Abstract for "Decentralization in Colombia: A Search for Equity in a Bumpy Economic Geography"

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Colombia's decentralization was conceived to improve population's access to social services, reduce poverty and equalized well-being across the territory; however, after more than 20 years of its implementation a big gap in social achievements across municipalities remains. According to 2005 census calculations, 48% of the national population is under multidimensional poverty1 with astonishing differences across municipalities ranging from 14.2% to 99.6%.

Several studies have tackled the divergent economic pattern of Colombian territories over time, such as Bonet and Meisel (1999), Acevedo (2003) or Cardenas (1993), among others; however, their analysis focuses on economic convergence and their unit of analysis is departments (Colombian counties). In this paper we focus on social convergence at municipality level (which is the smallest political – administrative unit in the Colombian case). Decentralization in Colombia allocates to municipalities the ability to improve population's access and utilization to the main social services (education, health, water and sanitation); consequently while municipalities play a lead role in the decentralization process, counties (departments) have played a secondary role. In 2010, out of the total investment budget of the Nation, 47% was executed by the municipalities, 22% by the counties and 31% by the national or central level.

We argue that rather than economic convergence where differences across the territory are explained and even desirable because of agglomeration processes and external economies arising from urbanization, the claim should be for convergence in the minimum social achievements that allow the population to fulfil their life with valued functionings, which is the ultimate goal of the "Social rule of law state" specified by the Constitution of 1991. In this context, the main goal of this paper is to disentangle the effect of decentralization on multidimensional poverty gaps at municipality level in Colombia and its success or failure to overcome economic geography issues that emerge from a very heterogeneous territory. From this analysis we derived policy implications to improve social convergence. The paper uses census data of 1993 and 2005 and several administrative registers from Colombian agencies. With this information, we developed a comparable 1993 – 2005 CMPI3 and we analyse the changes in its distribution by disentangling the role of decentralization and economic geography characteristics (such as economic density, distance from each municipality to economic agglomerations, commutation and traffic patterns of pair of municipalities, among others). We use a spatial econometric model in order to control for the spatial autocorrelation in social achievements.

Preliminary empirical evidence suggests that spatially differentiated policies and decentralization designs that take into account the heterogeneity of regions and municipalities are required in order to improve the social convergence rate from the territories at the bottom of the distribution and that role of economic geography variables should be taken into account in the design of such policies.