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Assessing the Effectiveness of Social Assistance Programs in Indonesia: Insights from PKH and BLT on Household Consumption

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ABSTRACT

This study examines the effectiveness of social assistance programs in Indonesia, focusing on the Family Hope Program (PKH) and Direct Cash Assistance (BLT), in improving household welfare. Both programs aim to reduce poverty and support vulnerable households, but their effectiveness in addressing specific household needs remains unclear. This research analyzes their impacts on household consumption patterns, covering both food and non-food expenditures, and employs the propensity score matching method to minimise selection bias and ensure robust results. The findings reveal that PKH positively affects household consumption by improving expenditure on staple foods and essential non-food items, such as utilities and household fuels. In contrast, BLT demonstrates no significant impact on either food or non-food consumption, highlighting its limited capacity to improve household welfare. Factors such as insufficient assistance amounts, the prioritisation of urgent needs, inflationary pressures, and reliance on other income sources limit the programs' ability to address broader household needs. This research highlights the importance of routine and targeted assistance, such as PKH, in addressing immediate household necessities while identifying the shortcomings of one-time transfers, such as BLT. The study contributes to the existing literature by applying the propensity score matching method to provide a comparative analysis of the two programs and offers insights into the specific challenges faced by households. It concludes that a more comprehensive and integrated approach to poverty alleviation is essential for enhancing household welfare effectively and sustainably.

Keywords: Social Assistance Programs; Household Welfare; Consumption Patterns; PKH; BLT

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INTRODUCTION

Social assistance and poverty are deeply intertwined issues in Indonesia. To aid those living below the poverty line, the government implements various social assistance programs. However, the effectiveness of these programs in reducing poverty remains contentious among academics and practitioners. Research suggests that poorly targeted and uncoordinated social assistance can exacerbate poverty and social inequality (Fiszbein & Schady, 2009). In addition, many people remain excluded from social assistance programs because of factors such as lack of information, complex bureaucracy, and failure to meet eligibility requirements.

Despite recent progress in poverty reduction, poverty remains a persistent challenge in Indonesia. According to the Central Statistics Agency (BPS, 2023), poverty is defined as individuals with per-capita monthly expenditures below the poverty line. Ravallion et al. (2009) described this threshold as absolute poverty, representing the minimum consumption needs of individuals. Low education levels, poor health, and limited access to decent jobs remain significant contributors to poverty, highlighting the multidimensional nature of this issue.

The Indonesian government is committed to alleviating poverty through integrated and targeted social assistance programs aimed at achieving more effective and efficient poverty reduction. Social assistance programs include allocations from the State Budget (APBN) and/or Regional Budget (APBD). These funds support initiatives like the Family Hope Program (PKH), Non-Cash Food Assistance (BPNT), Social Cash Assistance (BLT), and Village Fund Cash Assistance (BLT Dana Desa). For instance, the Family Hope Program provides conditional cash transfers to poor households, emphasising health and education as part of its objectives.

The expansion of social protection programs demonstrates the government's determination to address poverty. Cook & Kwon (2007) noted that following the 1998 financial crisis, Indonesia introduced targeted support programs, including rice and fuel subsidies, as well as cash assistance. These programs have evolved over time, aligning with the best global practices. Fiszbein & Schady (2009) reported that cash assistance programs have been adopted by many low- and middle-income countries worldwide, aiming to improve household consumption and reduce poverty.

This study examines the effects of Indonesia's social assistance programs, particularly the Family Hope Program (*Program Keluarga Harapan/PKH*) and Direct Cash Assistance (*Bantuan Langsung Tunai/BLT*), on household consumption patterns. Specifically, it investigates whether participation in these programs influences household expenditures on staple foods and essential non-food items, including utilities and household fuels. We hypothesize that beneficiary households allocate more resources to consumption than comparable non-beneficiary households, although the magnitude and distribution of these effects may differ between the two programs due to their distinct program designs and targeting mechanisms. Using data from the Indonesian Family Life Survey (IFLS) and the propensity score matching (PSM) method to address observable differences between beneficiary and non-beneficiary households, this study provides empirical evidence on the consumption effects of social assistance in Indonesia. By examining both PKH and BLT within a common analytical framework, this study contributes to the literature by offering a comparative assessment of how different social assistance mechanisms influence household consumption and contribute to household welfare.

