

Comparative Analysis of the Economies of the Municipalities of the Sinifaná watershed with respect to the Municipality of Fredonia. Antioquia, Colombia. Fiscal Viability (2010-2013)

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Abstract:

The Antioquia Southwest is one of the nine sub regions into which the department of Antioquia is divided for the purposes of geographic, political and fiscal distribution in the Republic of Colombia. This sub region constitutes a place of great tradition of the paisa culture, and is part of the so-called Coffee Axis. Fredonia is a municipality of this sub region. According to the 2018 Comptroller's report, the 23 municipalities in the southwest are in the sixth category. According to Law 617 of 2000, the operating expenses of these entities may not exceed 80% of their current income of free destination, however, 12 municipalities in the southwest of Antioquia will improve the indicator provided by Law 617 and 10 of them 10 deteriorated. Currently, according to the certifications issued by the General Comptroller of Colombia, the 23 municipalities have this indicator; some very close to the spending limit.

Keywords: Sinifaná watershed, Fredonia, Southwest, Economy, Income.

Introduction:

The sinifaná gorge is a body of water that begins at the top of San Miguel in the Municipality of Caldas and empties into the Cauca River; its channel runs approximately 201 square kilometers and comprises the municipalities of Angelópolis, Amagá, Titiribí, Venice and Fredonia.

Its name comes from the group of tribes that inhabited the region, known as the Sinifanáes, discovered by Marshal Jorge Robledo in the year of 1541. Currently it is not only a hydrographic subsystem, but also a political-administrative subsystem within the Antioquia southwest sub-region. . The Sinifaná watershed shares, among others, coal extraction and coffee production as one of the characteristics common to the five municipalities that comprise it. The following is a report that aims to qualitatively explain the figures that the different physical and virtual resources show from the quantitative point of view, with the aim of making a diagnostic approach to the causes of the economic debacle in the subregion and specifically in the Municipality of Fredonia .

Analysis of data:

Due to its proximity to the city of Medellín, the near southwest should be a pole of progress in the department as eastern Antioquia was established and consolidated, but institutional abandonment and poor local and regional governments have influenced in some cases the region has become impoverished. As we can see in the previous table, all the municipalities of the watershed are located in the sixth category, although some are lower than others in the

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classification given by the control agencies. For example, while Fredonia appears in position 25, Angelópolis appears in position 95 out of 125 municipalities in Antioquia, followed by Venice in position 76 and Amagá in 67; while Titiribí occupies number 54. It should be noted that being Amagá a small municipality in extension, it is one of the most densely populated, this added to unemployment and the lack of formal employment have made it one of the highest rates of common crime and drug trafficking in the sub region.

Illustration 1 Map of the Quebrada Sinifaná watershed



Source: extracted from the page of the Agustín Codazzi Institute, Colombia

Territory in question: General (Table 1)

Municipio ²	Población ³	Categoría ⁴	Puesto	Extensión Km2
Angelópolis	7.648	6	92	87
Amagá	33.000	6	67	85
Titiribí	10.790	6	54	142
Venecia	16.978	6	76	141
Fredonia	22.288	6	15	247
Total	90704			702

Elaboración propia a partir de las fuentes descritas en los pies de página

² Fuente: Página web de cada municipio / Source: Website of each municipality

³ Fuente: Anuario Estadístico de Antioquia 2007. Departamento Administrativo de Planeación, Gobernación de Antioquia.

