



## Green Public Financing Model for the Sustainability of Leading Commodities in the Sebamban Transmigration Area

Muhammad Billy Wicaksana<sup>1\*</sup>, Riki Satia Muharam<sup>2</sup>

<sup>1,2</sup>Universitas Padjadjaran, Indonesia

<sup>1</sup>[Muhammad22471@mail.unpad.ac.id](mailto:Muhammad22471@mail.unpad.ac.id), <sup>2</sup>[r.satia.muharam@unpad.ac.id](mailto:r.satia.muharam@unpad.ac.id)



### \*Corresponding Author

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### ABSTRACT

This study aims to develop a Green Public Financing Model to support the sustainability of leading commodities in the Sebamban transmigration area. Sustainable development in transmigration regions faces major challenges, particularly limited financing integration, weak institutional coordination, and insufficient alignment between development programs and environmental sustainability goals. This research adopts a qualitative descriptive approach using document analysis, policy review, and field observations to examine existing public financing mechanisms and institutional arrangements. The proposed model integrates multiple financing sources, including village funds, regional government budgets, corporate social responsibility (CSR), and green financing instruments, through coordinated governance and sustainability-oriented budgeting. The results indicate that fragmented financing practices reduce development effectiveness, whereas integrated green public financing enhances economic productivity, strengthens social empowerment, and supports environmental protection. The model emphasizes the Triple Bottom Line framework as the primary outcome, ensuring balanced economic, social, and environmental sustainability. This study contributes conceptually by offering a structured public financing model applicable to transmigration areas with leading commodities. The findings provide practical implications for policymakers in designing sustainable financing strategies that align public expenditure with long-term development and environmental objectives.

### INTRODUCTION

Transmigration areas play a strategic role in regional economic development by supporting agricultural expansion and the growth of leading commodities. However, many transmigration regions in Indonesia continue to face sustainability challenges, particularly related to financing limitations, institutional fragmentation, and environmental degradation. In the Sebamban transmigration area, the development of leading commodities has not been optimally supported by integrated and sustainability-oriented public financing mechanisms.

Public financing remains a critical instrument in promoting sustainable development, especially in rural and transmigration areas where private investment is limited. Village funds, regional government budgets, and corporate social responsibility (CSR) programs represent significant financial resources. Nevertheless, these funding sources are often managed separately, resulting in inefficiencies and limited long-term impact. Moreover, the absence of green financing principles in public budgeting has led to development practices that prioritize short-term economic gains over environmental sustainability.

Green public financing emphasizes the alignment of public expenditure with environmental protection, social inclusion, and economic resilience. Previous studies highlight that integrated financing and institutional coordination are essential to achieving sustainable development outcomes. However, research focusing on green public financing models in transmigration areas remains limited, particularly in the context of leading commodity sustainability.

Therefore, this study aims to address this gap by developing a Green Public Financing Model tailored to the Sebamban transmigration area. The research seeks to answer the following question: How can public financing mechanisms be integrated through a green financing approach to support the sustainability of leading commodities? By proposing a structured financing model, this study is expected to contribute to policy development and provide a practical framework for sustainable transmigration area development.

### LITERATURE REVIEW

Green public financing refers to public financial mechanisms that integrate environmental sustainability and social objectives into fiscal policy and budgeting processes. Unlike conventional public financing that prioritizes short-term economic efficiency, green public financing emphasizes long-term environmental protection and social welfare as integral components of public expenditure decisions (OECD, 2017). This approach positions public finance as a strategic instrument for sustainable development rather than merely a fiscal tool.





Previous studies highlight the essential role of public sector intervention in supporting green financing. Taghizadeh-Hesary and Yoshino (2019) argue that fiscal support from governments is necessary to reduce investment risks and encourage private sector participation in sustainable projects. Similarly, Barbier (2011) notes that regions dependent on natural resource-based economies face higher environmental and fiscal risks when public financing does not incorporate sustainability principles.

At the local level, particularly in rural and transmigration areas, public financing instruments such as village funds, intergovernmental transfers, and corporate social responsibility (CSR) programs play a crucial role in development. However, empirical evidence shows that these instruments are often managed in a fragmented and sectoral manner, limiting their contribution to sustainability outcomes (Antlov et al., 2016; OECD, 2020). This condition reinforces dependence on primary commodities and increases vulnerability to market and environmental shocks.

The Triple Bottom Line (TBL) framework provides a theoretical basis for sustainability-oriented public financing by emphasizing the balance between economic, social, and environmental dimensions (Elkington, 1997). Applying the TBL perspective in public finance enables governments to evaluate budget effectiveness beyond economic growth, incorporating social equity and environmental protection into fiscal decision-making (Slaper & Hall, 2011).

Despite the growing literature on green financing, research focusing on green public financing at the local and transmigration-area level remains limited, particularly regarding the integration of multiple public funding sources into a unified sustainability-oriented model. This study addresses this gap by proposing a contextual Green Public Financing model for the Sebampan Transmigration Area, contributing to the literature on sustainable public finance and local development.

## METHOD

This study employs a qualitative descriptive approach to examine public financing practices and to formulate a Green Public Financing model for the sustainability of leading commodities in the Sebampan Transmigration Area. A qualitative approach is considered appropriate as it allows an in-depth understanding of policy implementation, institutional dynamics, and stakeholder perspectives within a specific local context.