Conversely, BLT showed no significant impact on either food or non-food consumption, suggesting limitations in addressing broader household needs. Factors such as insufficient assistance amounts, inflationary pressures, and reliance on alternative income sources hinder BLT's effectiveness. These findings underscore the importance of routine and targeted assistance, such as PKH, while highlighting the shortcomings of one-time transfers like BLT. Such results align with prior studies (Cahyadi et al., 2020) that emphasise the limited impacts of short-term social transfers on household welfare and the potential for longer-term, consistent interventions to achieve poverty alleviation.

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This study contributes to the literature by offering a comparative analysis of PKH and BLT, emphasising the need for a comprehensive and integrated approach to poverty alleviation. The evidence supports enhancing routine and targeted assistance mechanisms to address poverty more effectively and sustainably. In conclusion, while Indonesia's social assistance programs hold promise in reducing poverty, challenges in targeting, coordination, and sustainability remain. By leveraging data from the Indonesian Family Life Survey, this study provides valuable insights into the strengths and limitations of these programs, contributing to policy discussions aimed at improving household welfare across the nation.

METHODS

This study employs the propensity score matching (PSM) method to assess the impact of receiving PKH (Family Hope Program) and BLT (Direct Cash Assistance) on household consumption. PSM is used to construct a control group that closely resembles the treatment group based on their propensity scores. The treatment group comprises households receiving PKH and BLT, while the control group consists of households that do not receive these programs. By matching households based on similar observable characteristics, the PSM method ensures that comparisons between the two groups are valid and free from selection bias.

The analysis uses data from the Indonesian Family Life Survey (IFLS) for 2007 and 2014. The PSM approach helps address the issue of heterogeneity in baseline conditions and ensures that differences in outcomes can be attributed to the PKH and BLT programs, rather than pre-existing differences between groups. Propensity scores represent the estimated probability of treatment participation and are calculated using probit regression models.

PSM uses Probit models to estimate the probability of household participation in PKH and BLT based on observable baseline characteristics. The dependent variables are binary indicators of program participation: cct14i identifies households participating in PKH, while blt08i identifies households that received BLT in 2008. In particular, blt08i is constructed from retrospective information collected in IFLS Wave 2014, specifically, which asks whether a household had ever received cash assistance through the Fuel Subsidy Reduction Compensation Program (BLT 2008). The variable is coded as 1 if the household reported receiving the assistance and 0 otherwise. Thus, 2008 refers to the program reference year, not the IFLS survey year. The independent variables include baseline household characteristics measured in IFLS 2007, such as residential location (urban or rural), location on Java or outside Java, homeownership, household size, and the educational attainment of the household head.

First, we estimated the propensity score, which represents the probability of a household receiving the PKH or BLT program. This was done using a probit model, where the dependent variable was binary, indicating whether a household participated in the program (1 for participation and 0 for non-participation). The independent variables included characteristics that could influence a household's likelihood of being selected for the program, such as whether the household lived in an urban or rural area, the educational level of the household head, whether the household owned its home, the number of household members, and whether the household was located on the island of Java.

Once the propensity scores were estimated, each treated household (those receiving PKH or BLT) was matched with one or more control households that had similar propensity scores. This process created pairs of households from both the treatment and control groups that were similar in terms of the observed characteristics used in the model. The matched control group served as a counterfactual, allowing us to compare the outcomes (in terms of household consumption patterns) between the treatment and control groups. By focusing on differences in household characteristics that were present before the program, the study aimed to reduce selection bias and provide a clearer understanding of the causal effects of the PKH and BLT programs on household welfare. The probit regression model for PKH and BLT participation is specified as follows: Equations 1 and 2:

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$$cct14_i = \beta_0 + \beta_1 urban_i + \beta_2 java_i + \beta_3 own_house_i + \beta_4 resident_household_i + \beta_5 schooling_i + \varepsilon_i \quad (1)$$

$$blt08_i = \beta_0 + \beta_1 urban_i + \beta_2 java_i + \beta_3 own_house_i + \beta_4 resident_household_i + \beta_5 schooling_i + \varepsilon_i \quad (2)$$

