collected due to special provisions that deviate from the general taxation system, in the form of tax exemptions, tariff reductions, or tax credits. Its nature as uncollected revenue makes tax expenditure not included in the state budget post like direct spending; the figure is only estimated from the previous year's report using global standards (Pajak.com, 2021). Consequently, this route cannot be taken at all through the RKA-K/L, because the authority to change tax provisions is the Ministry of Finance and the Directorate General of Taxes, and the Ministry of Social Affairs and other technical ministries do not hold the card. The fairness is indeed unparalleled because it applies automatically to all providers who

become taxpayers without the need to verify transactions one by one, but that fairness is also what makes it the slowest to be taken from the three channels studied.

**Position: starting from the Tools**

Of the three lines, the spending of ministries and technical institutions is most likely to be carried out within the two-year deadline set by Article 31. However, the Ministry of Social Affairs does not need to wait for eighteen other institutions to agree, and should start from a single delegation clause that is already in its own hands.

The reason rests on Table 1. Article 13 places the regulation of Assistive Equipment Concessions entirely in the regulation of the minister of social affairs. The Ministry of Social Affairs can design its financing mechanism without inter-agency negotiations, test the design in the field, and then bring the results to a cross-ministerial forum for a tested reference. The Assistive Equipment sector also happens to occupy the top row of Table 2, meaning that the sector with the highest burden risk is precisely in the sector whose regulatory authority is most controlled.

The financing model should not copy the PSO, because the PSO calculates the difference in the operating costs of one operator, while the Auxiliary consists of thousands of retail transactions by hundreds of sellers. A more suitable scheme is the reimbursement of periodic claims: verified distributors and manufacturers of auxiliary equipment submit a claim for reimbursement of 20 percent difference to the Ministry of Social Affairs, with proof of transactions recorded through KPD and validated with DNPD. KPD-based verification also provides an incentive to accelerate card issuance, as only transactions marked KPD can be fully claimed.

Explanation of Article 10 letter a calculates health service rates from the cost of financing units, services, and facility development costs, and the same logic can be borrowed to set the upper limit of claims per type of assistive device, so that the base price is not easily inflated when a replacement is proposed.

This scheme also changed the institutional position of the Ministry of Social Affairs, from a mere whistleblower to a formulator of the concession financing model, a role that it has not had in any technical sector. The mandate for coordination of monitoring and evaluation in Article 29 paragraph (2) does provide a formal basis for that role, but a legal umbrella alone is not enough without examples of work that is already underway.

**Implementation risk assessment**

The recommendations in section 2.6 do not come without risk, just as they leave the Article 28 void open. This section assesses both using a matrix of possibilities and impacts, and then compiles them into a risk register with clear owners. The assessment is carried out at the level of policy implementation within the Ministry of Social Affairs, not at the level of macro impact on the welfare of persons with disabilities, which requires a separate evaluation after the policy is running.

**Table 3.** Risk Assessment Matrix

| | **Low impact** | **Medium impact** | **High impact** |
|---|---|---|---|
| High probability | Medium | Height | Critical |

| | | | |
|---|---|---|---|
| Moderate probability | Low | Medium | Height |
| Low probability | Low | Low | Medium |

It is likely to be considered high if the risk has already occurred in a similar policy or the trigger condition is already in place, while if the trigger may appear in the next two years, and low if it requires a combination of several conditions that have not yet been seen. The impact is considered high if the risk of thwarting the objectives of the Concession or causing financial losses to the state, while if it slows down implementation, and low if it only adds to the administrative burden.

