

Who decides on Public Expenditures?

The Political Economy of the Budget Process in Brazil

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March 28, 2008

Introduction

In this project we analyze the budgetary process to determine who decides on public expenditures in Brazil. The focus is not so much on the actual fiscal outcomes that emerge from the budgetary process, but rather on the policymaking process that generates those outcomes. This involves looking not only at the budgetary rules and institutions but also at the political institutions that determine the players involved, their motivations, their incentives, and their power. In essence: who can initiate proposals that affect the budget and spending, who can vote, who can veto, and what is the sequence in which these actions take place? The political institutions set the formal and informal rules under which these players interact, that is, the policymaking game. The policy space also influences the game and the outcomes. The acts of crafting, approving, executing and controlling a budget give rise to specific types of inter-temporal political transactions among the various players that set the stage in which the budgetary policymaking game takes place. The final outcomes from this game will vary over time as they are affected as well by economic and political shocks. However, the outcomes will tend to have certain characteristics that we repeatedly observe.

Political institutions in Brazil provide the President with a wide and powerful array of instruments with which to pursue his policy preferences, such as decree and veto power as well as the ability to dispense pork to Congressmen. Most importantly, political incentives to care for economic growth and stability influence the President's preferences over budgetary outcomes. In addition, global financial markets, which are extremely sensitive to countries' policy choices, provide further incentives for macroeconomic discipline. Furthermore, despite the high levels of presidential powers, these are not absolute. There are a series of constraints that effectively restrict what the President can do.¹ Among these checks are the judiciary, the Constitution, public prosecutors and a free and active press. The result is that having a strong president, subject to incentives to pursue 'good' economic policy within a supporting institutional framework, yields a policymaking process that has several merits, among them the capacity to adapt to shocks and the tendency to move toward sound reform, even if at a gradual pace. This is not to say that policy outcomes have been outstanding in Brazil. Clearly economic growth and several other indicators have left much to be desired in the period under study (since the Constitution of 1988). However, over this period much has been accomplished in terms of reform, despite several internal and external shocks.

¹ These assertions are elaborated in a project that preceded this paper, where the same framework is applied to the general policymaking process in Brazil: Alston, Melo, Mueller and Pereira (2004). "Political Institutions, Policymaking Processes and Policy Outcomes" IADB Research Department.

This includes not only more obvious achievements, such as the end of inflation, economic liberalization, privatizations and regulation, but also a less visible process whereby many unsound fundamental Constitutional provisions have been gradually changed over the years, such as the recentralization of the federalist structure, which has been crucial for allowing the President to pursue fiscal discipline. The upshot is a gradual, if bumpy, process through which reform and institutional strengthening mature and generate the basis for future positive economic outcomes.

Fiscal Performance in Brazil

Brazil's fiscal history over the previous decades places the country with the underperformers and points to the existence of fundamental problems. Figure 1 shows the net debt of the public sector as a percentage of GDP from 1991 to 2008. Not only has the level of debt been at very high levels throughout the whole period, but for a long period the tendency appeared to indicate an unsustainable path as the average level for the period since 1999 has increased substantially compared to the average prior to that year. This data certainly does not seem compatible with our claim about the merits of the Brazilian policymaking process which this paper extends to the budgetary process, even if one considers the slight improvement in the past four years.

[Figure 1 about here]

However, simply looking at policy outcomes, such as the data in Figure 1, misses much of the underlying context through which policymaking has evolved over the period since 1988, when the current Constitution was enacted. The early period until 1994 was a convoluted time, marred by high inflation and the impeachment of President Collor in 1992. With the end of inflation, in the first term of the Cardoso government (1995-1998), fiscal policy became even more lax and the public sector's debt started to grow at alarming rates (see Figure 1). This behavior was clearly unsustainable and an overvalued exchange rate and fiscal profligacy lead to several speculative attacks against the currency. After the Mexican, Asian and Russian crisis all bets were that Brazil would be next to succumb. During this period Congress passed several crucial structural reforms and with the end of inflation and increased incomes the President experienced high levels of popularity, allowing him to easily clinch reelection in 1998. Once the election was won and the devaluation allowed to occur in January 1999, the government was faced with a very severe credibility problem where the only way to avoid a prolonged and destructive crisis would be to signal to the markets the government's intent and ability to regain fiscal control. Given the country's image as an underperformer in this area, this was not an easy task and most prognoses were pessimistic.