Propensity Score Matching (PSM) involves estimating the propensity score, which represents the probability of a household participating in a program (e.g., PKH or BLT) based on observable characteristics. After matching households from the treatment and control groups with similar propensity scores, the effect of the program is assessed by comparing the outcomes between these matched groups. The Average Treatment Effect on the Treated (ATT) quantifies the impact of the intervention on the treated households. ATT is defined mathematically as follows Equation 3:

$$ATT = E\,[Y_1 - Y_0 | T = 1] \quad (3)$$

Here, Y_1 represents the observed outcome for treated households, while Y_0 is the counterfactual outcome for those same households if they had not received the treatment. $T = 1$ indicates households that are part of the treatment group, such as recipients of the PKH or BLT programs.

However, since it is impossible to directly observe Y_0 for treated households, the study uses Propensity Score Matching (PSM) to estimate the counterfactual outcome. By matching treated households with similar households in the control group (those with $T = 0$), the PSM approach ensures that the estimate of $E\,[Y_0|T = 1]$ is as accurate as possible. The control group's observed outcomes serve as proxies for the unobservable counterfactual outcomes of the treated group. The ATT, therefore, quantifies the difference between the average observed outcome of the treated households $E\,[Y_1|T = 1]$ and the estimated average counterfactual outcome of the same group $E\,[Y_0|T = 1]$. This difference reflects the causal impact of the program on the treated households, providing valuable insights into how interventions like PKH and BLT affect household welfare outcomes such as food and non-food consumption.

RESULTS

This study examines the impact of two government assistance programs in Indonesia: PKH and BLT, on household consumption patterns. It focuses on demographic characteristics, factors influencing program participation, and changes in food and non-food expenditures. Using regression analysis and propensity score matching (PSM) methodologies, the study highlights differences in outcomes for various household groups. The findings provide valuable insights for improving the design and targeting of social welfare programs.

Table 1 summarises the demographic characteristics of the PKH and BLT beneficiaries. Rural households dominated the PKH program, accounting for 51.41% of participants, with 60.39% of them receiving assistance. Conversely, urban households represented 48.59%, with only 39.61% receiving PKH benefits. Geographically, households in Java had higher participation rates in PKH (61.84%) compared to those outside Java (38.16%). For the BLT program, rural participation was slightly higher at 47.21%, with urban households contributing 52.79%. Similarly, Java-based households were more likely to receive BLT assistance (67.49%) compared to non-Java households (32.51%) (Table 1). Regression analysis identified several factors influencing program participation. Urban households were less likely to receive PKH (-0.6%) but were slightly more likely to receive BLT (+0.1%). Households with more members had a higher probability of receiving assistance from both programs. Interestingly, households with higher education levels among heads were less likely to benefit, indicating a focus on lower-income and less-educated demographics.

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Table 1. Demographic characteristics of beneficiaries

Demographic Category	PKH Beneficiaries (%)	BLT Beneficiaries (%)
Rural	51.41	47.21
Urban	48.59	52.79
Java	61.84	67.49
Outside Java	38.16	32.51

The analysis showed that both programs positively affected food consumption, with PKH having a more significant effect. Before receiving PKH, the average monthly food expenditure for beneficiaries was IDR 30,223.53, which increased to IDR 42,601.93 post-intervention, a growth of IDR 12,378.41. In contrast, the BLT increased monthly food expenditures by a modest IDR 931.83 (Table 2).

Table 2. Food consumption patterns

Program	Food Expenditure Before (IDR)	Food Expenditure After (IDR)	Change (IDR)
PKH	30,223.53	42,601.93	12,378.41
BLT	22,324.66	23,256.50	931.83

The effect of PKH on non-food expenditures was significant, particularly when measured using the radius caliper method, which indicated an increase of IDR 238,774.6 ($p < 0.01$). However, BLT's impact on non-food consumption differed from PKH's. The NN Replacement method suggested a substantial increase of IDR 1,555,242.86 on non-food expenditure, but it was not statistically significant. An important consideration in interpreting this finding is the time difference between program implementation and outcome measurement. Specifically, BLT was implemented in 2008, while information on household participation was collected retrospectively in IFLS 2014, approximately six years after the program's implementation. Household consumption expenditure was also measured in the 2014 survey. Consequently, the estimated ATT captures differences in household consumption in 2014 between households that reported having received BLT in 2008 and their matched non-beneficiary households, rather than the immediate consumption response following the cash transfer. Table 3 summarises the non-food expenditure changes, showing contrasting results for PKH and BLT. Non-food Type 2 expenses include spending on clothing, healthcare, ceremonies, and household items.

