ABSTRACT

Unconditional Cash Transfer (UCT) is a program for providing unconditional social assistance to poor families who are designated as beneficiary families of the UCT program. Through UCT, this program can help the poor to meet their daily needs. The cash assistance will increase overall household income so that it can lead to changes in the consumption expenditure of recipient households.

The purpose of this study was to analyze the impact of the Unconditional Cash Transfer (UCT) program on household consumption expenditures in Indonesia. The variables used are the UCT dummy variable, and the control variables include household characteristics, poverty characteristics, and other assistance programs. The data used is secondary data obtained through the Indonesia Family Live Survey (IFLS) in wave 4 and wave 5 taken by rand.org. The data analysis method used in this study is the Difference in Difference method.

The results showed that there was a difference in changes in the level of household consumption expenditure between the treatment group and the control group, namely household consumption expenditure was 0.146 percent greater than that of non-beneficiary households. By using the Fixed Effect regression approach, in the Base Model, it is known that the direct cash assistance policy for households receiving UCT is 0.174 percent greater than those who are not UCT recipients and the Extended Model is 0.130 percent greater than those who are not UCT recipients. Control variables that have a positive effect on household consumption expenditures are gender, yeareduc, income, urban, electricity, drinkingwater, goodcook while control variables that have a negative effect on household consumption expenditures are age, marital_status, province, pkh and raskin.

Keywords Unconditional Cash Transfer, IFLS, Consumption Expenditure, Difference-in-Difference