Nevertheless, now that it was absolutely crucial that fiscal discipline be adopted, the government met the challenge. Starting in 1999 and lasting to the present day the government consistently set and met extremely tough primary surplus targets. It is important to stress the immense effort that meeting these targets has required of the government. It involves systematically denying expenditures that have been approved in the budgetary process and that have important constituencies. We find it remarkable that the government has not only been willing but also able to go through with the unpleasant politics of achieving these surpluses. It is consistent with our framework where the President is the dominant player and faces virtuous incentives. Only by having immense powers to control the budgetary process, in particular in the execution phase, has it been possible for the President to overcome the natural resistance to expenditure cuts and assure the primary surpluses.

The point of the foregoing description of Brazilian recent budgetary history is that political institutions are such that the budgetary process dominated by a strong President has the propensity to yield positive outcomes, even if growth has been slow to materialize. The budgetary policymaking process has been evolving over time, together with the general policymaking process, in a way that should be conducive to more responsible fiscal behavior. An important example of this is the Fiscal Responsibility Law (FRL) passed in the wake of the 1999 crisis. As described in greater detail below, the FRL in Brazil has been effective in constraining federal, state and municipal governments and as such decisively contributing towards fiscal discipline. Once again this is quite remarkable as the simple passage of a law is generally insufficient to change deep-rooted fiscal behavior. In order to understand why the FRL in Brazil has proven to be effectively binding (in its still brief existence) it is necessary to consider once again the political institutions, in particular the dominant role of the President and his interest that the law be binding.

The main findings of this chapter can be summarized in the following four points:

- 1) The most fundamental characteristic of the Brazilian political system is strong presidential powers that emerge from political institutions that provide the Executive with an extensive set of instruments to pursue his preferences. This characteristic applies as well to the budgetary process. Therefore the Executive is able to control that process closely and assure budgetary allocations, most of the times, very close to his preferred point.

- 2) The Executive's preponderance over the budgetary process is achieved at relatively low cost. This is so because political institutions, including those specific to the budgetary process, provide the President with several effective means to guide his proposal through Congress. The ability to selectively execute the congressmen's amendments to the

budget, for example, is a key power that generously endows the President with a political currency that is used to purchase support.

3) Given that (1) and (2) posit that the President is generally able to get mostly what he wants, the questions are: what does the President want and what are his motivations? We argue that in Brazil the President has political incentives to pursue responsible fiscal and monetary policy conducive to growth and stability. Because the budgetary process should be instrumental to achieving those goals, the President's behavior within the budgetary procedure should be consistent with those objectives.²

4) Despite the high level of presidential powers, these are not absolute. Political institutions provide several checks which limit the President's control. These constraints help to prevent opportunism, facilitate providing credible commitments, but also prevent adaptation to shocks. Where cost created by these restrictions are very large the constraints will be gradually relaxed in a manner consistent with hypotheses 1, 2 and 3, that is, favoring the Executive and being conducive to responsible macroeconomic policy.

In the next section we analyze how political institutions in Brazil map into the policymaking process behind budgetary choices. The subsequent section describes the preparation, approval, execution and control stages of the budgetary process in the light of our analysis of the working of the policymaking process. Special attention is then given to the Fiscal Responsibility Law and the part of sub-national governments in the budgetary process. This is followed by a section that analyzes why the level of budget rigidities is so high and what is the impact this characteristic. Finally we conclude by stressing the intense process of reform that the Brazilian budgetary process has undergone since the 1988 Constitution, led by strong presidential powers in a manner conducive to fiscal responsibility and budgetary equilibrium.

The Policymaking Process of the Budgetary Process in Brazil

In this section we focus on the political institutions that determine who are the actors involved in the budgetary process and how they affect the incentives and constraints of these parties as well as their ability to enter into and sustain inter-temporal political transactions. Strong Presidential powers have generally allowed the President to initiate, pursue and approve much of his policy agenda. These powers are checked however by two sets of safeguards. The first check is that the electoral connection for the President is such that he has incentives to pursue sensible macroeconomic policies, as he is seen by the

² Although these imputed motivations fit well with Presidents' behavior since 1995 (FHC and Lula), the match with previous Presidents is not so clear. We note however that even though they were not approved at the time, Collor proposed several constitutional reforms that would eventually be adopted in subsequent policy reform.

electorate as being responsible for outcomes related to basic issues such a strong economy, economic growth and stabilization. Given the strong Presidential powers, failure in these areas cannot be credibly blamed on other political actors such as Congress or the Judiciary. The second check is that although the separation of powers is clearly biased towards the President, several other political actors with different motivations are able to check the President's actions in different ways. Thus, if an incompetent or ill-intentioned President were to come to power, strong Presidentialism would not mean a blank check to pursue misguided policy.