Table 3. Non-food expenditure changes

Program	Method	Non-Food Expenditure Change (IDR)	Significance (p-value)
PKH	Radius Caliper	238,774.6	p<0.01
BLT	NN Replacement	1,555,242.86	Not significant

This study highlights the differential impacts of PKH and BLT programs on food and non-food expenditures. While PKH showed a consistently positive and statistically significant impact on food and primary non-food consumption, BLT's results were more varied, with inconsistencies in non-food impact. These differences suggest that PKH's targeted approach may be more effective in addressing household needs than the broader BLT program. However, the lack of significant impact on non-food Type 2 expenses suggests gaps in program design. To maximise effectiveness, future programs should consider integrating components that address broader household needs, including education, healthcare, and durable goods. By providing evidence-based insights, this study underscores the importance of refining social welfare policies to improve the well-being of vulnerable households in Indonesia.

DISCUSSION

Research findings indicate that the characteristics of recipients of the Family Hope Program (PKH) and Direct Cash Assistance (BLT) follow different patterns based on their area of residence. As shown in Table 1, PKH

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beneficiaries are slightly more concentrated in rural areas (51.41%), whereas BLT beneficiaries are more concentrated in urban areas (52.79%). This difference may partly reflect the distinct socioeconomic vulnerabilities experienced by rural and urban households. Rural poverty is often associated with dependence on agricultural activities, limited access to formal employment, and geographical constraints in accessing essential public services (Kamara et al., 2019; Khan, 2000) . These conditions are relevant to PKH, which targets poor and vulnerable households through education- and health-related eligibility criteria. Conversely, the relatively higher representation of BLT beneficiaries in urban areas may reflect the vulnerabilities associated with urban poverty, including unstable employment, informal economic activities, and relatively high living costs, particularly for housing, transportation, and food (Hernandez & Titheridge, 2016; Vilar-Compte et al., 2021). Furthermore, both programs exhibit a substantial concentration of beneficiaries in Java, although this pattern is more pronounced for BLT (67.49%) than for PKH (61.84%). These findings suggest that the beneficiary profiles of PKH and BLT reflect not only differences in household socioeconomic conditions but also the geographical distribution of poverty and the implementation of social assistance programs.

The prevalence of PKH recipients in rural areas can be attributed to the program's nature as a conditional cash transfer (CCT) program, with assistance linked to the utilisation of education and health services. Poor rural households often have limited access to basic services and economic opportunities, making interventions that combine income transfers with human capital development particularly relevant. In the Indonesian context, evidence shows that the PKH has a positive and significant impact on food consumption expenditure (Kusuma et al., 2017). The program is designed as a social protection measure aimed not only at boosting household income but also at fostering investment in human capital (Hudang et al., 2024).

Conversely, the higher proportion of BLT recipients in urban areas reflects the role of cash assistance as a tool for maintaining household purchasing power during periods of economic strain (Hidrobo et al., 2018). Urban households, particularly those reliant on informal employment, often face income instability, allowing flexible cash transfers to be used for various needs. Evaluations of cash transfer programs in Indonesia demonstrate a strong link between cash transfers and a household's ability to engage in consumption smoothing. Delays in transfer disbursements can lead to a substantial decline in household expenditure, indicating liquidity constraints among recipient households (Bazzi et al., 2015).

Differences in the probability of receipt are also evident in the regression results. Urban households have a 0.6% lower probability of receiving PKH but a slightly higher probability (0.1%) of receiving the BLT. These differences indicate that the two programs have distinct policy orientations and target different groups. PKH tends to target poor households with specific characteristics and is linked to human capital development, whereas BLT functions as a more flexible transfer designed to maintain household purchasing power.