⁴ Fuente: Informe de viabilidad fiscal, 2011 / Source: Fiscal Feasibility Report, 2011

The sum of the population of the micro-watershed in approximate data according to DANE⁵ (2007) exceeds ninety thousand inhabitants, that is, it exceeds the population of the Municipality of Andes, the one with the largest demography in the southwest, with almost 41,000 inhabitants, distributed in 450 square kilometers. Next, an analysis will be made of the 5 municipalities in terms of personnel costs for retirement and workload: see: Consolidated results against the pension liability (Table 2):

Consolidated results against the pension liability (table 2):						
Municipio	Empleados	Pens.	Pp.	P.F.	% P.	Cl.
Amagá	59	14	16,058,956	5,142,229	32.0	Estable
Angelópolis	35	9	8,133,436	2,687,784	33.0	Estable
Fredonia	64	34	23,860,029	4,417,049	18.5	Atención
Titiribí	44	28	15,174,061	3,477,867	22.9	Atención
Venecia	52	18	17,714,936	3,845,253	21.7	Estable
Total:	254	103	80,941,418	19,579,182	128.1%	

Fuente: Informe de viabilidad fiscal, 2011.

Siglas: Pens: número de pensionados / number of pensioners

Pp: Pasivo pensional / Pension liabilities

P.F: Provisión Fonpet (Fondo Nacional de pensiones de las entidades territoriales)

% P: Porcentaje provisionado / Provisioned percentage

Cl: clasificación / Classification

A large part of the fiscal deficit of the aforementioned municipalities is due to pension liabilities, the lack of anticipation of monetary eventualities and the lack of planning landed on the realities of territorial entities. It can be seen in the table above that there are two municipalities in a state of observation: Fredonia and Titiribí, both have the highest number of pensioners, totaling 62 between them, which represents 41.4% of the provisioned percentage, which exceeds the regional average 25.6%. In other words, both municipalities have more employees on their pension payroll than they can maintain, which could well be considered a patrimonial detriment sanctioned by Law 617 of 2000.

Likewise, and despite the fact that Amagá has a high number of employees (59), it has managed to reduce its payroll to 14 pensioners, which makes it appear stable with a pension liability of 16,058,956 pesos per month, compared to a provision of FONPET of 5,142,229. In the case of Fredonia, for a long time the due contribution to the insurance of the employees was not made;

⁵National Administrative Department of Statistics. 2007 newsletter

what today translates into a high cost in regard to said pensions and layoffs. In the following table (No. 3) we will observe some figures for 2013, where the total annual income for each Municipality is counted, broken down into: income from taxes, fines, property, valuation and those stipulated in the general system of transfers and royalties. This according to the report issued by the General Accounting Office of the Nation of Colombia in the FUT⁶ report

Total annual income for each Municipality					
Entidad ⁷ territorial	Total-Ingresos presupuestados	Ingresos corrientes tributarios	Ingresos corrientes no tributarios	Total Corrientes	Capital⁸
Amagá	22.717.089	4.615.975	13.364.227	17.980.202	4.736.887
Angelópolis	6.550.177	1.003.620	4.403.810	5.407.430	1.142.747
Fredonia	22.443.644	3.840.908	11.335.761	15.176.669	7.266.975
Titiribí	13.242.844	1.545.416	6.469.323	8.014.739	5.228.105
Venecia	14.730.803	2.554.389	9.015.994	11.570.383	3.160.420
Total suroeste	367.538.856	49.827.250	238.033.827	287.861.078	79.677.778
Total Departamento	9.067.076.339	2.322.794.170	3.680.301.077	6.003.095.248	3.063.981.091
Fuente: Elaboración propia a partir de los datos oficiales					

The FUT is designed to capture the fiscal and financial information of the departmental and municipal administrations. The governorates and mayors must include the information requested for all the income and expenses of the respective territorial entity, including tax and non-tax revenues that are collected directly by the central administrations and those that, by delegation of the central administrations, collect the public establishments. Meanwhile, in the operating and investment expense formats, all the current budget commitments must be reported, including those that take place without funds⁹.

