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Financial Literacy and the Sustainable Livelihood Framework: Advancing Economic Independence and Food Security

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ABSTRACT

The dependence of PKH and low financial literacy have led to weak economic independence and food security among low-income families. This study aims to develop a Sustainable Livelihood Framework (SLF)-based financial literacy model to improve household financial management, encourage productive behavior, and enhance sustainable household food security. The research method used a qualitative approach through in-depth interviews, which were then analyzed through NVivo thematic coding. The research results show a duality: some families have succeeded in escaping poverty, while others remain dependent on the PKH. This is based on findings in the SLF Analysis related to financial literacy, which shows that PKH recipients still face context, conditions, and trends of inflation and social stigma. Meanwhile, livelihood resources are still weak and are utilized in a limited manner. Institutional processes and organizational structures are still not optimal in terms of multisectoral coordination. However, in terms of livelihood strategies, recipients are divided into groups with passive consumption patterns and active diversification through small businesses or agriculture. These conditions present highly varied livelihood outcomes, with some experiencing economic recovery, improved welfare, and human resource quality, while others are trapped in financial dependence and consumptive lifestyles. This study confirms that PKH policy formulation needs to prioritize sustainability, which can be achieved through the integration of financial literacy, consistent institutional support, and cross-sector collaboration.

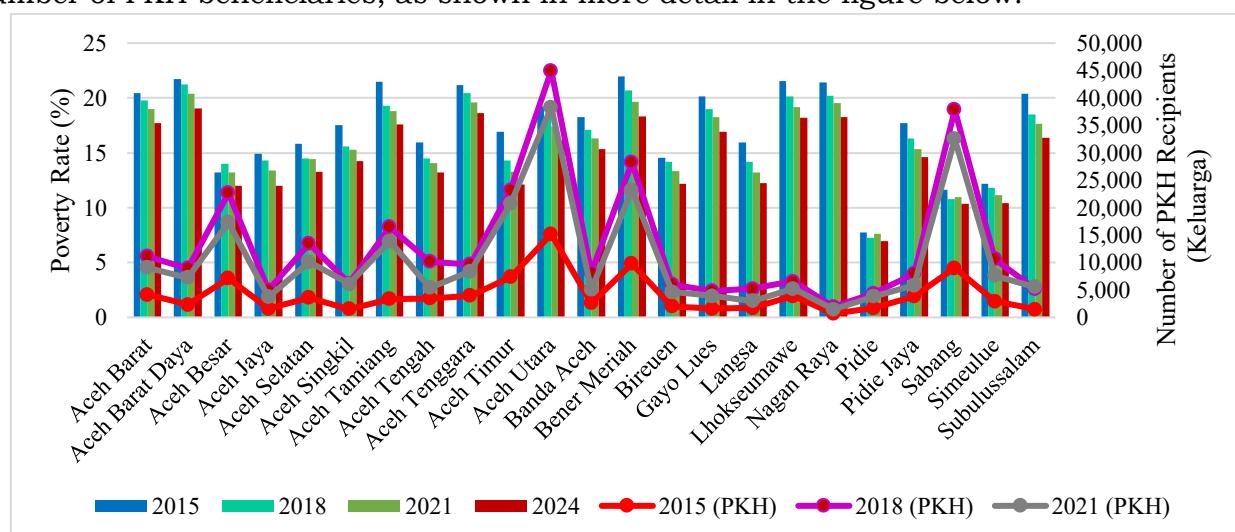
Keyword:

Cash Transfer, SLF, Sustainability, NVivo, Policy

INTRODUCTION

Poverty and food insecurity are still structural problems in Indonesia that require innovative policy approaches (A. Akbar et al., 2025). An even more fundamental problem is the low level of financial literacy among people living in poverty, which involves technical skills, abilities, attitudes, and behaviors in managing economic resources (Finke & Huston, 2014). *The Sustainable Livelihood Framework (SLF)* introduced by (Scoones, 1998) offers a comprehensive approach to understanding household strategies for escaping poverty. Data shows that 1.4 billion people still live in extreme poverty (Hulme, 2012). Although various large-scale poverty reduction programs have been implemented (Anggriawan, 2022), poverty rates remain high (Hulme, 2012). In Indonesia, chronic poverty is a serious challenge. The Equally Distributed Equivalent (EDE) method shows that chronic poverty contributed to 77% of total poverty in 2007-2014 (Sugiharti et al., 2022). Another study shows that 92% of chronic poverty is caused by economic inequality (Purwono et al., 2021). This condition is further complicated by limited financial literacy, which implies a low ability to manage income for productive purposes (Susan, 2018). Data from the National Survey of Financial Literacy and Inclusion (SNLIK) by the Financial Services Authority (OJK) shows that Indonesia's financial literacy rate is only 49.68%, while financial inclusion reaches 85.10% (Financial Services Authority (Otoritas Jasa Keuangan (OJK), 2022). This explains that even though people have access to financial services, they still lack sufficient understanding of financial management. This condition shows that there is still a gap between efforts to reduce poverty and the actual impact expected from the implementation of the PKH policy, which specifically highlights the urgency of financial literacy for recipients through SLF.