The rules of the budgetary process are such that the Executive run very few risks of seeing his proposal disfigured by Congress. Not only can the Executive veto any undesirable changes that Congress may inflict on his proposal, but also the Executive has a series of institutional instruments and informational advantages that allow him to safely guide the process through Congress. If that were not enough, the budgetary institutions further safeguard the Executive's preferences by putting the most important parts of the budget out of the congressmen's reach, since they are only allowed to amend an astonishingly small part of the entire package. Additionally, the Brazilian budget law approved by Congress is not mandatory; rather it merely authorizes the executive to execute the budget based on the availability of resources collected during a specific fiscal year. That is, although the budget decision-making process within Congress is very open and transparent, there is a great level of discretion for the Executive on the appropriation phase of the budget which, of course, raises doubts about its transparency and accountability.³

Despite this high level of Executive control, Congress nevertheless systematically proposes and approves a large number of amendments (collective and individual) to the annual budget. These amendments, however, can only be over items in the investment category, which are typically only a small part of the entire budget. Table 1 shows the breakdown of the budget in its various categories from 1996 to 2004. The fraction of the budget allocated to investments is consistently very small over time, never above 3%. Another interesting aspect demonstrated by this table is that Congress tries to increase the original amount allocated by the Executive to the investments on the budget bill (PLO) but the amount in fact appropriated is smaller than the budget law (LOA) approved by Congress in most of the years. This shows that the Executive has the prerogative to continuously protect its preferences by strategically adjusting the legislators' attempts to modify the original proposal. As a result, as shown in Figure 2, the changes made by Congress in the

³ The Latin American Index of Budget Transparency (2003) places Brazil as one of the countries with the highest positive response rates of transparency, affirming that "the legislature is a privileged actor with authority to modify and approve the budget proposal crafted and sent by the executive."

whole budget bill sent by the Executive are extremely small. This figure shows, for the total budget, the ratio of the Congress-altered bill to that originally proposed by the President as well as the ratio of total effectively executed over the Congress-altered bill. This data shows that the norm is for the Executive to leave a significant fraction of the budget approved by Congress un-appropriated. The exceptions are 1998 and 1999, which were, respectively, the year FHC introduced the possibility of reelection and the year of the devaluation crisis.

[Tables 1 about here]

[Figure 2 about here]

Even though the resources added by Congress are small relative to the whole budget expenditure, it may seem surprising that the Executive, given the instruments at his disposal, would allow its proposal to be moved from its preferred position at all. Because the separation of purpose inherent in the political institutions has the President pursuing broad national public goods, whereas other actors that also have a say in producing legislation, particularly Congress and to a lesser degree Governors, have more narrow constituencies, there is potential conflict. However, this conflict is diffused by legislative rules that result in trades between Congress and the President of support for patronage (Alston and Mueller, 2006). The President is able to use his powers to control the legislative agenda and to create a stable supporting coalition that enables policy reform.⁴ Any other coalition, not coordinated by the President would be inherently unstable and occasional, as it would not have any enforcement mechanism to ensure compliance and prevent defections. In addition the President possesses considerable discretion over patronage (such as jobs in the public bureaucracy, appropriation of individual budget amendments, voluntary transfers to States and Municipalities, etc.), which, together with the career incentives of the Congressmen, lead to well-institutionalized trade of policy support for patronage. Although these exchanges are often seen as being less than legitimate by the press and much of society, they form the basis of Executive-Legislative relations in Brazil and lead to high levels of governability that allow important reforms to get accomplished. Furthermore we also argue that this comes at relatively low costs to the Executive as political institutions facilitate the trades and the patronage that is dispensed is a very small part of the budget (Pereira and Mueller, 2004).

This explains why the Executive not only does not use its institutional and informational advantages to stop its proposal from being changed, but it even encourages the amendments by systematically overestimating the level of revenues that it expects to be

⁴ This is necessary because Brazilian electoral rules (open list proportional system) induce a multiparty system where the President's party alone has typically held around 20% of seat in Congress.

available. The congressmen are not fooled by this strategy but are willing to go along with this game since it provides means through which the majority coalition is able to coordinate to secure its own political benefits. The parties and the individual members of the coalition benefit by receiving budgetary resources that, though small relative to the entire budget, significantly increase their probability of electoral success and political survival.

A consequence of the President's prioritization of stability and fiscal discipline is that the pursuit of all other policies remains contingent on there being space in the legislative agenda as well as budgetary availability. These in turn are affected by both economic and political shocks. This implies that many of these residual policies will be characterized by high volatility. Whenever the economic and political conditions are favorable they are given priority and get implemented. When negative shocks occur they are suspended or put on hold to help secure the first category policies. These policies thus have a tendency to oscillate unpredictably. Also, because they only produce results in the medium and long term, politicians have more leeway to pursue their own visions of what is the right thing to do than is the case with the first category policies, where mistakes are more quickly perceived and punished by internal and foreign markets. Additionally, political shocks where new politicians come to office tend to result in policy reversals.