According to the previous table, it can be seen that between Fredonia and Amagá there are thirty-three thousand one hundred fifty-six million, eight hundred seventy-one thousand pesos of total current income, which is equivalent to 11% of total income in the Southwest and exceeds 81 '643.09 million the sum of the remaining municipalities of the Sinifaná watershed, however and

⁶Single Territorial Format

⁷Ibídem cita 2

⁸All monetary figures discriminated in thousands of Colombian pesos

⁹ Taken from: http://www.chip.gov.co/schip_rt/paginiciofut.htm

despite the fact that Fredonia apparently has more capital, the debt service of this Municipality is 605,848 million, surpassing the debt¹⁰ service of Amagá, by 1 '311 million pesos with only 474,744 million pesos. (See annex table n ° 4) Table

4: Ejecución de egresos¹¹ 2013:

Table 4: Execution of expenses 2013

Entidad territorial	Total ejecución de egresos	Gastos de funcionamiento personal	Gastos generales	Demás gastos	total funcionamiento	Servicio de la deuda	Inversión
Amagá	16.592.097	1.591.667	557.195	471.819	2.620.681	474.744	13.496.672
Angelópolis	5.269.616	690.539	128.794	248.215	1.067.548	171.279	4.030.789
Fredonia	9.241.815	1.406.441	279.665	1.362.686	3.048.792	605.848	5.587.175
Titiribí	7.694.697	1.034.006	368.281	314.777	1.717.064	44.515	5.933.118
Venecia	10.797.018	1.516.254	389.234	570.015	2.475.503	283.343	8.038.172
Suroeste	267.561.562	25.469.777	7.730.471	12.274.405	45.474.652	9.525.156	212.561.754

Fuente: Elaboración propia a partir de la fuente

Note that the Municipality of Fredonia spends 1,642,351 million pesos in 2013 alone, between general expenses and other expenses, and a large part of these expenses are due to demands made by employees and third parties. While Amagá can generate operating and personal expenses without this significantly affecting its execution.

This figure exceeds the personnel expenses of the Municipality of Venice and would triple the general expenses of Angelópolis and Titiribí together, which would add up to 4,970.75 million pesos. If we compare this situation with what is shown in Table 2, we can see that due to a series of administrative omissions, the Municipality of Fredonia has stopped perceiving valuable resources that it could use to promote more and better projects. Now, taking into account that the data analyzed so far is from 2013, it is pertinent to contrast them with those of 2011, where the outgoing administration ends. (Table 5)

¹⁰ Regulated by Decree 115 of 1996

¹¹ Ibídem cita 2

Cuadro 5: Comparativo presupuestal de ingresos de los municipios de la cuenca 2011¹²

Table 5: Budget comparison of income of the municipalities of the watershed2011					
Entidad	Presupuesto Ejecutado 2010	Presupuesto Inicial 2011	Presupuesto Final 2011	Presupuesto Ejecutado 2011	Presupuesto Inicial 2012
Amagá	14.033.740	9.128.315	17.840.331	14.695.361	9.176.230
Angelópolis	4.824.137	2.949.257	6.521.306	6.841.488	3.035.179
Fredonia	14.852.947	11.770.790	15.135.858	11.282.528	9.760.543
Titiribí	9.643.323	5.765.273	11.484.559	10.344.428	5.432.642
Venecia	8.767.591	5.439.251	10.668.082	10.668.082	5.143.662
Fuente: Elaboración propia a partir de los datos extraídos					

The municipal administration of Fredonia in its immediately previous period (2005 -2008), headed by Mrs. Marta Ligia Pareja, restores a good part of the municipal finances, then the next one (2008-2011) led by Doctor Carlos Mario Londoño Espinosa manages to execute 92% of the resources received from the previous year, a total of 13,257,984 million pesos. The difference between the budget executed in 2010 and 2011 was 3,570,419 million pesos with a balance in favor.

Given that the final budget for 2011 ended with a deficit of: 3,365,068 million pesos. In this period, the only municipality in this analysis that presents a balance in favor is Angelópolis, which begins 2012 with a surplus of 85,922 million pesos. Which denotes a responsible mayor, such as Mr. Elkin Alberto Marín Henao and an administration committed to fiscal consolidation.

If we make a comparison between the budget established in table 3, we see that Amagá has a budget of 22,717,089 million pesos for the year 2013, while making the sum of the biannual budgets for 2011, it gives us a total of: 26,968,646 counting the income of free destination, coming from the own collection. In other words, the figure was higher in the previous term, which implies some type of tax penalty.