In an effort to alleviate poverty, the Indonesian government launched the Cash Transfer Program (PKH) in 2007, adopting the Conditional Cash Transfers (CCT) initiative to ease the burden of poverty household expenses and encourage long-term economic independence (Hatta & Sarkawi, 2011). In several countries, this program has had a positive impact, such as in Brazil, Colombia, Honduras, Jamaica, Mexico, Nicaragua, and Turkiye (Rawlings & Rubio, 2005). However, in Indonesia, PKH has not been able to overcome the problem of poverty due to a lack of financial management skills (Alfiady & Dewi, 2019). This is also occurring in North Aceh, a region with a high poverty rate of 16.64%, far higher than the national average of 9.36% (BPS, 2024). Currently, North Aceh is the district with the highest number of PKH beneficiaries, as shown in more detail in the figure below:



Source: BPS, 2024

Figure 1. Comparison of Poverty Rates and Number of PKH Beneficiaries in Aceh Province

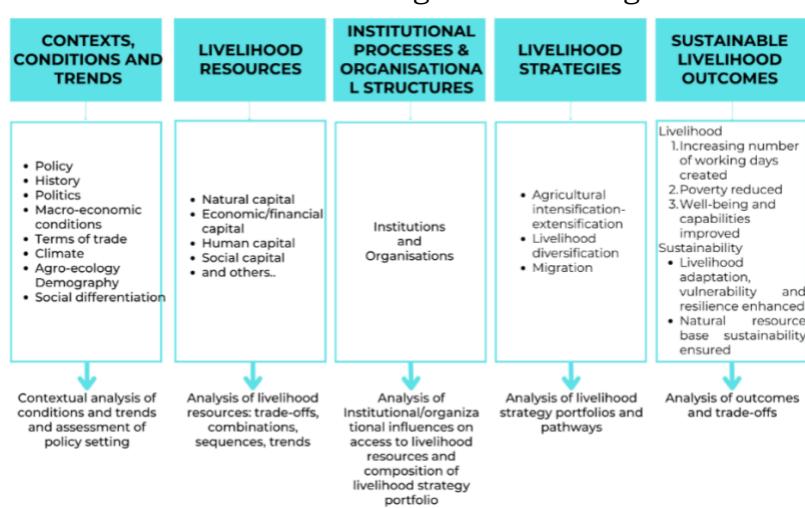
Figure 1 shows a comparison of poverty rates (bar chart) and the number of PKH recipients (line chart) between districts in Aceh province. Although North Aceh does not show

the highest poverty rate, it is the district with the highest number of PKH recipients. However, this status has not been followed by a reduction in poverty. This is in line with previous studies regarding the ineffective design and implementation of the PKH program (Kusuma et al., 2016), because it is not well targeted and tends to be used consumptively for personal purposes (Yuda et al., 2024). Based on previous research, PKH beneficiaries have low levels of financial literacy (M. Akbar & Kadir, 2024), making it difficult for them to improve their families' food security (Erwan Yuliansyah et al., 2025).

Theoretically, several studies on PKH have been conducted from various perspectives, such as optimizing the beneficiary data system (Br Ginting et al., 2021), the PKH program from a religious perspective (Astutik et al., 2022), attempts to overcome poverty from an SDGs perspective (Ismail et al., 2023), and policy effectiveness evaluations (Kurniawan et al., 2024). However, studies that specifically link financial literacy with SLF are still limited. Based on this research gap, the presence of the SLF developed by Scoones (1998) becomes more relevant because it emphasizes five main dimensions that assess how financial literacy plays a role in strengthening economic independence and food security. Methodologically, this study fills the gap in previous studies that did not use NVivo software in the data coding process. Thus, this study is more comprehensive in presenting data through the visualization of findings that are coded in a structured manner via NVivo.

The literature on financial literacy still shows debate. Conventional approaches tend to emphasize cognitive aspects, knowledge, and individual behavior with a focus on improving individual financial knowledge through formal education and financial literacy programs (Bastidas-Guerrón et al., 2025). Meanwhile, structural approaches emphasize that financial literacy is influenced by social capital, macroeconomic conditions, and institutional support. The SLF approach described by Scoones recognizes the importance of individual knowledge and behavior while considering the influence of social capital and institutional support to strengthen the individual's financial situation (McGregor, 2021).

The SLF approach was initiated by Robert Chambers and Gordon Conway in 1992. The approach was transformed into the SLF framework in 1998 by Scoones, which consists of five main components as shown in Figure 1 (Natarajan et al., 2022). This series of analyses is a reference for improving financial literacy and creating food security for PKH beneficiaries in North Aceh. SLF can be seen in detail through the following framework:



Source: Natarajan et al., 2022

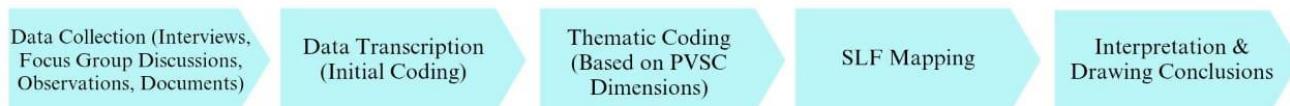
Figure 2. Sustainable Livelihood Framework (SLF)

