

ANALYSIS OF THE DIRECT CASH TRANSFER (BLT) PROGRAM POLICY AND ITS IMPLICATIONS FOR THE WELFARE OF POOR HOUSEHOLDS IN DISADVANTAGED AREAS OF EAST NUSA TENGGARA PROVINCE

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Abstract

The Direct Cash Transfer (BLT) Program is a social protection policy instrument aimed at reducing poverty levels, particularly in disadvantaged regions such as East Nusa Tenggara Province. This study seeks to analyze the BLT policy and examine its implications for the welfare of poor households using a qualitative approach based on library research. The data are derived from various scientific literature and official documents, which are analyzed using content analysis techniques. The findings indicate that the BLT program contributes positively to the fulfillment of basic needs and helps maintain household economic stability in the short term. However, its effectiveness in promoting long-term welfare improvement remains limited. Thus, BLT can be considered an effective instrument for short-term poverty alleviation; however, it requires synergy with economic empowerment programs to generate sustainable welfare impacts.

Keywords: Direct Cash Transfer, public policy, welfare, poverty, East Nusa Tenggara.

INTRODUCTION

Poverty remains a complex structural issue in Indonesia's economic development process, particularly in regions classified as disadvantaged areas. East Nusa Tenggara Province (NTT) is among the regions experiencing relatively high levels of poverty, as reflected in limited access to economic resources, low educational quality, and restricted access to healthcare services. These conditions directly affect the low level of household welfare, especially among poor communities that are highly vulnerable to various economic pressures.

In response to these conditions, the government has initiated various social protection policies, one of which is the Direct Cash Transfer (BLT) Program. This program is designed as a form of direct fiscal intervention targeting poor households, with the aim of maintaining purchasing power and ensuring the fulfillment of basic needs, particularly during periods of economic instability such as inflation or economic crises. The unconditional nature of BLT provides flexibility for beneficiaries to allocate the funds according to their household priorities.

From a theoretical perspective, BLT can be positioned as an income redistribution policy instrument intended to reduce economic inequality while improving societal welfare. However, the effectiveness of this policy implementation is not solely determined by the amount of assistance provided, but also by the accuracy of targeting, the efficiency of

distribution mechanisms, and the socio-economic characteristics of beneficiary communities. In practice, the implementation of BLT in various regions, including disadvantaged areas, still faces several challenges, such as inclusion and exclusion errors, limitations in the validity of beneficiary data, and suboptimal coordination among implementing institutions.

Various empirical studies indicate that BLT tends to provide positive contributions in the short term, particularly in increasing household consumption capacity and maintaining family economic stability. However, its effectiveness in promoting long-term welfare improvement remains a subject of academic debate, given the program's temporary nature and its limited focus on productive economic empowerment. In the context of disadvantaged regions such as NTT, these issues become increasingly critical, as poverty is multidimensional and requires a more integrated policy approach.

Based on the above considerations, a comprehensive study is necessary to analyze the BLT policy, particularly in relation to its implications for the welfare of poor households in disadvantaged areas. This analytical approach is not only oriented toward evaluating policy effectiveness but also aims to identify various limitations and opportunities for improvement in its implementation. Therefore, the findings of this study are expected to contribute both conceptually and practically to the formulation of more effective, adaptive, and sustainable social protection policies.

LITERATURE REVIEW

Public Policy Theory

Public policy is essentially a manifestation of the government's rational choices in responding to complex public issues. According to Thomas R. Dye, public policy can be understood as whatever governments choose to do or not to do, which directly affects people's lives. This perspective emphasizes that public policy reflects not only active decisions but also passive ones that carry strategic implications.

In contemporary developments, B. Guy Peters emphasizes that public policy is a dynamic process involving interactions among various actors and institutions within a governance system. Thus, public policy cannot be separated from the surrounding social, economic, and political contexts. This indicates that policy analysis must simultaneously consider institutional dimensions and external environmental factors.

Conceptually, the public policy process generally consists of stages of formulation, implementation, and evaluation. William N. Dunn explains that policy formulation is the initial stage focusing on identifying public problems and developing alternative solutions. Policy implementation then becomes a crucial stage that determines policy success, where factors such as communication, resources, implementers' disposition, and bureaucratic structure play significant roles. The evaluation stage serves to assess policy effectiveness and provide feedback for future policy improvements.