These findings align with those of Tohari et al. (2019), who demonstrated that the effectiveness of social protection in Indonesia is heavily influenced by the quality of targeting and inter-program linkages. The implementation of the Unified Targeting System has enhanced the targeting capabilities of social programs. Households receiving multiple programs simultaneously also exhibit higher per capita expenditure levels compared to non-recipient households. Larger household sizes in this study were also associated with a higher probability of receiving assistance. From an economic perspective, this can be explained by increased household consumption needs. When family size grows without a proportional rise in income, per capita income falls, thereby increasing economic vulnerability. Consequently, household size serves as a key indicator for identifying households in need of social protection.

Conversely, households headed by individuals with higher levels of education are less likely to receive assistance. This finding suggests a link between education and household economic capacity. Higher education generally improves the chances of securing employment with higher productivity and income, thereby reducing the likelihood of the household falling into the target group for assistance. Thus, the characteristics of recipients in this study generally indicate that the programs are relatively concentrated among households with lower economic capacity. One of the study's key findings is that both PKH and BLT have a positive impact on food consumption; however, the magnitude of the change among PKH recipients is significantly greater than

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among BLT recipients. Food expenditure for PKH recipients rose from Rp30,223.53 to Rp42,601.93, an increase of Rp12,378.41 per month, whereas BLT recipients saw an increase of only Rp931.83.

The findings indicate that PKH is relatively more effective than BLT in increasing household food consumption. These results align with the study by Hudang et al. (2024), which utilised data from the 2007 and 2014 Indonesian Family Life Survey (IFLS) and a difference-in-differences method. This study found that PKH had a positive and significant impact on household food consumption expenditure. This consistency reinforces the argument that poor households use the additional income provided by PKH to better meet their basic needs. Given their limited resources, poor households tend to allocate additional income to their most pressing needs, particularly food.

Theoretically, this phenomenon can be explained by Engel's law, which posits that the lower the household income, the greater the proportion of expenditure allocated to food. Consequently, when poor households receive additional income through transfers, an increase in food consumption is one of the most likely responses. These findings also relate to Bazzi et al. (2015), who demonstrated that cash transfers in Indonesia are associated with consumption smoothing behaviour; liquidity-constrained households can use transfers to maintain consumption levels amidst income fluctuations. Their study showed that delays in receiving transfers led to a decline in expenditure of approximately 7.5 percentage points.

The increase in food consumption among PKH recipients observed in this study can be understood not merely as a rise in consumption but also as a household mechanism to alleviate liquidity constraints and maintain a minimum standard of consumption. The difference in magnitude between PKH and BLT also suggests that program design influences household responses. PKH is a conditional assistance program targeting poor families with specific education and health components, whereas BLT offers greater flexibility in usage. Therefore, BLT recipients are not required to allocate their entire additional income to food, a significant factor, given that cash transfers can essentially be used to meet a wide range of needs. Households may utilise assistance for food, healthcare, education, debt repayment, transportation, or other needs. Consequently, the impact of the direct cash transfer (BLT) on any single consumption category may appear relatively small, even though the program still contributes to overall well-being. These findings also indicate that program effectiveness is determined not only by the provision of aid but also by timing, amount, regularity, and recipient household characteristics. The timing aspect is crucial in determining household consumption responses to cash transfers (Bazzi et al., 2015; Tiwari et al., 2016).

The program's impact on non-food consumption exhibits a more complex pattern than that observed for food consumption. Under the Family Hope Program (PKH), the Radius Caliper method yielded an increase in non-food consumption of IDR 238,774.6 (significant at $p < 0.01$). These results suggest that PKH has the potential to generate broader effects than merely increasing food consumption. The rise in non-food expenditure can be explained by the income effect; when additional income enables households to better meet their food requirements, some resources can be reallocated to non-food needs. Increased non-food expenditure may indicate an improvement in the household's overall consumption capacity (Habimana et al., 2021; Handa et al., 2018) . These findings align with those of Tohari et al. (2019), who found that households participating in multiple social protection programs exhibited higher per capita expenditure levels. Such results demonstrate that social assistance can deliver welfare impacts extending beyond a single category of needs, provided that the programs are appropriately targeted and integrated.

