

ABSTRACT

The Tobacco Excise Revenue Sharing Fund (DBH CHT) plays a vital role in responding to the negative externalities of tobacco product consumption. This fund is provided by the central government to locals that produce tobacco excise and/or tobacco products. This policy comes with the implementation of provisions in the form of work programs established by the Ministry of Finance. Local governments are focused on managing the fund to improve public health outcomes, as reflected in increased life expectancy. However, non-communicable disease rates continue to rise even though they have received DBH CHT transfers. Several field studies have found a non-significant influence of DBH CHT on improving health outcomes in some recipient regions. Meanwhile, quantitative research examining the aggregate impact of DBH CHT on health outcomes in Indonesia has not been conducted.

This research aims to analyse the impact of DBH CHT earmarking on health outcomes of Indonesian communities affected by the negative externalities of tobacco product consumption. The study employs a quantitative approach using a Random Effect Model to analyse data from 34 provinces in Indonesia from 2017 to 2021. The research findings indicate that DBH CHT earmarking does not have a significant influence on increasing health outcomes. The research results indicate that earmarking DBH CHT does not affect health outcomes. These findings support several field studies that state the non-effectiveness of DBH CHT factors on health outcomes, such as issues related to local government governance and unmet allocations for health sector. The central government needs to re-evaluate the realization of transfers and ensure the performance of local governments in implementing earmarked programs in line with the allocated DBH CHT budget, especially in the health sector.

Keywords: *Tobacco Excise Revenue Sharing Fund, Health Outcomes, Earmarking, Demand for Health*