Figure 2 is an SLF framework that shows the interrelationships among factors such as social, economic, political, and environmental conditions that interact with resources, institutions, and household strategies in shaping livelihoods. SLF has never been applied to studies on the financial literacy of PKH recipients and is rarely integrated with studies related

to social assistance. Therefore, this study focuses on the context of SLF in relation to the financial literacy of PKH recipients to present new insights. SLF is highly relevant to research on the financial literacy of PKH recipients because it has several advantages, such as providing a comprehensive understanding of the community's livelihood dynamics and the factors that influence sustainable welfare, being community-oriented, being contextually integrated, emphasizing sustainability, and encouraging collaboration between sectors. Based on previous research issues and gaps, this study aims to analyze the application of SLF-based financial literacy within the PKH Program in North Aceh Regency, identify supporting and inhibiting factors, and elaborate on its contribution to achieving economic independence and sustainable food security.

METHODS

The research was conducted in North Aceh Regency, which is the highest PKH recipient area in Aceh Province, with an insignificant poverty reduction ratio. This research was done using qualitative methods to factually observe natural conditions and obtain in-depth information through a case study approach to obtain detailed and unique information, including information on the financial literacy of PKH beneficiaries (Abdussamad, 2021). Data collection was carried out through four sources, including in-depth interviews, participatory observation of the PKH beneficiary community's economy, Focus Group Discussions (FGD) to obtain in-depth information through direct discussion and strengthen collaborative public values (Iman et al., 2025), as well as documentation sources from journals, discussion results, and others. Informants were determined purposively after identifying the criteria for appropriate and relevant sources (Nasution, 2023). These data collection methods strengthen each other and are able to provide richer and more factual information in line with the experiences of the community. Meanwhile, several informants, such as PKH beneficiaries, were selected accidentally, considering ease of access (Subhaktiyasa, 2024). The stages of this study can be seen in more detail in the following figure:



Source: Processed by the author, 2025

Figure 3. Research Stages

The data analysis technique of this research refers to Miles & Huberman's interactive qualitative analysis model, which consists of Data Reduction that focuses on important matters and discards unnecessary ones, Data Display, which is the presentation of data in the form of graphs or charts, and Conclusion Drawing/Verification, which is the process of drawing preliminary conclusions that are temporary and still subject to change if stronger supporting evidence is found (Nasution, 2023). This technique was chosen because it is relevant and well-structured for integration with NVivo analysis. The data coding and mapping processes are also supported by NVivo software to help analyze patterns of interrelationships in a more structured manner. The data obtained was grouped and analyzed based on similarities, differences, and relationships between them. The data was then labeled with appropriate themes. The themes are then reviewed and visualized. Furthermore, the themes are interpreted and presented as findings. This research is based on SLF thematic mapping, which is a comprehensive approach to addressing community issues and putting them at the center of planning (Wigati & Fitrianto, 2013).

RESULT AND DISCUSSIONS

Financial literacy based on the Sustainable Livelihood Framework (SLF) in the Cash Transfer Program (PKH)

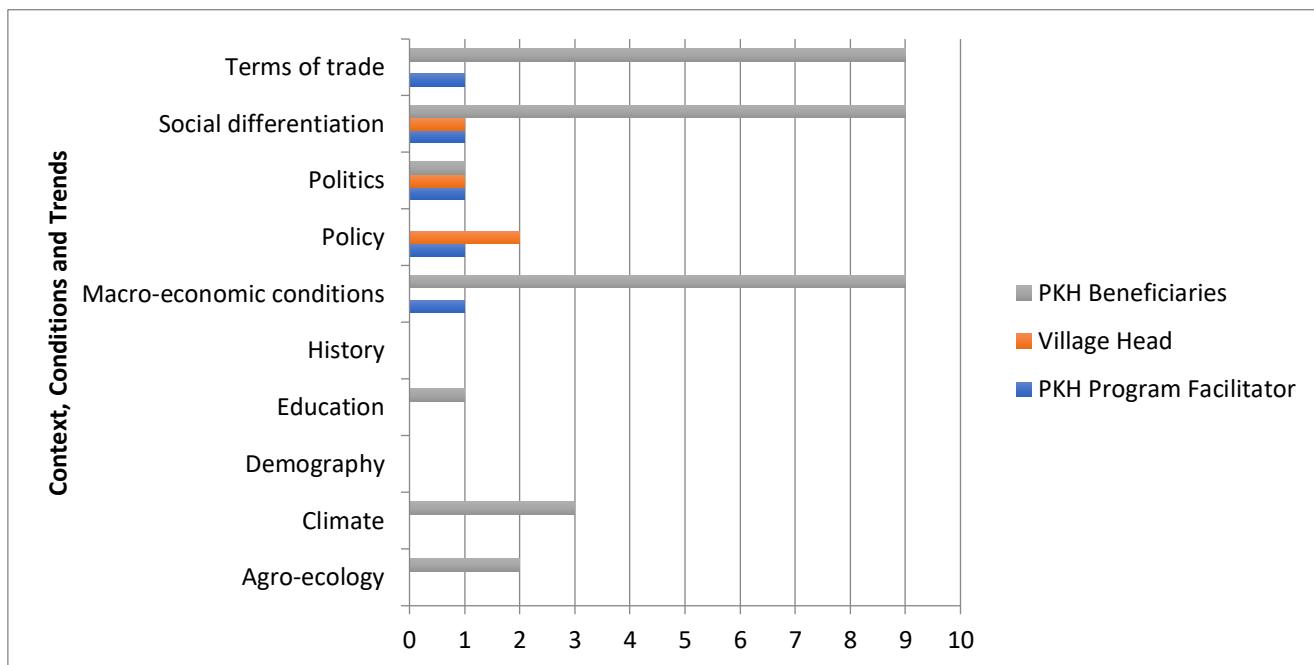
Financial literacy determines the effectiveness and rationality of people's financial decisions (Czech et al., 2024), so it is important to understand it, including for PKH beneficiaries. PKH provided to the low-income population aims to improve financial conditions and increase human resource capacity to overcome poverty (Fitriinitia & Matsuyuki, 2023). However, based on field findings, PKH beneficiaries still experience financial difficulties and do not yet have sufficient skills to support their livelihoods. Financial management skills enable individuals to take control of their daily finances, deal with various economic shocks, and achieve their financial goals (Koskelainen et al., 2023). Therefore, the SLF approach is used because it can explain the livelihood dynamics of poverty-affected communities through five main components, namely contexts, conditions, and trends; livelihood resources; institutional processes and organizational structures; livelihood strategies; and sustainable livelihood outcomes. Each component is analyzed based on field data obtained through in-depth interviews, participatory observation, and coding with NVivo software. Each indicator is explained below:

1. Context, Conditions, and Trends

The research results show that one of the main contexts affecting PKH beneficiaries in North Aceh is price increases for necessities. Inflation puts economic pressure on beneficiaries because their transfers are used up for daily needs. This illustrates how macroeconomic factors become structural barriers that limit beneficiaries' ability to manage their transfers as productive capital. A PKH facilitator explained that the government is trying to respond to inflation with market intervention and food assistance:

"The government has helped by providing subsidized markets, and there is also rice distribution from Bulog to reduce the burden on the community. But the community is still very dependent on PKH assistance." (PKH Facilitator, Interview, June 24, 2025)

The above view explains that despite policy interventions, the long-term outcome of economic independence has not been optimally achieved. Another context that was highlighted by each informant is supported by NVivo analysis below:



Source: Coded using NVivo, 2025

Figure 4. Context, Conditions, and Trends PKH Beneficiaries

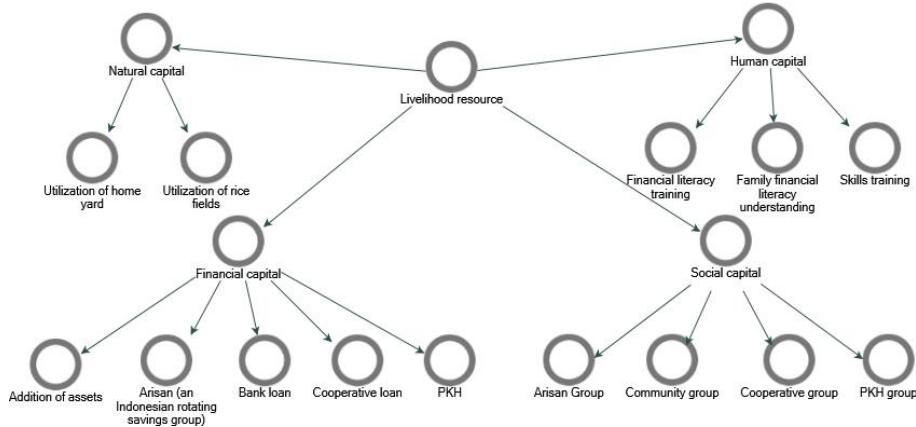
Figure 4 confirms Scoones' (1998) view that contexts, conditions, and trends are structural factors that determine the scope of livelihood strategies of low-income households. Inflation limits the capacity of PKH beneficiaries to convert transfers into savings or productive capital. This phenomenon is similar to that described by (Cornia & Reddy, 2004) regarding chronic poverty, where macroeconomic pressures cause social assistance to be used more often for short-term survival.

The social context in the form of gender relations and social differentiation strengthens the argument that financial literacy is inseparable from household social dynamics. As explained by (Munisamy et al., 2022), for low-income households, financial literacy is important for improving socioeconomic status. Several sources said that in their cases, PKH money was never asked for by their husbands because they understood it was the children's right. However, Muhibbul Murtadha, a PKH facilitator, shared a different experience, stating that many husbands asked their wives for PKH money and did not have alternative sources of income. This shows that some households are able to maintain the function of PKH as education funds, while other households experience it as a source of conflict.

In terms of policy, the shift in the role of villages in proposing beneficiaries through the Integrated Social Welfare Data (DTKS), as conveyed by the Head of Meucat Village, indicates the decentralization of determining program targets. This statement shows the dynamics of policies that expand the role of villages, while at the same time increasing the burden of coordination with the central government. However, this also creates new challenges in terms of coordination and program legitimacy at the local level. As noted by (Ezekannagha et al., 2020), the political and policy context at the local level often determines the extent to which national programs can be effectively implemented in the community. Based on the explanation, differences in contextual perspectives among actors were identified. This difference broadens the application of the SLF as it shows that context analysis should not stop at objective conditions (inflation, policy, regulation), but must also consider how different actors interpret the context. This shows that PKH financial literacy in North Aceh is influenced by a combination of interrelated economic, social, and political factors.