However, this study reveals that not all components of non-food consumption experienced significant increases. "Type 2" non-food expenditures - clothing, healthcare, ceremonial expenses, and household necessities - showed no significant impact under either PKH or BLT. This suggests that the additional transfer amounts may not have been substantial enough to alter household expenditure patterns regarding secondary needs. Poor households likely continue to prioritise food and other basic needs, such that a statistically significant increase in spending on clothing, household goods, social activities, or other non-food items has not yet been observed.

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These findings are consistent with the consumption patterns of poor households facing budget constraints. When additional income is relatively small compared to household needs, it tends to be allocated first to the most urgent requirements. The study results indicate that PKH exerts a stronger influence on basic consumption than on secondary needs. This aligns with Hudang et al. (2024), who found a significant impact of PKH on food consumption, whereas its effect on other outcomes was not always significant. In contrast to PKH, the impact of BLT on non-food consumption yielded inconsistent results across estimation methods. The nearest neighbour replacement method showed an increase of IDR 2,129,522.4, although this was not statistically significant; conversely, the radius caliper method indicated a negative or relatively minor impact.

These discrepancies suggest that the BLT estimation results regarding non-food consumption are relatively sensitive to the choice of matching method. This may stem from the fact that the characteristics of BLT recipients and the control group are not entirely identical, particularly regarding less observable economic attributes. The use of multiple PSM methods in this study strengthens the analysis by allowing for an evaluation of the robustness of the results. If the estimates show a relatively consistent direction and magnitude across methods, the causal evidence is strengthened; conversely, variations in results across methods necessitate caution when drawing conclusions.

The context of cash transfers in Indonesia suggests that consumption responses to transfers can be heavily influenced by disbursement characteristics and household liquidity conditions (Bazzi et al., 2015). Consequently, the observed heterogeneity in BLT impacts may reflect differences in recipients' needs and economic circumstances (Mookherjee & Napel, 2021). Furthermore, the BLT operates as an unconditional transfer, granting recipients the freedom to decide how funds are utilised. While this flexibility is advantageous when households face diverse needs, it simultaneously makes the impact on specific expenditure categories more difficult to predict. Consequently, the estimated increase of Rp2,129,522.4 which was not statistically significant, cannot be interpreted as evidence that the BLT increased non-food consumption by that specific amount. This result is more accurately understood as a point estimate that lacks sufficient statistical support.

The differing results between PKH and BLT demonstrate that the design of social assistance is a crucial factor determining its impact on household consumption. PKH is a conditional cash transfer program designed to provide income protection while simultaneously encouraging investment in human capital. In contrast, BLT is a cash transfer that offers recipients greater flexibility. In the Indonesian context, Hudang et al. (2024) demonstrated that PKH significantly increased food consumption expenditure. These findings provide empirical support for PKH's ability to fulfil one of its primary functions: acting as a consumption protection instrument for poor households. Meanwhile, Bazzi et al. (2015) showed that unconditional cash transfers can serve as a mechanism for consumption smoothing. This indicates that BLT serves a different function than PKH: rather than primarily altering household behaviour, it provides additional resources that enable households to withstand income shocks and maintain consumption levels (Nasrudin et al., 2020).

Therefore, the differences in these research findings should not be interpreted as evidence that PKH is inherently superior to BLT. Instead, these two programs serve distinct policy functions. PKH is best viewed as an instrument for both social protection and human capital development, whereas BLT is better suited as a tool for responding to economic shocks and protecting the purchasing power. Research findings on recipient characteristics highlight the importance of accurate targeting. Social programs that fail to reach the intended targets risk reduced intervention effectiveness, as resources may not fully reach the households that are most in need. Tohari et al. (2019) demonstrated that implementing the Unified Targeting System in Indonesia improved the targeting capabilities of social programs. They found that the probability of target households receiving a combination of the three programs increased by 117%, while households receiving all three programs had per capita expenditures at least 30 percentage points higher than households that did not receive the programs.

These findings are relevant to the present study, as they demonstrate that the effectiveness of social assistance depends not only on the size of the transfer but also on the recipients, the timing of the assistance, and whether the program complements other initiatives. Consequently, the government must strengthen the integration of

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beneficiary data and ensure that highly vulnerable households receive a combination of programs tailored to their specific needs. Households facing food insecurity may require consumption-based assistance, whereas those already capable of meeting basic needs may benefit more from economic empowerment programs.