Welfare Theory

Welfare, from economic and social perspectives, is a multidimensional concept that cannot be reduced solely to income indicators. Amartya Sen, through the capability approach, argues that welfare should be understood as an individual's ability to achieve valuable life functions. In other words, welfare is not only about what individuals possess, but also about what they are able to do and achieve.

Similarly, Joseph E. Stiglitz highlights the importance of measuring welfare beyond traditional economic indicators by incorporating dimensions such as quality of life, access to public services, and social inequality. This approach broadens the understanding of welfare as a condition encompassing both material and non-material aspects in an integrated manner. At the household level, welfare indicators generally include income or expenditure levels, consumption patterns, access to education and healthcare, housing conditions, and economic resilience. These indicators are used to provide a comprehensive picture of welfare conditions in both the short and long term.

Social Assistance and BLT

Social assistance is a policy instrument designed to protect vulnerable groups from various social and economic risks. According to the World Bank (2020), social assistance programs play a significant role in reducing poverty and enhancing household economic resilience, particularly during times of crisis.

In the Indonesian context, the Direct Cash Transfer (BLT) Program is a form of social assistance provided directly to poor households in cash. The program aims to maintain purchasing power and support the fulfillment of basic needs. The Ministry of Social Affairs of the Republic of Indonesia (2021) explains that BLT is designed as a rapid response to economic pressures faced by society.

Despite its advantages in terms of speed and flexibility, BLT also faces several limitations. Abhijit V. Banerjee and Esther Duflo, in their empirical studies, demonstrate that cash transfer programs are effective in increasing consumption but do not always significantly improve productive capacity without complementary interventions. This suggests that the success of BLT depends heavily on its integration with economic empowerment policies.

Previous Empirical Studies

A number of studies over the past decade indicate that the BLT program has contributed positively to improving the welfare of poor households, particularly in the short term. A study by the World Bank (2020) shows that cash transfers can increase household consumption and reduce vulnerability to economic shocks.

In Indonesia, various studies also confirm that BLT plays a role in maintaining household economic stability during crisis periods, including during the COVID-19 pandemic.

However, other studies highlight implementation challenges, such as mistargeting and limitations in beneficiary data.

Furthermore, studies by Rema Hanna and Benjamin A. Olken emphasize the importance of governance and transparency in social assistance programs to enhance policy effectiveness. Overall, empirical findings suggest that while BLT is effective in the short term, its long-term welfare impact remains limited without complementary policy support.

Conceptual Framework

Within the policy analysis framework, the BLT Program has a causal relationship with the welfare level of poor households through the mechanism of increasing purchasing power. Cash assistance enables households to meet their basic needs, thereby contributing to short-term economic stability.

However, this relationship is not deterministic; rather, it is influenced by various factors such as targeting accuracy, the amount of assistance, and the socio-economic conditions of beneficiaries. Therefore, the analysis of BLT policy must consider the entire process, from policy formulation to implementation and evaluation.

Conceptually, this relationship can be understood as a process that begins with BLT policy, followed by implementation, household utilization, short-term impacts, and ultimately implications for long-term welfare. In this context, the quality of implementation becomes a key factor determining the policy's success in achieving welfare objectives.

METHOD

Research Type and Approach

This study employs a descriptive qualitative approach aimed at gaining an in-depth understanding of the dynamics of the Direct Cash Transfer (BLT) policy and its implications for the welfare of poor households. The approach used is library research, which emphasizes a critical review of relevant written sources. This approach is selected as it enables comprehensive conceptual analysis and theoretical synthesis without relying on direct field data collection.

Data Sources

This study utilizes secondary data obtained from sources with academic credibility and substantive relevance to the research topic. These sources include scholarly books, articles published in nationally and internationally indexed journals, official government reports such as those from Statistics Indonesia (BPS) and relevant ministries, as well as policy documents related to the implementation of BLT. The selection of sources is conducted rigorously by considering aspects of validity, relevance, and the timeliness of information.

Data Collection Techniques

Data collection is carried out through documentation study combined with systematic literature review. The documentation study focuses on gathering various written documents

related to BLT policy and household welfare issues. Meanwhile, the literature review is conducted in a structured manner through various scientific databases to obtain up-to-date and relevant references, thereby strengthening the analytical foundation of the study.