**Table 4.** Risk Register for the Implementation of Concession Funding

| Yes | Risk description | Category | Kemungkinan | Impact | Level |
|---|---|---|---|---|---|
| R1 | The derivative regulations of the nineteen delegation clauses only regulate the procedure for granting concessions without containing a financing mechanism, so that the PP is administratively complete but the vacancy of Article 28 remains open | Compliance | Height | Height | Critical |
| R2 | The service provider increases the base price before the deduction is applied, so that the benefits of the Concession are lost for the KPD holder | Operational | Height | Medium | Height |
| R3 | Reimbursement claims are filed on fictitious transactions or are filed in duplicate, because verification based on disability certificates in Article 30 does not have a centralized database | Finance | Medium | Height | Height |
| R4 | The budget post for the reimbursement of claims was not approved in the discussion of the RKA-K/L because it was considered a new program | Finance | Medium | Height | Height |

| | | | | | |
|---|---|---|---|---|---|
| | without an established calculation basis | | | | |
| R5 | The administrative burden of handling retail claims exceeds the capacity of DRSPD's human resources and information systems | Operational | Height | Medium | Height |
| R6 | The two-year deadline in Article 31 was exceeded because the drafting of derivative regulations awaited cross-ministerial agreement | Compliance | Medium | Height | Height |
| R7 | The service provider refuses to serve the KPD holder in disguise, citing difficult stock, schedule, or procedures as a refusal | Reputation | Medium | Height | Height |
| R8 | Concession coverage is unequal between regions because most of the advanced arrangements are delegated to regional head regulations with different fiscal capacities | Strategic | Height | Medium | Height |
| R9 | The phasing based on Article 24 is used to postpone the private sector without a clear time limit | Strategic | Medium | Medium | Medium |
| R10 | The technical ministry rejected the financing model proposed by the Ministry of Social Affairs because it was seen as exceeding the authority of cross-sectors | Strategic | Medium | Medium | Medium |
| R11 | The personal data and disability status of KPD holders are disseminated through claim documents submitted by service providers | Security | Medium | Height | Height |

Of the eleven risks, R1 is the most critical: if nineteen derivative regulations are issued without any regulation of financing, all the recommendations in this paper lose their legal footing. This risk is also the most controlled, because its prevention is at the stage of drafting, not at the implementation stage.

**Table 5**. Risk Mitigation and Ownership Plans

| Yes | Mitigation | Owner | Status |
|---|---|---|---|
| R1 | Prepare the formulation of the standard financing clause and offer it to the supporting ministry through the letter of the Minister of Social Affairs with the coordination mandate of Article 29 paragraph (2); place the clause first in the regulation of the Minister of Social Affairs on Auxiliary Equipment as an example of the formulation | DRSPD with the Legal Bureau of the Ministry of Social Affairs | Open |
| R2 | Setting the upper limit of reimbursement per type of aid based on unit cost, following the approach in the Explanation of Article 10 letter a; conducting periodic market price quoting tests as a comparator | DRSPD | Open |
| R3 | Provide full reimbursement only for validated KPD marked transactions against DNPD; require periodic reconciliation and sample audits of submitted claims | DRSPD with the Ministry of Social Affairs Center | Open |
| R4 | Apply for a limited-scale pilot first so that budget needs are measurable from real data; consult with the Directorate General of Budget before formal submission | Secretariat General of the Ministry of Social Affairs | Open |
| R5 | Calculating the needs of human resources and information systems at the stage of drafting ministerial regulations; utilizing the KPD system that is already running as a basis for recording claims | Secretariat of the Directorate General of Social Rehabilitation | Open |
| R6 | Carry out the preparation of regulations of the minister of social affairs on Assistive Devices without waiting for cross-ministerial agreements, according to the stages in Table 6 | DRSPD | Open |

| | | | |
|---|---|---|---|
| R7 | Opening a complaint channel connected to the regional social service; publishing a list of verified providers so that rejections are easy to trace; making the level of compliance at the point of sale an indicator of reporting Article 29 paragraph (3) | DRSPD together with district social services | Open |
| R8 | Preparing guidelines for regional head regulation models and their financing formulations, disseminated through the social service development pathway | Directorate General of Social Rehabilitation | Open |
| R9 | Propose that the phasing of Article 24 be outlined with written criteria and deadlines, and reported its development in the annual report to the President | DRSPD | Open |
| R10 | Placing the Toolkit scheme as a reference that can be adapted, not a mandatory format; bringing the results of the trial as discussion material, not a concept on paper | Directorate General of Social Rehabilitation | Open |
| R11 | Designing claim documents to contain disability registration numbers without a diagnosis; limiting the data that providers must submit and storing identity validation on the Ministry of Social Affairs, in accordance with the applicable personal data protection provisions | Pusdatin of the Ministry of Social Affairs with DRSPD | Open |