2. Livelihood Resources

Within the SLF framework, livelihood capital is one of the key factors that determine how PKH beneficiaries utilize assistance to support economic independence. The interview results show that various types of capital are indeed available, but their usage is still limited to basic needs. A summary of the capital findings can be seen fully in the NVivo analysis below:



Source: Coded using NVivo, 2025

Figure 5. Livelihood Resources

Figure 5 confirms the various resources that are utilized and not utilized by PKH recipients. Based on the results of the interview coding, it was found that natural capital is demonstrated through the use of rice fields and yards. Natural capital supports food security, but only for those who have access to land and relatively incidental use. In terms of human capital, there are human capacity-building programs, but access to them is still limited to certain villages. From the SLF perspective (Scoones, 1998), the condition of PKH beneficiaries in North Aceh shows low financial capital. This phenomenon is similar to what is called consumption smoothing (Jeanneney & Tapsoba, 2012) where transfers only serve to maintain household stability rather than as productive investments.

On the other hand, financial capital appears, but the results do not develop into assets. PKH tends to be narrowly perceived as consumptive funds, particularly for children's education, without being directed towards business development. There is also a tendency for PKH beneficiaries to be reluctant to take advantage of formal financial facilities. In fact, according to a PKH facilitator, there is a behavior of "asset-hiding" so that they are not removed from the program:

"In 2025, no one wants to save gold anymore because they are afraid that it will be an indicator for PKH to be revoked." (PKH Facilitator, Interview, July 10, 2025)

This statement reflects limited financial literacy mixed with fear of losing assistance, causing beneficiaries to avoid asset ownership.

Social capital is the strength of individual networks within the community that play an important role in economic opportunities (Chetty et al., 2022). Social capital is related to cooperatives, social gatherings, and communities, but access is weak. Many people leave cooperatives or do not join them at all because of normative and structural barriers, both from family norms (husband's permission) and local policies (village heads restricting cooperatives), making it difficult to build collective networks that strengthen access to capital.

Although the four types of SLF capital are experienced by PKH recipients, physical capital has not developed well. So that opportunities to escape poverty remain low. This study found two important new findings. First, there is asset-hiding behavior among PKH beneficiaries so that they continue to be considered poor, and their program benefits are not revoked. This phenomenon is rarely highlighted in SLF literature, but it is crucial to

understanding the limitations of capital accumulation. Second, this study highlights social-institutional barriers to social capital, where participation in cooperatives or social savings groups (Arisan group) is hampered by patriarchal norms and village authority. These two findings broaden the reading of livelihood resources in SLF: it is not just the amount or type of capital owned, but also how policies and social norms influence the financial behavior of low-income households.

3. Institutional Processes and Organisational Structures

The research shows that the implementation of PKH in North Aceh involves various actors. However, the roles of each actor are not balanced, with PKH facilitators remaining the central actors who determine the course of the program at the grassroots level. From an interview with a bank officer at the Lhok Sukon, the role of the bank is limited to the distribution of assistance without contributing to financial literacy. This shows that the function of financial institutions is not optimized for empowerment, but only performs administrative functions. A similar sentiment was expressed by the local government, which emphasized that the Social Services Agency never provides guidance on the use of transfers, which is entirely the responsibility of PKH facilitators. She stated,

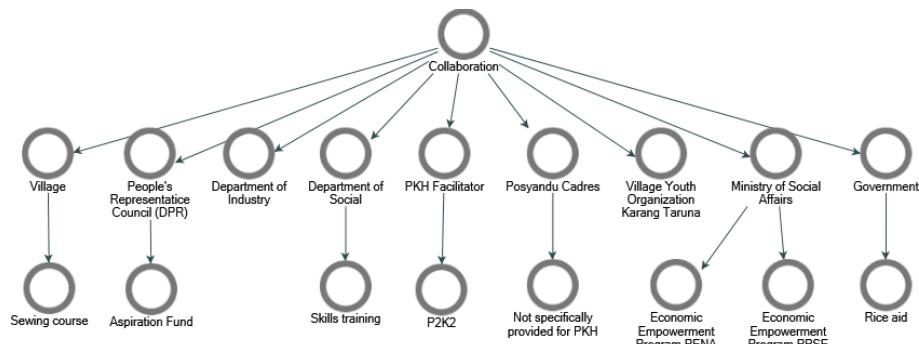
“There is no guidance on the use of money from the agency because the money goes directly into personal accounts, but direction on the use of money may come from PKH facilitators. So we only ensure that the beneficiary data is accurate, the money is deposited into their accounts, and the rest is handled by the facilitators.” (Local government, Interview, July 10, 2025)

The institutional structure delegates more functions to the facilitators, while the social services agency only plays an administrative role. At the beneficiary level, an interview with a PKH recipient shows how the role of the facilitators is directly felt by the beneficiaries.