Given the inherent tendency towards volatility of such policies, political actors may often choose to hard-wire some policies where it is considered that the volatility can be particularly damaging. Much of the hardwiring is done through the budget, and as such is crucial for this chapter. At some 'constitutional moment' politicians establish impediments to changing these policies by tying the hands of future political actors. This results in rigid policies, which is an advantage when this rigidity constrains opportunistic behavior but at the cost of reducing the ability to adapt to unforeseen future contingencies. The magnitude and nature of the rigidities in the budget will be analyzed in the next section.

In the remainder of the paper we describe and analyze the Brazilian budgetary procedures. In the discussion we focus on two key issues related to the budgetary policymaking process. The first is the relationship between the legislature and the president briefly described above. The second is the fiscal responsibility law, which is a key component of the fiscal process. We discuss how and why this legislation effectively constrains opportunistic behavior.

The Brazilian Budgetary Rules and Components

Introduction

In this section we describe how the governmental budget is formulated in Brazil, focusing on how budgetary rules constrain and shape the relative power of Congress and the

Executive. Historically the budgetary process in Brazil has alternated between cases where Congress has effectively participated and defined where and how public resources were allocated with others where it did not wield any direct influence. Currently, even when legislators have an effective role, it is mostly limited to amending the budget bill so as to target their main electoral strongholds with local policies.

The Constitution of 1988 brought about a set of new, complex rules to regulate the budgetary decision-making process. Three main instruments are responsible for regulating, planning and allocating federal resources: the multi-annual plan (*Plano Plurianual – PPA*), the Law of Budgetary Guidelines (*Lei de Diretrizes Orçamentárias – LDO*), and the Annual Budgetary Law (*Lei Orçamentária Anual – LOA*). These three instruments are hierarchically interconnected at different stages: the PPA is formulated by the Executive four months before the end of the first year of a government and defines the main strategic targets of the federal government in the long-run, serving as a framework for planning expenditures and government action. The Plan must be analyzed, amended and approved by Congress by the last month of the first year of its mandate and is valid until the end of the first year of the next elected government.

The LDO is renewed annually and has to be sent by the Executive to Congress no later than the first quarter of the second year of the government's term. Congress has to endorse it by June of the same year. This law should include: a) the goals and priorities of the federal government; b) guidelines for changes in tax laws; and c) the parameters for personnel spending and recruitment, including pay rises and the setting of the value of the minimum salary; and d) setting the policies and objectives of the official federal financial institutions. Despite the short period of time allowed for its discussion (two months), the LDO provides ample opportunity for the Legislature to influence the budgetary process. The fact that Congress is legally required to vote the LDO in order that it can adjourn for its mid-year recess is an important constraint. The LDO becomes the major institutional device for guiding the formulation of public policies because it defines the priorities that have to be taken into account in the Annual Budgetary Law (LOA) in the next fiscal year.

The Executive then uses the targets and guidelines defined by the PPA and the LDO to formulate the Annual Budget Proposal (*Proposta de Lei Orçamentária – PLO*). It is this budget proposal that estimates the total revenue and expenditures for the next fiscal year. In other words, it details specific programs and activities that must be in accord with the two previous instruments. The President has to send the PLO by August 30 of the same year and the Congress has to amend and approve it by December 15. This is done first in the Joint Budget Committee (Senate and Chamber of Deputies) and then by Congress as a whole.

The PLO is then sent back to the executive to be enacted as a law with or without vetoes.⁵

Crafting the budget proposal in the Executive Branch: Preparation Stage

It is the Executive that has the responsibility for coordinating and crafting the Annual Budget Proposal. More specifically it is the Secretary of Budget (SOF) of the Ministry for Planning, Budget, and Management (MP) that has the responsibility for coordinating and crafting the Annual Budget Proposal and is thus the agenda-setter. The SOF estimates the total revenue and expenditures for each Ministry (staff, social security contributions, debts, etc.), Congress and Judiciary. Subsequently it defines parameters for all other expenditures, including operational and investment spending. After collecting the necessary information the SOF specifies expenditure restrictions for each program that each federal public institution proposes to develop. With those budget constraints, each Ministry and agency sends their proposal back to the SOF, which has the responsibility of reshaping it into a single plan, PLO, which is then sent to Congress.

