# Fiscal Dynamics and Electoral Timing: Evidence of Political Budget Cycles in Colombian Municipalities

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**Clasificación JEL:**
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**Resumen:**

This paper examines political budget cycles in Colombian subnational governments during 1998–2014. Using a balanced panel of 298 municipalities and 31 departments and estimating dynamic panel models through the Generalized Method of Moments (GMM), we find that election years are associated with increases in public expenditure and fiscal deficits, and — for municipalities — with decreases in tax revenues. An expenditure composition analysis shows that local governments reallocate spending toward highly visible investment categories such as roads, infrastructure, and public services during electoral periods, consistent with the signaling mechanism described in the literature. Political alignment with the presidential coalition amplifies fiscal manipulation at the municipal level, while ideology has no significant effect. Interaction models and a placebo test confirm that the electoral cycle operates as a broadly uniform, opportunistic phenomenon across municipalities. These findings suggest that fiscal discipline frameworks should be complemented with stronger transparency and monitoring of investment execution during electoral periods.

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