“It was taught during the meeting, once a month, by the village facilitator, who taught us how to allocate money. So when money is spent, I already know, for example, to buy books or school supplies, as explained by the facilitator.” (PKH recipient, Interview, July 11, 2025)

This clearly shows that facilitators play a dominant role in the PKH institution, even though their approach is more informal guidance than formal training. In addition to the role of facilitators, several villages also tried to develop cross-sector collaboration. This shows that there is institutional awareness at the village level to not only rely on PKH but also to involve various parties. However, budget constraints and weak coordination mean that contributions from other sectors remain sporadic and not well structured.

This view reflects the existence of a community-based evaluation mechanism that complements formal institutional functions. The institutions involved collaboratively with PKH can be seen in the following figure:



Source: Coded using NVivo, 2025

Figure 6. Map of the collaboration program among stakeholders on PKH

The NVivo analysis in Figure 6 shows patterns of collaboration among PKH stakeholders in North Aceh, but they still face challenges such as low levels of coordination, inconsistency, mere symbolism, and the dominance of PKH facilitators at the forefront. These results show that the institutional role still relies heavily on village facilitators. Banks and social services only carry out distribution and administrative functions, without being involved in financial literacy or economic empowerment. As a result, the effectiveness of the program is highly dependent on the capacity of PKH facilitators in the field. In contrast, as emphasized by Scoones (1998), institutions should function as a link between livelihood capital and strategies for achieving sustainability.

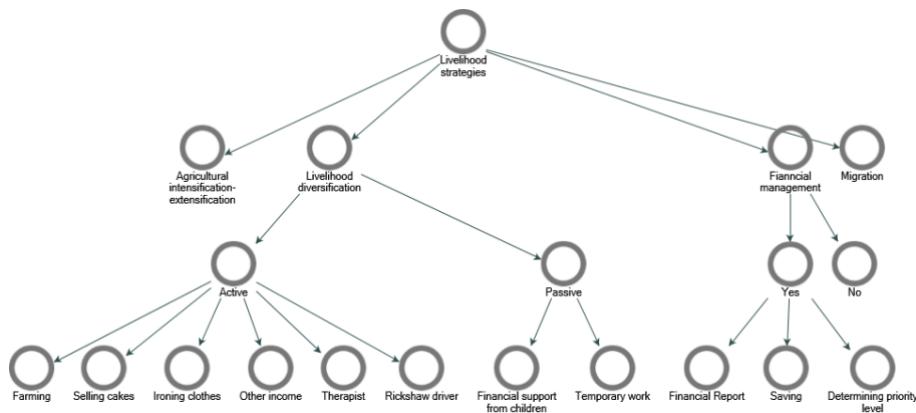
This study makes a new contribution by highlighting two important points. First, the centrality of PKH facilitators' roles makes the institutional structure too centralized on a single actor, so that the program's success is more influenced by individual capacity than by formal systems. Second, the emergence of community-based evaluations by village leaders and farmer groups shows that program accountability is not only shaped by formal institutions but also through social mechanisms within the community. This finding expands our understanding of organizational structures in SLF, where both formal institutions and social mechanisms play a role in maintaining program effectiveness.

4. Livelihood Strategies

The livelihood strategies of PKH beneficiaries in North Aceh show diverse patterns. Although PKH provides support, households still rely on diversification strategies through alternative sources such as farming or other jobs as important survival strategies. However, many beneficiaries' financial strategies remain spontaneous.

“There is no planning. As soon as the money is received, we know what to buy. For example, yesterday, when the PKH money was received during the school term, it was immediately spent on school supplies for the children.” (PKH beneficiary, Interview, July 11, 2025)

In contrast, another PKH recipient tries to manage the assistance funds by setting aside a portion in her account. This contrast shows that financial literacy influences different strategies, from consumptive patterns without planning to simple savings patterns. Based on the interview results, several management strategies were found, as shown in the following figure:



Source: Coded using NVivo, 2025

Figure 7. Livelihood strategies of PKH recipients in North Aceh

Analysis of Figure 7 supports the findings of the interviews. First, financial management strategies are evident in the practices of saving, setting priorities, and preparing simple reports submitted to facilitators. However, many recipients still claim to have no financial management skills. Second, livelihood diversification strategies reveal differences between passive recipients who rely solely on assistance from their children or irregular employment, and active recipients who seek additional income through other jobs. Third, agricultural intensification strategies are implemented by those who own land, by increasing rice field yields or utilizing home gardens. Finally, migration strategies emerge among a small number of families who send members to work outside the region as a source of additional income.

This study presents two new findings. First, the livelihood strategies of PKH recipients in North Aceh are basically still at the coping strategies stage, which is focused on maintaining daily survival. PKH benefits are mostly directed at consumptive needs, especially children's education, while more systematic financial strategies are only carried out by a small number of beneficiaries. Income diversification is indeed part of the survival strategy, but it is subsistence-oriented and short-term in nature, rather than serving as productive asset accumulation. This finding aligns with (Somville & Vandewalle, 2023) that poor households tend to use transfers for consumption smoothing rather than long-term investment. Within the SLF framework developed by Scoones (1998), livelihood strategies should be able to link existing capital with strategic choices that produce sustainable outcomes, whether in the form of improved welfare, capacity building, or food security. However, in the context of North Aceh, these strategies are still limited to simple short-term diversification and have not yet reached the stage of sustainable economic transformation as emphasized by Scoones. Second, a contrast was found in the financial strategies of spontaneous beneficiaries (who spend money immediately) and more structured beneficiaries (who save or set aside funds). These two findings enrich the Sustainable Livelihood Framework study, as they show that the livelihood strategies of social assistance beneficiaries are not homogeneous, but are greatly influenced by financial literacy, asset capacity, and local economic opportunities.