Primary data were collected through in-depth interviews with key informants, including village and district government officials, local economic actors (farmers, MSMEs, and producer groups), and representatives of the private sector involved in corporate social responsibility programs. These data were complemented by participatory field observations to capture actual financing practices and socio-economic conditions. In addition, focus group discussions (FGDs) were conducted to validate findings and explore collective perspectives among stakeholders.

Secondary data were obtained from regional planning and budgeting documents, village development plans, and relevant academic literature on public finance and sustainability. Data analysis followed the interactive model of Miles and Huberman, involving data reduction, data display, and conclusion drawing. To ensure data credibility, triangulation of sources and methods was applied throughout the research process.

## RESULT

The results of this study indicate that public financing in the Sebampan transmigration area is characterized by fragmented funding sources and weak coordination among institutions. Village funds, regional budgets, and CSR programs operate independently without an integrated sustainability framework. Based on these findings, a Green Public Financing Model is proposed to integrate public financing sources through coordinated governance and sustainability-oriented budgeting.

As illustrated in Figure 1, the model consists of three main components: input, process, and output. The input component includes village funds, regional government budgets, CSR, and green financing instruments. The process component emphasizes institutional coordination, policy integration, and sustainability-oriented budgeting. The output component reflects the Triple Bottom Line outcomes, namely economic sustainability, social empowerment, and environmental protection. This model demonstrates how integrated financing mechanisms can enhance the sustainability of leading commodities in transmigration areas.

### Conceptual Model

Illustrates the proposed Green Public Financing Model for sustainable development in transmigration areas. The model demonstrates how multiple public financing sources—village funds, regional government budgets, corporate social responsibility (CSR), and green financing instruments—are integrated through institutional coordination and sustainability-oriented budgeting processes. This integration aims to overcome fragmented financing practices and align public expenditure with sustainability objectives. The outputs of the model are framed within the Triple Bottom Line approach, encompassing economic sustainability, social empowerment, and environmental protection, which collectively support the long-term development of leading commodities in transmigration areas.



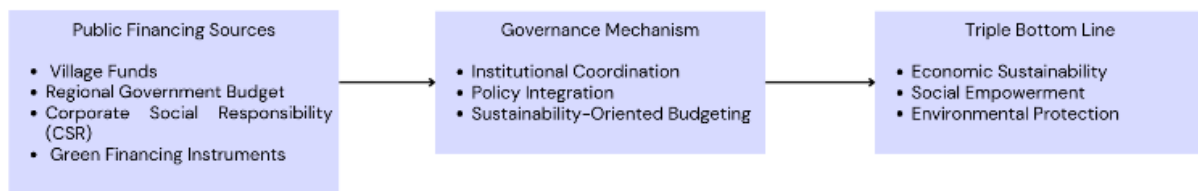


Figure 1. Green Public Financing Model for Sustainable Development in Transmigration Areas

Figure 1 presents the proposed Green Public Financing Model developed in this study. The model illustrates the integration of multiple public financing sources through institutional coordination and sustainability-oriented budgeting processes. This approach aims to improve development effectiveness and achieve balanced economic, social, and environmental outcomes based on the Triple Bottom Line framework.

## DISCUSSION

The findings confirm that fragmented and sectoral public financing weakens the contribution of fiscal policy to sustainability in transmigration areas. This condition aligns with previous studies indicating that public financing lacking integration and sustainability orientation tends to reinforce dependence on primary commodities and increase economic and environmental vulnerability (Barbier, 2011; OECD, 2020). In the Sebamman Transmigration Area, limited coordination among funding sources constrains the effectiveness of public expenditure in supporting sustainable commodity development.

This finding complements previous studies by Barbier (2011) and OECD (2020), which emphasize the risks of sustainability failure in resource-dependent regions. While earlier studies focus on national or sectoral perspectives, this study demonstrates how fragmented public financing operates at the local level and provides a practical integration model suitable for transmigration areas. Therefore, the proposed model not only confirms existing theories but also operationalizes them within a specific governance context.

From a theoretical perspective, the results highlight the relevance of the Triple Bottom Line framework in public finance. The absence of economic, social, and environmental integration in budgeting and program implementation demonstrates the consequences of conventional financing approaches that prioritize short-term outputs. Consistent with Elkington (1997) and Slaper and Hall (2011), this study shows that sustainability-oriented financing requires a balanced consideration of all three dimensions.

The proposed Green Public Financing model addresses these limitations by integrating multiple public funding sources and embedding sustainability criteria into fiscal decision-making. This approach supports the argument that green public financing functions as a governance mechanism rather than solely an environmental instrument (Taghizadeh-Hesary & Yoshino, 2019). By strengthening institutional coordination and aligning financing with sustainability objectives, the model offers a practical framework for enhancing the long-term resilience of leading commodities in transmigration areas.

## CONCLUSION

This study concludes that the sustainability of leading commodities in the Sebamman transmigration area requires an integrated green public financing approach. Fragmented public financing practices limit development effectiveness and sustainability outcomes. The proposed Green Public Financing Model provides a structured framework that integrates various funding sources through coordinated governance and sustainability-oriented budgeting. By adopting this model, policymakers can enhance economic resilience, strengthen social empowerment, and ensure environmental protection. This study offers practical policy implications and serves as a conceptual reference for sustainable development planning in transmigration areas.

Table 1. Components of Green Public Financing Model

| Dimension     | Financing Source               | Expected Outcome                  |
|---------------|--------------------------------|-----------------------------------|
| Economic      | Village Funds, Regional Budget | Value-added commodity development |
| Social        | CSR, Community Programs        | Community empowerment             |
| Environmental | Green budgeting                | Resource conservation             |

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