Banco de la República | Colombia
Somos el banco central de Colombia

Fiscal Decentralization and Economic Growth: Evidence from Regional-Level Panel Data for Colombia

Working Paper No. 865 Keep in mind
The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR Ignacio Lozano Juan Manuel Julio
This paper provides evidence on the positive role of fiscal decentralization on regional economic growth in Colombia since the promulgation of the Political Constitution of 1991. The empirical strategy involved the choice of a suitable estimator for the panel data approach, the Augmented Mean Group Estimator, which allows adding unobserved determinants suggested by literature to traditional long term explanatory factors. The strategy was complemented with exercises that helped us to support the results coming from (i) cross-section models for different periods and various control variables, (ii) test on the complementarity hypothesis between public goods provided by different jurisdictions (spillover effects), and (iii) an assessment of unconditional convergence in regional income differences.

The opinions expressed here do not necessarily correspond neither to the Banco de la República nor its Board of Directors.

Update 19/02/2016, 04:49 p.m.

Fuente: https://www.banrep.gov.co/en/borrador-865-i