Two risks were deliberately accepted without full mitigation. R9 and R10 are based on budgetary political decisions that are beyond the control of the Ministry of Social Affairs, so all that is available is mitigation in the form of criteria transparency and periodic reporting. Devising more ambitious mitigations for both risks will result in a good plan on paper and stall at the first meeting.

It should also be noted that leaving Article 28 without derivative regulations is not a neutral position. Without a financing scheme, R2 and R7 will run on their own because service providers will still have to cover the cost difference in their own way. The Ministry of Social Affairs is not actually choosing between taking risks or not; the real choice is between managed risks and risks that are allowed to develop unsupervised.

## CONCLUSION

Article 28 of Government Regulation No. 31 of 2026 leaves a fundamental question concerning the concession policy—who bears the financial burden of tariff reductions—to

sector-specific ministerial regulations, most of which have not yet been issued. The official elucidation of Article 28 provides no further clarification. Moreover, the 19 regulatory delegation clauses contained in the Government Regulation address the provision of concessions without explicitly requiring the establishment of financing or provider compensation mechanisms.

The greatest financial burden is likely to fall on sectors dominated by private service providers, particularly assistive device suppliers and land transportation operators operating outside state-owned enterprises. Existing compensation mechanisms in Indonesia, including public service obligation (PSO) arrangements in transportation and electricity tariff subsidies, have largely been structured around designated operators or state-owned enterprises. Consequently, these mechanisms cannot be directly replicated across sectors comprising numerous small private providers without substantial institutional and administrative adjustments. The transitional provisions under Article 30 introduce additional implementation challenges because, pending the expansion of Disability Card (Kartu Penyandang Disabilitas, KPD) coverage, eligibility for concessions must be verified using documentation that is not integrated into a centralized verification system.

Among the three financing alternatives—direct expenditures through the State Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Negara, APBN), intergovernmental fiscal transfers, and tax expenditures—budget allocations administered by ministries and technical agencies represent the most feasible option within the two-year implementation period established under Article 31. Although tax expenditures could potentially provide broader coverage, their implementation would require adjustments to taxation provisions beyond the Ministry of Social Affairs' regulatory authority. The Ministry of Social Affairs also possesses an institutional advantage that has not yet been fully utilized: its authority to develop implementing regulations for concessions in the assistive device sector under Article 13.

The risk assessment identified one critical risk: the possibility that the 19 delegated regulatory provisions could be implemented without explicit financing or provider compensation clauses. This risk is also among the most amenable to preventive regulatory intervention because it can be addressed during the drafting and harmonization of implementing regulations. The 11 identified risks and their corresponding mitigation strategies are presented in Tables 4 and 5.

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**CONFLICT OF INTEREST**

The authors stated that there is no conflict of interest. This research is free from commercial or financial relationships that have the potential to cause conflicts of interest.

**AUTHOR CONTRIBUTION**

All stages of research, from the development of ideas, data collection and analysis, to the preparation of the manuscript, are carried out entirely by the author.

## GENERATIVE ARTIFICIAL INTELLIGENCE USAGE STATEMENT

In the preparation of this manuscript, the author used artificial intelligence (AI)-based tools only for grammar improvement and linguistic checking. AI is not used to generate ideas, data, analysis, or research conclusions. The author has reviewed and edited the entire content of the manuscript and is fully responsible for the content of this publication.

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