5. Sustainable Livelihood Outcome

The outcomes of the study indicate that PKH in North Aceh has produced a number of tangible changes, although these are unequal. Financially, some beneficiaries claim that they have been supported in managing their household needs. One of the most visible outcomes of PKH in North Aceh is how the assistance funds have eased the financial burden on poor households. However, these benefits are not always complemented by proper financial

management. Local government added that changes have indeed occurred, but implementation at the household level is still uneven.

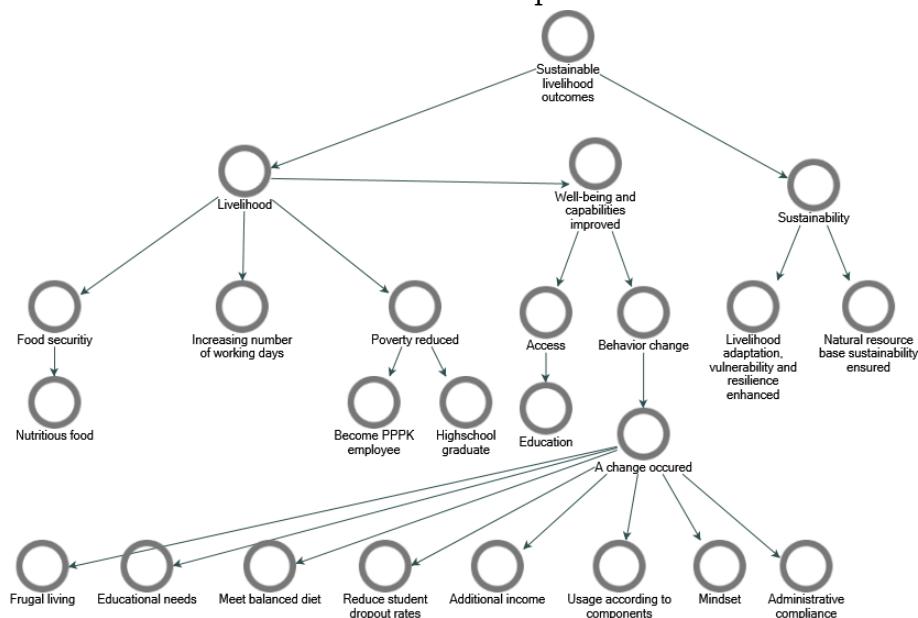
The outcomes of PKH in North Aceh are fundamental: beneficiaries feel that they have been helped in meeting their daily needs, especially their children's education. However, the long-term impact is largely determined by the ability of households to manage the assistance in a disciplined manner. Another notable outcome is the increased attention of parents to education. The head of Ulee Tanoh Village revealed that PKH has succeeded in changing the attitude of poor families towards their children's schooling.

However, the outcomes of PKH are not homogeneous, there is still consumptive behavior that reduces the positive impact of the program:

"In terms of financial behavior, there are people who spend their PKH assistance on extravagance, especially when the PKH cash is distributed to the whole village at the same time. Some spend it on their needs, while others use the money appropriately for its intended purpose. Some people use it to increase their business capital and increase the variety of products they sell." (Academician, Interview, July 10, 2025)

This confirms the duality of PKH outcomes. On the one hand, the assistance increases awareness of education, but on the other hand, some beneficiaries are still wasteful. This means that PKH outcomes are greatly influenced by the attitudes and behavior of the beneficiaries. In addition, PKH also provides opportunities for social mobility. The head of Meucat village gave a concrete example of a family that successfully graduated from the program through the educational achievements of their children, such as graduating from high school and working as civil servants/PPPK. However, these achievements are not yet equally distributed because most beneficiaries are still not guided to save or invest.

This interview shows a contrast: there are beneficiaries who have successfully escaped poverty through PKH, but there are also beneficiaries who remain stagnant due to poor financial literacy. This emphasizes the importance of institutional support for more sustainable PKH outcomes. This can be summed up in the visualization below:



Source: Coded using NVivo, 2025

Figure 8. Sustainable Livelihood Outcome PKH Program

Figure 8 shows that PKH outcomes in North Aceh are distributed across several key dimensions. First, outcomes in terms of livelihood include increased household food security, access to education, and additional employment opportunities. Second, outcomes in terms of behavioral change include increased concern for education, an organized mindset in the

usage of funds, frugal financial behavior, and discipline in administration. However, the results also show that consumptive behavior still exists. Third, outcomes in terms of sustainability are still limited, although some beneficiaries are beginning to show signs of increased resilience, adaptability, and awareness of maintaining family nutritional balance. The interview shows that PKH outcomes in North Aceh are not singular, but rather a spectrum. Some beneficiaries have succeeded in improving their families' welfare and their children's education, even escaping poverty. However, others remain trapped in consumptive behavior, so the outcomes are only temporary.