Data Analysis Techniques

The data analysis process is conducted qualitatively through integrated stages. The initial stage involves data reduction, aimed at selecting and simplifying information in accordance with the research focus. The next stage is data presentation in a systematic manner to facilitate interpretation. Subsequently, conclusions are drawn based on patterns and relationships among the findings. In this process, content analysis and thematic analysis approaches are also employed to identify and elaborate on the main themes emerging from various literature sources.

Data Validity Techniques

To ensure the validity and credibility of the findings, this study applies source triangulation by comparing various references. Additionally, consistency checks across the literature are conducted to ensure coherence of information, along with theoretical validation based on relevant conceptual frameworks. This approach is intended to enhance the overall reliability and accuracy of the research findings.

RESULTS AND DISCUSSION

Overview of the BLT Policy

The Direct Cash Transfer (BLT) Program is a social protection policy instrument developed by the government in response to increasing economic vulnerability resulting from crisis dynamics. This policy has gained greater relevance during periods of economic pressure, including the COVID-19 pandemic, which significantly affected household incomes. Within this framework, BLT is designed as a direct fiscal intervention to maintain the purchasing power of poor and vulnerable groups. The World Bank (2020) emphasizes that cash transfer schemes are among the most effective policy approaches in mitigating the impact of economic crises on vulnerable populations. Therefore, BLT functions not only as economic assistance but also as a strategic instrument of social stabilization.

Conceptually, BLT aims to alleviate the expenditure burden of poor households while ensuring the continuity of basic needs fulfillment. The distribution mechanism is carried out directly to beneficiaries through banking systems or government-designated distribution institutions. The Ministry of Social Affairs of the Republic of Indonesia (2021) explains that flexibility in the use of funds is one of the main advantages of BLT, as it allows recipient households to allocate assistance according to their priority needs. With these characteristics, BLT is considered more responsive than in-kind assistance, reinforcing its position as an adaptive policy aligned with societal needs.

The primary target group of this program consists of poor and vulnerable households registered in the Integrated Social Welfare Data (DTKS). However, in practice, targeting still faces various challenges, particularly related to data accuracy and updating. Discrepancies between data and actual field conditions often result in inclusion and exclusion errors. B. Guy Peters (2018) emphasizes that the success of public policy is largely determined by the quality of its design and implementation, including the reliability of the data system used. Thus, data validity becomes a crucial factor in determining the effectiveness of the BLT program.

In the context of East Nusa Tenggara Province, the urgency of BLT implementation is heightened by the region's high poverty rate. Data from Statistics Indonesia (2023) indicate that the poverty rate in NTT is approximately 20.44%, significantly higher than the national average. This condition underscores the importance of policy interventions such as BLT in maintaining household economic stability. Therefore, BLT serves as a key instrument in social protection strategies in disadvantaged regions.

Overall, BLT can be understood as a policy that is responsive to economic pressures and adaptive to societal needs. However, its effectiveness is strongly influenced by the quality of its implementation and its integration with other policies. Therefore, a comprehensive evaluation of BLT is necessary, considering multiple dimensions of public policy.

Implementation of BLT in Disadvantaged Areas

The implementation of the BLT Program in disadvantaged areas of East Nusa Tenggara (NTT) reflects a complex interaction of structural, geographical, and institutional factors. The designation of most districts in NTT as disadvantaged regions, as stipulated in Presidential Regulation No. 63 of 2020, indicates fundamental limitations in infrastructure, connectivity, and local economic capacity. These conditions are compounded by relatively high poverty levels—approximately 20.44% according to Statistics Indonesia (2023)—positioning BLT as a strategic instrument for maintaining socio-economic stability. In this context, BLT functions not only as cash assistance but also as a mechanism of state intervention to ensure household consumption sustainability.

The distribution of BLT in disadvantaged areas faces geographical and technical challenges, particularly in archipelagic regions such as Alor, Lembata, and Sabu Raijua. Limited transportation infrastructure and restricted access to financial services often result in delays and inefficiencies in the distribution process. This condition highlights that policy effectiveness is not solely determined by program design but also by the readiness of supporting infrastructure. Therefore, BLT implementation requires an adaptive approach that comprehensively considers local characteristics.