It is relevant to note that it is at this stage that some legislators, especially the top ranking ones, take advantage of their political networks inside Ministries and public agencies to include their demands and projects in the Executive's. In other words, these legislators can avoid a significant step of negotiation inside Congress, since their demands are already included in the proposal sent by the President. It is at this stage that the trickiest negotiations occur within the Executive branch itself, with each part trying to enlarge its own budget and the Treasury trying to hold back their demands.

The Executive has to send the budget bill to Congress by August 31. Prior to this date much negotiation among the executive branch, legislators, and interest groups take place aimed at including projects of their interest within the budget bill before sending it to Congress. This, of course, would improve a legislator's chances of having a project ultimately approved because it does not require an amendment.

The budgetary game, however, does not end after the PLO has been approved by Congress and enacted by the president. It can still be changed after these stages through the additional credit mechanism, which allows new amendments that reallocate resources. This possibility makes the budgetary decision making process effectively endless, turning it into a sequential game in which the Executive and Congress interact in more than one episode. As we show below the Executive plays this game from a very favorable position compared to Congress, as it benefits from asymmetric information and institutional mechanisms that allow it considerable discretionary powers. Resources to be allocated as additional credits come mainly from cancellations of previous spending in the LOA, excess tax collection,

⁵ In Brazil the Executive can veto the budget proposal approved by Congress in parts or as a whole.

and from loans. Note that the Executive has an informational advantage regarding the availability of these resources.

Decision Making in Congress: Approval Stage

The involvement of legislators in the budgetary cycle occurs predominantly in the Joint Budget Committee (*Comissão Mista de Planos, Orçamentos Públicos e Fiscalização – CMPOF*). Rocha (1997: 108) compares the number of amendments approved by the CMPOF and by the Floor of the House and Senate and points out that Congress does not substantially modify the report approved by the committee. According to that author, the CMPOF is the main decision-making locus regarding the budget within Congress. It is the largest committee of the Brazilian Congress, with 84 effective members and 28 substitutes, 63 of which are deputies and 21 senators. The composition of the committee is proportional to the number of seats that each political party holds in Congress. Therefore the larger parties have greater representation within the committee. It is a prerogative of party leaders to appoint committee members as well as to determine the president of the committee and its three vice-presidents, leaving them well placed to control the budgetary process as well as to reward and punish their members.

The CMPOF is composed of thematic standing subcommittees with a maximum of seven legislators. Each subcommittee has a sectoral *rapporteur* whose responsibility is to compile a partial report with the amendments approved by its members. The CMPOF's general *rapporteur* then consolidates these pieces. The positions of sectoral and general rapporteurs are highly influential and are appointed by the president of the committee subject to the restriction that the appointments must follow party proportionality.

When a bill reaches the Joint Budget Committee the general *rapporteur* submits a preliminary statement based on negotiation among party leaders. One of the most important aspects of this preliminary report is the definition of parameters and deadlines for legislators to submit collective and individual amendments. This is why there is such fierce competition among legislators to become members of this committee, and especially to be appointed to high hierarchical positions, such as *rapporteur* or sub-*rapporteur*. These positions allow the legislators to propose specific resource reallocations, since the process of approving amendments is centralized on the *rapporteur*'s positions. Furthermore, only committee members are allowed to headline legislators' amendments during the voting process in the committee floor.⁶

⁶ The competition among legislators to take part in the Joint Budget Committee has led to frequent increases in the number of seats in the CMPOF. In 1988 there were 60 effective members (45 deputies and 15 senators) and today there are 84 members (63 deputies and 21 senators). According to Serra

Although legislators have the right to amend bills that are exclusively introduced by the President, they can only do so if those amendments are compatible with the multi-annual plan (PPA) elaborated by the executive, as well as with the law of budgetary guidelines (LDO). Moreover, Congress may not authorize expenditures that exceed budgetary revenues. The rules regarding amendment of the PLO have varied considerably in the past years. Since 1995, amendments can be proposed by individual legislators, standing committees, regional blocs and state blocs.

Until 1993, there were no limits regarding the number of amendments that each legislator could make to the PLO.⁷ Currently there is a limit of 20 amendments per congressman and a ceiling of R\$ 3.5 million. Similarly there is a limit of five collective amendment per standing committees; five per regional bloc; and ten per state bloc. However, even with limited number and value of amendments, legislators do not have any guarantee that their amendments will be approved by the committee; thus, they still have to negotiate with *rapporteurs* and party leaders to have their demands approved in the LOA, as many amendments are simply set aside.

