Documentos de Trabajo sobre Economía Regional y Urbana - Natural disasters, emergency declaration, and corruption

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Publication Date: Thursday, 18 of April 2024 **Abstract**
Corruption is generally understood as taking advantage of public power for private benefit. This paper evaluates the relationship between emergency declarations for natural disasters and corruption. We use information from Colombia between 2012 and 2022 and an instrumental variable approach. We take advantage of the exogeneity of the frequency of natural disasters to city level unobservable characteristics to construct our instrument. Since emergency declarations increase the discretion of local officials towards public spending, it is expected to see a rise in corruption. Our findings show a positive relationship between the frequency of natural disasters and the probability of emergency declaration, followed by an increase in observed corruption. The higher level of discretion of public officials not only increases the number of open cases of corruption and convictions, but also the amount of resources involved. We also find that the frequency of natural disasters is not associated with a higher level of expenditure in preemptive and relief spending, nor is it generating unexpected spending. This suggests that what is behind the higher corruption after an emergency declaration is a misappropriation of the budgeted resources in Colombian cities.

Fuente: https://www.banrep.gov.co/en/documentos-trabajo-sobre-economia-regional-urbana-natural-disasters-emergency-declaration-and