Likewise, Fredonia went from 26,906,648 in 2011 million to 22,443,644 in 2013. Of course, for that period 355 billion pesos of the biannual royalty¹³ budget for the period 2013-2014 entered the Department of Antioquia, of which 225 one billion pesos would be part of the Regional

¹² En miles de pesos / In thousands of colombian pesos

¹³ Pursuant to the aforementioned Legislative Act, the National Government had the obligation to make the General System of Royalties (SGR) operational as of January 1, 2012.

Development and Compensation Funds; likewise, 130 billion were allocated from the Science, Technology and Innovation Fund.

On the other hand, the Municipality of Venice went from receiving 14,730,803 million to 16,107,333 in 2013. It should be noted that the latter, bases its economy more on livestock and tourism than on mining. In the next table, we can see the exact figures of the distribution of royalties for the municipalities under study in the current term (2015 -2016). Figures given in millions of pesos for direct allocations:

Cuadro 6: Asignación directa de las regalías para la cuenca del Sinifaná

Table 6: Direct allocation of royalties for the Sinifaná watershed

Código del Municipio	Entidad Territorial	Cifra asignada
05036	Angelópolis	2.365.907
05030	Amagá	66.921.744
05282	Fredonia	14.474.064
05809	Titiribí	29.958.591
05861	Venecia	6.562.179

Fuente: Elaboración propia a partir de los datos extraídos

It can be seen and deduced from the previous table that Amagá is the municipality that receives the most money by direct allocation and this is due to several factors, first for being the largest coal producer in the region, second for being the one with the largest population (see table 1) and third because of its imminent geological risk, produced by the extraction of coal and because it is located in the anthropic fault of the coal basin.

Titiribí is followed in a similar situation, followed by Fredonia, but with a significant difference with respect to Amagá: 52,447,680 less, that is to say a fifth, a figure that is otherwise unfair considering that in July 1995 a landslide buried 26 people in the urban area, which led to the implementation of urgent measures, since this was the second collapse in magnitude, after 40 people died in similar circumstances in 1988, of course, that the allocation of these resources is subject to the state Prosecutor reported in the FUT and the subsequent analysis of the control agencies, a situation in which the coffee municipality does not do well. In the same way it happens with the small Municipality of Angelópolis, whose finances were seriously diminished.

In the following tables, (7 and 8), a comparative analysis of income and expenses will be carried out during 2011,

Ejecución de ingresos, en los municipios de la cuenca del Sinifaná 2011 (cuadro 7¹⁴.)

Income execution, in the municipalities of the Sinifaná watershed 2011 (table 7.)

Entidades Territoriales	Total ingresos	Ingresos Corrientes Total tributarios	Total no transferencias tributarios	Demás no tributarios	Total corrientes	Ingresos Per capita	
Amagá	14.695.361	3.448.073	8.201.822	7.677.162	-	11.649.895	3.045.466
Fredonia	13.930.203	3.364.331	5.966.913	5.302.331	-	9.331.244	4.598.959
Venecia	10.668.082	2.091.041	4.920.756	4.738.612	-	7.011.797	3.656.285
Titiribí	10.344.428	1.325.683	5.092.552	4.649.610	53.611	6.418.235	3.926.193
Angelópolis	6.841.488	783.075	2.852.684	2.565.693	-	3.635.759	3.205.729

Fuente: Elaboración propia a partir de los datos extraídos

Ejecución de egresos en los municipios de la cuenca del Sinifaná, según clasificación económica 2011 (cuadro 8.)

Execution of expenditures in the municipalities of the Sinifaná basin, according to 2011 economic classification (table 8.)