CONCLUSION AND IMPLICATIONS

This study evaluates the effectiveness of Indonesia's Family Hope Program (PKH) and Direct Cash Assistance (BLT) in improving household welfare, particularly by examining their impacts on food and non-food consumption patterns. Employing Propensity Score Matching (PSM) to minimize selection bias, the research provides robust insights into the programs' outcomes. The findings reveal that the PKH program significantly enhances household consumption, particularly on staple foods and essential non-food expenditures, such as utilities and household fuels. In contrast, the BLT program demonstrates no substantial impact on either food or non-food consumption. These differences highlight the limitations of one-time cash transfers like BLT in addressing broader and sustained household needs. Factors such as the relatively small amount of assistance, inflationary pressures, and the prioritization of immediate needs limit the effectiveness of the BLT program.

The research underscores the importance of routine, targeted assistance programs like PKH in improving household welfare. PKH's structured design enables households to allocate resources more effectively, contributing to better living conditions. Meanwhile, the limited effectiveness of BLT calls for a redesign of one-time cash transfer schemes to better address inflationary and situational challenges faced by beneficiaries. By focusing on household consumption as a key indicator, this study highlights the critical role of tailored social assistance programs in poverty alleviation. It also emphasizes the need for a more comprehensive and integrated approach to addressing household vulnerabilities. Future policies should focus on combining immediate relief efforts with sustainable long-term strategies to enhance the overall welfare of vulnerable households in Indonesia.

The findings of this study have several policy implications. First, the greater increase in food consumption among PKH recipients indicates that the program is effective as an instrument for basic consumption protection. This result is consistent with Hudang et al. (2024), who found a positive and significant impact of PKH on food consumption. The relatively small change in food consumption among BLT recipients suggests that the flexibility in using the transfer means additional income is not necessarily concentrated on food. This situation does not represent a program weakness; rather, flexibility allows households to address their most urgent needs. Bazzi et al. (2015) demonstrated that cash transfers can play a crucial role in maintaining consumption when households face shocks and liquidity constraints. The lack of a significant impact from either program on "Type 2" non-food consumption indicates room to strengthen complementary policies. Cash transfers could be combined with programs addressing health, education, economic empowerment, access to finance, and the enhancement of productive capacity. The government needs to pay attention to the timeliness of aid disbursement. Evidence from Bazzi et al., 2015) shows that payment delays can lead to substantial declines in consumption. Thus, program effectiveness depends not only on the aid amount but also on the certainty and timeliness of distribution. The varying results across PSM methods for the BLT program highlight the need for evaluations that account for impact heterogeneity. Evaluations should not rely solely on a single total expenditure indicator but need to distinguish between food consumption, non-food consumption, health, education, and productive investment.

Overall, this study demonstrates that PKH and BLT have different impacts on household consumption patterns. PKH shows a larger and more consistent impact on food consumption, whereas the impact of BLT is relatively smaller. Regarding non-food consumption, PKH demonstrated a positive and significant effect under the Radius Caliper method, whereas the impact of BLT was inconsistent across methods. These results indicate that program design, beneficiary characteristics, and the nature of household needs are critical factors in determining the effectiveness of social assistance. As a Conditional Cash Transfer (CCT) program, PKH is more targeted toward protecting poor households and building human capital, resulting in a more consistent effect

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on basic consumption. In contrast, BLT offers greater flexibility in fund usage, leading to varied impacts across households. These findings align with international literature on cash transfers, which indicates that while social assistance can boost consumption and welfare, the magnitude of the impact depends on program characteristics, targeting accuracy, transfer size, payment regularity, and recipient household characteristics. Consequently, this study implies that social protection policy in Indonesia should not focus solely on increasing the volume of assistance but also on targeting accuracy, timeliness, inter-program integration, and the complementarity between consumption-oriented aid and economic empowerment programs. Such an approach increases the likelihood that social assistance will generate welfare improvements that are not merely short-term—achieved through food consumption—but also long-term, realized through enhanced household economic capacity.

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