Within the SLF framework (Scoones, 1998), ideal outcomes include increased income, reduced vulnerability, improved welfare, and resource sustainability. In comparison, the results in North Aceh are more prominent in short-term outcomes such as access to education and food security, while long-term outcomes such as asset accumulation, productive diversification, and reduction of structural vulnerability are still weak. This is in line with the view (Aggarwal et al., 2024) that cash assistance often functions more as consumption smoothing than as an investment instrument. Therefore, PKH in North Aceh plays an important role in reducing temporary vulnerability, but it is not yet sufficient to drive sustainable economic transformation.

Based on this, two main novelty points were identified. First, there was a dual outcome: some beneficiaries successfully escaped poverty, while others remained stagnant due to consumptive patterns. Second, the sustainable outcome of PKH was greatly influenced by financial literacy, institutional capacity, and behavioral change, thereby expanding the understanding of the Sustainable Livelihood Framework regarding the importance of integrating financial, human, and social capital.

Supporting and Hindering Factors and Their Contribution to Achieving Economic Independence and Sustainable Food Security

The findings indicate that there are several supporting factors that strengthen the achievement of PKH outcomes in North Aceh. First, the availability of PKH funds serves as a financial safety net for poor families, enabling them to meet their basic needs, particularly the cost of their children's education. This is in accordance with the view (Freedman & Kim, 2022), which emphasizes that cash assistance programs can reduce vulnerability by increasing consumption smoothing among poor households. Second, some beneficiaries actively diversify their livelihoods, either through other jobs that help increase family income. This strategy is consistent with Scoones (1998), who explains that diversification is one of the core strategies in the SLF framework to increase the resilience of poor households. In addition, local institutional support from social agencies and Karang Taruna youth organizations through skills training also strengthens human capacity, which according to (Freedman & Kim, 2022) is an important asset in expanding livelihood strategy options.

Nevertheless, there are also a number of inhibiting factors that limit the effectiveness of PKH. One of them is consumptive behavior without long-term financial planning. This phenomenon is in line with the findings (Doocy et al., 2023), rather than productive investments. The lack of financial literacy also makes it difficult for families to save or develop small businesses, in line with (Munisamy et al., 2022) which emphasizes low financial literacy as an obstacle to managing the economy of low-income households. Institutional barriers are also an important factor, as the role of banks and social services is still limited to administrative tasks, while PKH facilitators are the sole actors providing guidance. This highlights the weak cross-sectoral coordination, while according to (Chuong, 2023) livelihood strategies often depend on a combination of various types of capital, including social, human, physical, natural, financial, and institutional support.

Despite facing various obstacles, PKH continues to make a significant contribution to economic independence and sustainable food security. This program improves access to

education and reduces the burden of school fees, which is a long-term investment in human capital. These findings are in line with Scoones (1998), who emphasizes that sustainable outcomes include improved welfare, capacity building, and reduced vulnerability. In terms of food security, PKH supports household nutrition and encourages the utilization of yard as a garden. Changes in financial behavior are also beginning to emerge, with some beneficiaries saving and setting aside funds for urgent needs, which according to (Mpaata et al., 2025) is a sign of increasing financial literacy. Furthermore, PKH encourages the creation of micro-enterprises through the utilization of transfers as small capital, paving the way for economic independence. Ultimately, PKH raises awareness among some families to become independent, as demonstrated by recipients who voluntarily resign from the program. This supports Scoones' (1998) argument that sustainable livelihoods can only be achieved if financial, human, and social capital are integrated in building long-term resilience.

CONCLUSION

This study confirms that the financial literacy of PKH beneficiaries in North Aceh plays an important role but shows dual dynamics: on the one hand, it helps low-income families meet basic needs and strengthen access to education, but on the other hand, it still traps them in consumptive patterns that reinforce dependency. Analysis using the SLF framework shows that in terms of context, conditions, and trends, inflation and social stigma restrict the utilization of assistance; in terms of livelihood resources, financial capital is narrowly understood as "children's school fees," while human capital is strengthened through uneven training, social capital is fragile due to cultural barriers, and natural and physical capital are utilized to limited extent; in terms of institutional processes and organizational structures, multi-sector coordination is not yet optimal even though various actors are already involved; beneficiaries' livelihood strategies are divided between passive consumption and active diversification; and the final results (livelihood outcomes) show dual outcomes: some families are able to escape poverty, while others remain dependent on assistance. This study fills a knowledge gap by introducing the concept of dual outcomes in social assistance, expanding the understanding of SLF that sustainability is not sufficiently explained by cash transfers, but rather by the integration of financial, human, social, natural, and physical capital. This study implies the need for sustainable financial literacy, gender-based empowerment, and multi-sector coordination in order for PKH to become a catalyst for economic transformation. Therefore, this study can serve as a reference for the government in improving PKH policies so that the economic recovery of PKH recipients can proceed smoothly through consideration of conditions, capital, strategies, and integrative collaboration between parties. However, this study is limited to the qualitative context in North Aceh, so further research using a comparative quantitative approach between regions is recommended to strengthen generalization and deepen the relationship between financial literacy, livelihood strategies, and sustainable outcomes.

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