Blog BanRep: Macroeconomic Risks of Modifying the General Participation System

A Constitutional Reform Bill is currently under consideration in the Congress of Colombia that would substantially increase the percentage of the nation's current revenues to be transferred to territorial entities. This proposal implies a transfer of responsibilities and competencies from the Central National Government (CNG) to subnational governments, which is yet to be defined. Without a corresponding transfer of fiscal responsibilities, the bill would significantly increase total government spending, posing substantial macroeconomic risks.

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