

Natural Resource Windfalls: Effects in Non-producing Areas

Download 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 Ome, Alejandro Perez-Valbuena, Gerson Javier

The series Documentos de Trabajo Sobre Economía Regional y Urbana 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.

Publication Date: Monday, 3 of October 2022 Abstract

We study the impact of natural resource royalties on educational outcomes in Colombia. We analyze a reform enacted in 2012 that made the distribution of these royalties more equitable. Before the reform, most royalties were assigned to the regions where the natural resources were exploited; with the reform non-producing regions started to receive royalties. We estimate the impact of the reform on regions that most benefited from it, using the international price of oil as an instrument in a difference-in-differences framework. We found positive impacts on enrollment in primary, secondary, and high schools, but no conclusive evidence on academic achievement at any of these levels.