The role of local governments is a key determinant in ensuring successful BLT implementation, particularly in verifying and validating beneficiary data. Local governments act as intermediaries bridging central policies with local social realities. Rema Hanna (2018) emphasizes that the quality of local governance, including transparency and accountability,

significantly influences the effectiveness of social assistance programs. Village governments also play a strategic role in identifying eligible households. However, limited administrative capacity and human resources at the local level often hinder accurate targeting, highlighting the need for institutional strengthening.

Quantitatively, the coverage of BLT recipients in NTT reflects a large-scale intervention in poverty alleviation efforts. According to data from the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration (2022), the number of BLT Village Fund beneficiaries ranges from 300,000 to 350,000 households. At the district level, distribution varies between 10,000 and 25,000 households, with higher concentrations in high-poverty areas such as South Central Timor and East Sumba. This distribution pattern indicates a correlation between poverty levels and aid allocation, although variations across regions also reflect differences in data capacity and policy implementation.

Issues in BLT implementation are closely related to the accuracy of beneficiary data. Although the government relies on the DTKS database, rapid social dynamics at the local level often render the data outdated. This results in inclusion and exclusion errors that affect targeting accuracy. Additionally, limited policy dissemination affects public understanding and acceptance of the program. These conditions indicate that data management and policy communication still require significant improvement.

Overall, BLT implementation in disadvantaged areas of NTT demonstrates that policy success is determined by multidimensional contextual factors. The interaction between geographical conditions, institutional capacity, and socio-economic characteristics plays a central role in program effectiveness. Therefore, a region-based and adaptive policy approach is necessary, along with stronger integration between national policies and local capacities.

Implications of BLT on Household Welfare

The implications of BLT on household welfare in disadvantaged areas of NTT show significant effects, particularly in maintaining consumption stability. Beneficiary households tend to allocate the assistance primarily toward basic needs, especially food. Data from Statistics Indonesia indicate that more than 60% of household expenditure among the poor in NTT is allocated to food, making cash assistance crucial in sustaining consumption levels. This demonstrates that BLT serves as an effective short-term economic stabilization instrument.

However, the impact of BLT on increasing household income remains limited due to its non-productive nature. Abhijit V. Banerjee and Esther Duflo (2019) argue that cash transfers are more effective in increasing consumption than in promoting economic productivity. Thus, BLT functions more as a redistributive policy rather than a development instrument, limiting its long-term welfare impact.

From a social perspective, BLT also contributes to improved access to education and healthcare, although indirectly. Beneficiary households are better able to meet educational and basic healthcare needs. However, limited facilities in disadvantaged areas constrain the

optimization of these benefits. This indicates that social welfare improvements depend not only on financial assistance but also on the availability of adequate public services.

BLT also strengthens household economic resilience against external shocks. In conditions of economic uncertainty, cash assistance helps protect purchasing power and enables households to meet basic needs. However, long-term dependency on assistance remains a potential risk, highlighting the need to balance assistance with economic empowerment initiatives.

Overall, while BLT has significant positive impacts on household welfare, these effects are largely short-term. Enhancing long-term effectiveness requires integrating BLT with economic empowerment programs such as microenterprise development, skills improvement, and expanded employment opportunities.

Critical Policy Analysis

A critical evaluation of the BLT policy indicates that the main issue lies in targeting accuracy. Discrepancies between data and actual conditions result in suboptimal distribution, reducing policy effectiveness. Therefore, improving the data system should be a primary priority.

In terms of effectiveness, BLT has proven beneficial in the short term but has not yet driven structural change in the long term. Joseph E. Stiglitz (2018) emphasizes that effective social policies should create sustainable economic opportunities. In this context, BLT remains limited due to its consumptive nature, necessitating complementary productive policies.

Additionally, the temporary nature of BLT is a key limitation, as it does not directly enhance economic capacity and may create dependency. Therefore, integration with economic empowerment programs is essential to ensure sustainable impacts.

Overall, the analysis suggests that BLT requires refinement in both design and implementation, with a stronger emphasis on economic empowerment alongside redistribution.

