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

Oil booms and subnational public investment: a case-study for Colombia

Download Other Working Papers Keep in mind
The series *Documentos de trabajo sobre economía regional y urbana* (only in Spanish, Working Papers on Regional and Urban Economics) is a publication of Banco de la República in Cartagena. The opinions contained in this document are the sole responsibility of the authors and do not commit Banco de la República or its Board of Directors.

AUTHOR OR EDITOR Jaime Bonet-Morón Gerson Javier Pérez-Valbuena Lucas Marín-Llanes
The working paper series Documentos de Trabajo sobre Economía Regional y Urbana is published by Banco de la República (Central Bank of Colombia). The findings and opinions are those of the authors and do not reflect the views of Banco de la República or its Board of Directors.

Publication Date: Friday, 13 of December 2019

ABSTRACT

Theoretical and empirical studies on oil price shocks have mainly focused on measuring its relationship with macroeconomic performance in developing countries. However, the literature has not explored causal effects of oil price variations on subnational public investment. Using a difference-in-differences strategy, this paper contributes to the literature in identifying these effects for both, departments and municipalities in Colombia. Our results suggest that the most recent oil boom, brought by the rise in international oil prices, had mostly positive and disproportionate effects of public investment on oil producing departments and municipalities. On one hand, departments prioritized their investments in five sectors: recreation and sports, agriculture, transportation, attention to vulnerable population, and justice. On the other hand, for municipalities, four sectors were the most benefited: institutional strengthening, justice, equipment, and recreation and sports.

Fuente: https://www.banrep.gov.co/en/oil-booms-and-subnational-public-investment-case-study-colombia