Entidad Territorial	Total general	Gastos de funcionamiento personal	Gastos generales	Demás gastos	Total funcionamiento	Servicio de la deuda	inversión¹⁵
Amagá	11.966.143	1.354.458	604.210	425.933	2.384.601	531.038	9.050.504
Fredonia	11.433.940	1.000.555	431.956	1.206.910	2.639.421	855.898	7.938.621
Titiribí	7.581.923	999.168	372.630	459.677	1.831.475	165.386	5.585.062
Venecia	7.082.991	1.340.059	290.653	430.189	2.060.901	-	5.022.090
Angelópolis	5.867.088	721.130	147.641	162.344	1.031.115	160.546	4.675.427

Fuente: Elaboración propia a partir de los datos extraídos

¹⁴ Ibídem cita 2

¹⁵ Incluye: Fondos y aportes con destinación especial, regalías y Sistema General de Participación / Includes: Funds and contributions with special destination, royalties and General Participation System

In table number 7 we can see the per capita income of the municipalities of the watershed, Fredonia holds the first place with a figure of 4,598,959 this is because historically it has been a commercial epicenter that brings together not only its four townships and Its thirty-three sidewalks but attracts locals from neighboring Venice, just 20 minutes from its head and adjacent to two sidewalks (El Cerro), (El Rincón) and a township that share (La Mina) the quality of life here is a little better and its population is less buoyant, which somehow guarantees the flow and accumulation of money. Secondly, there is Titiribí, where tourism is combined with livestock and mining; It also houses important archaeological and heritage sites such as Sitio Viejo and El Zancudo.

Preceded by Venice and Angelópolis is Amagá, where public order, the floating population and the proximity of Medellín have made him lost status in terms of quality of life. However, being crossed by the trunk of the café and its immense townships like Camilo C. make it a dynamic little city within the near southwest. If a contrast is made between per capita income, it could be affirmed that there is an almost diametric gap, since the lack of administrative solvency does not always mean that there is generalized poverty and conversely.

Table 8 shows the aspects that correspond to the execution of expenses and debt service, the latter refers to the resources that are intended to fulfill the contractual obligations corresponding to the payment of capital, interest and commissions originated in public credit operations (external, internal credit, Bond issue¹⁶). The data regarding this show that in fact Fredonia, which presents cost overruns, is the most delinquent, with a total of: 855,898 million, followed by far by Amagá with 531,038, while Venice presents a positive balance.

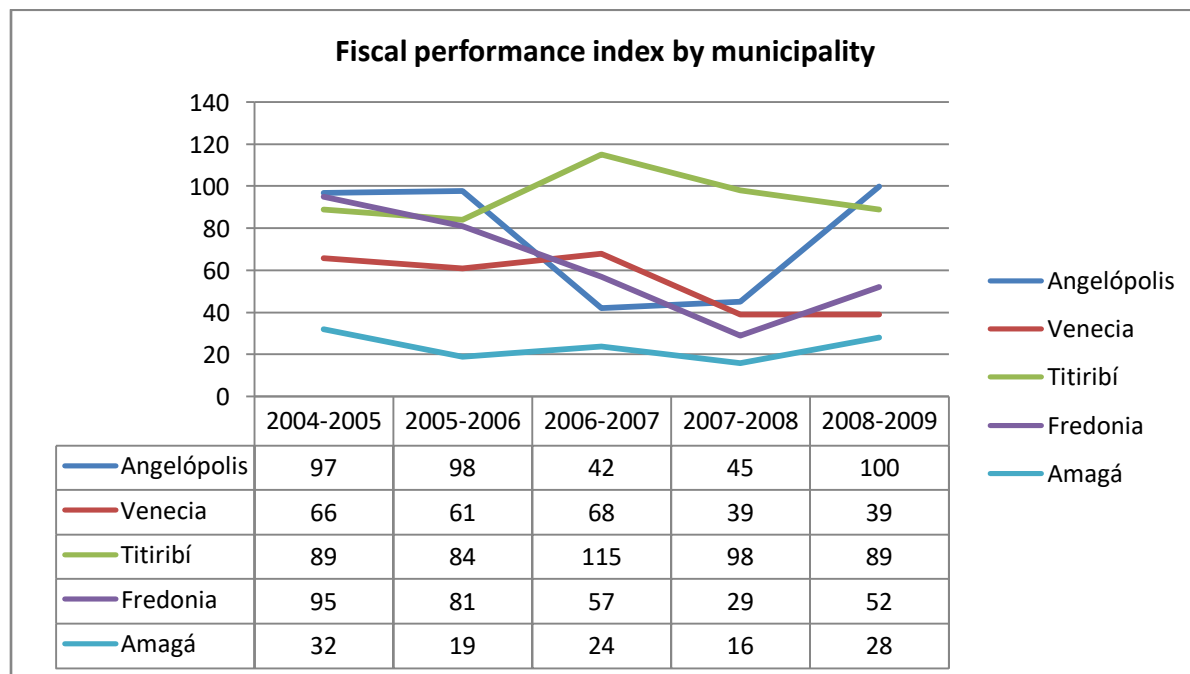
Public Debt (table No. 9)				
Entidad territorial	Saldo a dic. 31 de 2010	Créditos desembolsados	Amortización capital	Saldo a diciembre 31 de 2011
Amagá	2.237.541	160.000	345.319	2.052.222
Fredonia	2.119.038	0	593.720	1.525.318
Venecia	550.012	291.750	162.626	679.136
Titiribí	311.619	0	0	311.619
Angelópolis	679.390	0	0	679.390