Synthesis of Literature Findings

The synthesis of various literature indicates that the BLT Program is generally recognized as an effective policy for reducing economic pressure on poor households, particularly in the short term. Empirical studies consistently show that cash transfers directly increase consumption and maintain household economic stability. Banerjee and Duflo (2019) highlight cash transfers as an efficient approach to addressing temporary poverty, reinforcing BLT's role as a crisis mitigation instrument.

However, the literature also reveals variations in findings regarding long-term impacts. The consumptive nature of BLT limits its ability to sustainably improve welfare. Stiglitz (2018) emphasizes that effective social policies should generate sustainable economic opportunities rather than merely provide temporary relief. Thus, BLT should be positioned within a broader, integrated policy framework.

In disadvantaged regions such as East Nusa Tenggara, BLT effectiveness is strongly influenced by contextual factors, including geographical conditions, infrastructure limitations, and local institutional capacity. This highlights that uniform policy approaches may not be effective across different regional contexts, necessitating locally adaptive strategies.

Overall, the literature suggests that while BLT is effective in stabilizing household consumption, it is not sufficient to address structural poverty. Achieving sustainable welfare requires integration with economic empowerment policies, such as microenterprise development, skills enhancement, and expanded employment access.

Furthermore, this study identifies a significant research gap in the existing literature. Studies specifically examining BLT implementation in disadvantaged regions using qualitative library research approaches remain limited. There is also a lack of research integrating policy analysis with in-depth local socio-economic conditions. Therefore, further contextual research is needed to enrich public policy studies, particularly in disadvantaged regions such as East Nusa Tenggara.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of this study, which employs a qualitative approach through library research, it can be concluded that the Direct Cash Transfer (BLT) Program serves as a relatively effective social protection policy instrument in addressing the economic vulnerability of poor households, particularly in disadvantaged regions of East Nusa Tenggara Province. The high poverty rate, reaching approximately 20.44% as reported by Statistics Indonesia (2023), highlights the urgency of this policy in maintaining household consumption stability. The implementation of BLT has proven effective in sustaining household purchasing power and ensuring the fulfillment of basic needs in the short term. These findings are consistent with the perspective of Abhijit V. Banerjee and Esther Duflo (2019), who emphasize the effectiveness of cash transfers in alleviating temporary economic pressures. Thus, BLT makes a tangible contribution as an economic stabilization instrument for vulnerable groups.

However, the analysis also reveals that the contribution of BLT to long-term welfare improvement remains limited. This limitation is primarily due to the consumptive nature of the assistance and its lack of systematic integration with economic empowerment programs. Furthermore, various implementation challenges such as targeting inaccuracies due to limited data reliability and distribution constraints in geographically challenging areas—also affect policy effectiveness. From a public policy perspective, these conditions indicate that BLT functions more as a short-term economic mitigation instrument rather than a tool for structural transformation. Therefore, it can be concluded that while BLT has a positive impact on the welfare of poor households, this impact remains temporary and requires complementary policy support to achieve sustainability.

Based on the research findings, several strategic measures are necessary to enhance the effectiveness of the BLT policy through improvements in both design and implementation quality. The government should strengthen the beneficiary data system by regularly updating the Integrated Social Welfare Data (DTKS) based on actual field conditions. In addition, improving synergy between central and local governments is crucial to ensure accurate targeting and smooth distribution of assistance, particularly in disadvantaged regions with limited infrastructure. In this context, strengthening institutional capacity at the local level is also a key prerequisite for improving policy implementation.

Furthermore, BLT should be integrated with productive economic empowerment programs, such as microenterprise development, workforce skills enhancement, and expanded access to financial resources. This integration aims to reduce dependency on assistance while promoting sustainable welfare. In line with Joseph E. Stiglitz (2018), effective social policies should not only focus on redistribution but also create sustainable economic opportunities. Therefore, BLT should be positioned within a more holistic development policy framework.

For future research, it is recommended to conduct more comprehensive studies using empirical data through field surveys or direct observation in disadvantaged areas. Comparative approaches across regions may also be employed to identify best practices in BLT policy implementation. Additionally, the use of mixed methods—combining quantitative and qualitative analyses would provide a deeper understanding of the policy's impact on societal welfare. Thus, future studies are expected to contribute more significantly to the advancement of public policy research in Indonesia.

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