Budget Execution under Executive Discretion

All the steps and complex negotiations to approve amendments inside Congress do not assure that a project once approved and enacted by the president will be delivered. It is the Executive that is responsible for budget execution, including the legislators' demands. Although legislators have the right to propose individual and collective amendments to the annual budget, it is the executive, who is entitled to determine which amendment will be executed, making the budget contingent on the amount of resources in the national treasury. The great majority of legislators make use of their prerogative to amend the budget to push through projects targeted at their main electoral base of support. That is, the process is used to realize pork barrel politics and maximize their future electoral and political career. Therefore, it is plausible to expect that the Executive will take advantage of this power to constrain legislators' behavior, especially on individual amendments when the Executive can identify the author and the target of the amendment, rewarding and punishing them accordingly (Pereira 2000; Pereira and Mueller 2004).

It is the absence of synchronization between tax collection and expenditure that has allowed the executive to act strategically by making the execution of amendments

(1994), the increase of the number of seats within CMPOF was the way party leaders found to cope with different legislators' pressures, as the mere presence in the committee significantly boosts the chances of approving amendments.

⁷ In 1989 the total number of amendments was approximately 11.000; in 1990, 13.000; in 1991, 71.000; in 1992, 76.000; 1993, 13.000; 1994, 23.000 (Rocha, 1997).

contingent on the availability of resources. That is, the Brazilian budget is not mandatory but just authoritative. As a result the Executive has had extreme flexibility and discretion when negotiating with legislators, and does not apply a homogeneous criterion when deciding which amendments to execute. Evidence demonstrates that the President rewards those legislators who most vote for his interests by executing their amendments to the annual budget and, at the same time, punishes those who vote less for his preferences, simply by not executing their individual amendments (Pereira and Mueller, 2004; Alston and Mueller, 2006). In addition, it is also the case that, *ceteris paribus*, the greater the amount of individual legislator amendments executed by the president, the higher will be the probability of that legislator's re-election (Pereira 2000; Pereira and Renno, 2001).

In other words, with this institutional design it is not surprising to observe legislators who consistently give support to the executive's initiatives, aware of the effect this has on the probability of seeing their individual demands met by the president. On the other hand, legislators who do not frequently follow the executive's preferences in Congress have less chances of delivering local policies to their constituents. It is important to recognize, however, that for collective amendments this rewarding/punishing mechanism, which characterizes the gains from trade between Executive and congressmen in Brazil, is difficult to be implemented, especially because the Executive branch cannot fully identify who is benefiting from the execution which is based on legislative performance. Nor can the executive identify who can claim credit for the appropriation since these amendments have no individual author and are wide-ranging in scope.⁸

Control Stage

Compared to the preparation, approval and execution stages, there is relatively little literature on the control stage of the Brazilian budgetary process. Although it is a less visible part of the budgetary process, the control stage is nevertheless an important component as it contributes to shaping the incentives of the agents in those previous stages. Despite the existence of a suitable structure for monitoring and control of budgetary procedures, what is missing are the incentives for the agents involved to use that structure for that purpose. The Constitution establishes that Congress is the responsible for oversight and control of all acts of the Executive, including the budget. However, as noted above Congress does not fully exert this control, having in a sense delegated this control back to the Executive. This behavior is consistent with the incentives faced by Congress. The Executive is the dominant player and is able to coordinate and maintain a governing

⁸ This explains why top government officials and party leaders from the governing coalition systematically criticize collective amendments and have proposed eliminating them

coalition by, among other things, distributing patronage through individual and collective amendments to the budget. In this game the supporting coalition is very much interested in the elaboration of the budget, so as to assure the size and shape of that patronage, but has no real incentive to dedicate resources to ex-post control of the process. Given that a majority of Congress is not motivated to pursue those functions, it is not surprising that the control stage remains in the background, despite the existence of the Federal Audit Court (TCU - *Tribunal de Contas da União*). This organization possesses the means, in terms of enabling legislation as well as resources, to perform the monitoring and control functions required by best practices. However, its formal link to the legislative branch has meant that, in the end, its actual performance has not had as big an impact on the budgetary process as could be expected.

In Brazil the TCU monitors the accounts of administrators and others responsible for federal resources. As such it has the potential to have an important effect on the policymaking process. It could, for example, constrain the way the President executes the budget as one of its functions is to see if legislative budgetary authorizations are followed. Also, with the new Law of Fiscal Responsibility of 2000, the TCU has started making individualized reports of the accounts of not only the President, but of the Senate, the House, the Supreme Court, other Federal Courts and the head of the *Ministério Público*. What role the TCU actually plays in Brazil, however, depends on its structure and process, as well as on the motivations of its members and the restrictions imposed by other political players. The most important institutional feature affecting TCU's performance is the fact that despite its quasi-judicial structure – and unlike European audit courts - it has very limited sanctioning powers. These remains restricted to the Judicial branch, which has to act following its recommendations and to decide against appeals to fines imposed by the TCU. The only real power enjoyed by the TCU is the negative one of having the unilateral prerogative to cancel ongoing bids and public works on suspicion of irregularities, which amounts to a great potential to affect the preferences of the Executive branch.