¹⁶ Source: Ministry of Finance and Public Credit.

In the Municipality of Fredonia, after an austerity policy, and suddenly paid in the last two years of the period (2008 - 2011), the public debt decreased by up to 36% at the end of the period; figures that would skyrocket in future terms.

Angelópolis and Titiribí remained stable. According to the fiscal performance index, Amagá fluctuated between the following scores on the departmental assessment scale: between 2004 and 2005, it was ranked 32nd, during the term of Mr. Carlos Alberto Taborda Trujillo (RIP) and for 2006 it managed to rank in position 19.

Then Mrs. Auxilio del Socorro Zapata would come, in the period, 2008-2011 during this time she would occupy positions 24 and 16. Finally she would descend to position 28. The fiscal performance index for Fredonia and the other Municipalities will be developed In the following graph, of own construction from the official data:



From the graph, it can be deduced that administrative and political dynamics not only vary in all municipalities, but also affect the normal financial performance of a municipality, subregion or region. Particularly here, in the Sinifaná watershed there are marked differences between one and the other range. The town of Amagá is presented as the one with the best fiscal performance throughout this period in the Departmental position. The opposite case is Titiribí, who has come to occupy position 115, during the mandate of Wilson Humberto Montoya Muñoz (2004-2007), mayor of the Liberal Party.

The case of Fredonia is moderately favorable, since it went from position 95 in 2004 to 29 in 2007, during the administration of Mrs. Marta L. Pareja, then it would rise to number 52. At the beginning of the administration of Doctor Carlos Mario Londoño E, who would have to assume a series of lawsuits filed years ago and that the courts failed during his term? The figures for 2012 would be much more dramatic, at least for Fredonia, and are shown in the following table:

Cuadro N° 10. Indicador de desempeño fiscal 2012¹⁷

Table N ° 10. 2012 fiscal performance indicator					
E.T Puesto	Fredonia	Amagá	Angelópolis	Titiribí	Venecia
Año 2012 nivel: Departamental	92	39	44	82	108

In conclusion

Thus, the level of the Municipality of Fredonia goes from occupying position 29 to 92 in just six years, which denotes a deep fiscal crisis. Followed by Venice, which went from position 39 in 2007 to 108 in 2012. Amagá remains stable and Angelópolis manages to recover from position 100 to 44. Titiribí, meanwhile, recovers 7 positions. Remaining relatively stable. Given that the figures do not lie, it only remains to emphasize the importance of a good burgomaster for a municipal administration and the responsibility that falls on the citizen who, in short, is the one who decides by vote the fate of his small homeland.

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¹⁷Fiscal viability report 2012. Decree 4515 of 2007