Perhaps the greatest limitation has been the appointment procedure for selecting the nine ministers who decide each case in a joint session by majority vote. The rules are designed so that the board is highly politicized and reflects the composition of power in Congress, thus extending the power of the President's coalition to the control stage. The fact that current board members are tenured until they are required to retire at age 70 mitigates politicization but has not precluded it (Melo 2007). Thus, despite a large, motivated and well-trained staff, that strives to go beyond simply checking accounts so as to play a more proactive role, the TCU's impact has been limited.

The Fiscal Responsibility Law and Sub-national Governments

In this section we turn to role of sub-national governments in the budgetary process, which brings up the issue of the Fiscal Responsibility Law. We argue that this law does in fact constrain the behavior of the state governments, contributing greatly to achieving and maintaining fiscal sustainability. This is a strong claim and requires us to show how and why the law was passed, why it works and whether it is sustainable.

Problems with the sub-national fiscal game were already endemic even before the 1988 Constitution that granted an expansion of states' autonomy. Between 1987 and 1996, four initiatives to control sub-national debts were attempted. In 1996 the states' debt exploded as a result of the extremely high interest rates adopted under the Real Plan. Two features explain the high levels of debt and the failure of the existing system. First, the institutional rules were extremely permissive in terms of debt rollover. In certain cases, Senate resolutions authorized the states to roll over up to 100% of the debt service (interest plus principal). Because of the high real interest rates this led to the rapid growth in debt due to the capitalization of interest, even with no new borrowing. Second, the federal government had a record of bailing out insolvent state and local governments.

The fast growth of the state debt in this period, especially the debt in securities, forced the federal government to exchange state bonds for federal bonds to make the debt rollover viable, as the states were not able to finance their debts in the market. As Goldfajn and Guardia (2003, 16) argue "these procedures artificially reduced the sub-national governments' cost of borrowing, created an incentive for indebtedness, and introduced a dangerous moral hazard into Brazil's fiscal federalism". The federal government's behavior should not be interpreted as a direct response to the states' pressure. Rather, it reflected a concern for the collapse of state governments which was partly externally produced. In other words, some of the increase in state's indebtedness was caused by federal monetary policy. The incentive structure which the states as institutional actors faced, however, produced suboptimal results.

These rules were only changed in late 1997, and particularly in 1998, when the Fiscal Stabilization Program of the second Cardoso administration was announced. The program involved a comprehensive debt refinancing agreement with states and local governments as well as a radical fiscal adjustment aimed at increasing the primary surplus of the consolidated public sector. The agreement set targets for revenue and

expenditures, required the reduction of the share of payroll in net revenues, encouraged states to privatize public utilities and state banks, among other measures.

The fiscal adjustment program produced very significant results. While in 1997 there was a primary deficit, the consolidated public sector has since shown primary surpluses superior to 3.5% of GDP. The primary balance for the states changed from a deficit of 0.31 to a surplus of 0.5 of GDP. These surpluses have been generated partly by high increases in the tax burden, but the most significant aspect is the change in fiscal institutions that the central government managed to produce. The federal government's program has had a significant fiscal cost. But it produced a restructuring of Brazilian federalism thereby eliminating the loci of fiscal uncertainty and reassuring the central government's power over fiscal affairs. This was a precondition for the management of the fiscal problem.

Enacted in 2000, the Fiscal Responsibility Law (FRL) is the main piece of legislation in the area of budget and fiscal control. It represented the apex of a relatively successful set of measures to constrain fiscal behavior and control the state governments' indebtedness.⁹ The FRL illustrates the Executive's ability to implement its policy preferences in the political game discussed in the previous sections. Furthermore it reflects a learning process on the basis of a repeated game between the federal government and the states. Unlike other similar laws promulgated in Latin America, the FRL is applicable to the federal as well as the state and municipal governments. Moreover, unlike its counterparts in the region (e.g. Argentina), this single federal law sets parameters for all levels of government and thus represents a top-down approach to fiscal rules and budgetary control (Webb 2004). The FRL provides ex ante and ex post controls on both borrowers and lenders. It specifies in great detail the budgetary and fiscal rules governing public sector indebtedness, credit operations, and public account's reporting. The law prohibits the federal government from financing sub-national governments, therefore eliminating the possibility of bailouts as well as any changes in the financial clauses of the existing debt-restructuring agreement.

Since the inception of the FRL the fiscal performance of the sub-national governments has improved. Between 2002 and 2006 the states' primary surplus grew by 22.2% climbing to 0.70% of GDP in 2006 from 0.58% in 2002. As a percentage of GDP, the state's nominal deficit (includes interest payments) fell from 2.96 to 0.59 in the same period, and they are expected to have reached zero in 2007. These impressive results,

⁹ At the end of 2003, the states were producing a surplus of 9% of their net revenue and representing 1% of GDP (Afonso, 2004).

should be taken with some caution, considering that there has been some "creative accounting" by the states, thereby masquerading real trends, which are nevertheless still very positive (Afonso, Meirelles and Castro 2007).

Although we argue that the executive has the upper hand in the executive-legislative relations, particularly in fiscal and budgetary matters, the interests of sub-national executives are relevant to explain the highly successful implementation of the law. In order to understand the interest of governors in the law, one has to consider governors as rational actors seeking political survival, and thus with an interest in fiscal expansion. However, in the context of highly indebted and fiscally vulnerable states, governors also have an interest in shifting the blame of austerity measures to other actors. This calculation is however affected by the future electoral chances of governors. In highly polarized states in which governors face close elections, governors would have an interest in "stacking the deck" of the future governor, and curb his "fiscal powers". In case the incumbent is in the second term of office – and therefore barred from competing in the next election – she would also have an interest in the law. This interest would be stronger in case of polarization. But the incumbent would also benefit from the law because he/she would have an excuse to say no to demands from his own constituency, and particularly for pay hikes. In 1999 and 2000, when the law was passed, most governors were in a situation of great fiscal vulnerability and most of them would not be able to run for office again (in 1998, 19 governors had been elected and would not be allowed to run for a third time). This explains the high level of support by governors to the law. This support was not sufficient or even maybe necessary as suggested by the approval of many initiatives that directly impinged on sub-national interests. Nonetheless they help explain the smooth and successful *implementation* of the FRL.

The FRL helped produce a major change in the approach to fiscal issues. Among other things, by requiring major procedural changes in budgetary matters, the law generated new stakeholders in fiscal issues, such as the TCU (Federal Audit Court) and other watchdogs. The fiscal record of the three tiers of government has been impressive, with increasing primary surpluses produced at the state and national levels. The consolidated public sector changed from a deficit of 0.3% of GDP in 1997 to a continuous surplus since 1999. More importantly, the individual fiscal performance of the states has also improved. Most states have significantly improved their primary fiscal results, meeting the targets regarding ratio of net debt to total net revenue. Similarly, there have been marked reductions in the share of personnel expenditures, which had previously been a major source of inbalance. It is significant that in spite of the FRL provision that the Federal

Government should have a ceiling (2.45 in 2004) for the ratio net consolidated debt to total net revenue, the Senate has not imposed such a ceiling. This underscores the fact that the law is primarily an instrument of the Federal government to control sub-national spending. This is consistent with the interpretation in this paper about the preponderance of the executive in the budgetary and fiscal game.

Is this performance of the FRL sustainable in Brazil? As Braun and Tommasi (2002) point out, fiscal rules to be enforced require self-enforcement by the players (states) or an external enforcer with the power to ensure compliance. We argue that Brazil approximates a self-enforcement case. The executive had the enforcement technology and that the law has been an effective commitment device. This argument contrasts with Webb (2004) who takes the external enforcement view. He argues that the passage and sustainability of the FRL was made possible primarily because of the cooperation of key large states and their governors (such as São Paulo). The old view of the Brazilian political system as a federal structure in which governors wield vast powers is currently inaccurate. The circumstances that produced the former status quo that favored the states were unprecedented and extraordinary: a Constituent Assembly in which the Federal Executive played a minor role; the political conjuncture of transition to democratic rule, in which fiscal decentralization and increased social spending were important banners; and the specific sequence through which the political transition (democratic elections) occurred first at the state level (1982) and subsequently at the national level, converting the governors to key political figures in the transition.

The President had the capacity to impose his fiscal preferences because: a) he could exchange development bank (BNDES) advancements in exchange for fiscal reforms, including privatization of state banks and utilities; b) he had agenda powers and other legislative prerogatives to implement his agenda; and c) he was also helped by the approval of the reelection amendment, which strengthened not only the President *vis-a-vis* governors but also helped extend the time horizons of governors; (19 governors ran for reelection), thus introducing some element of self-enforcement in the fiscal game. Without the reelection amendment, incumbent Governors would have an incentive to exacerbate the common pool problem by leaving the fiscal problem to future governors. In addition, due to the devastating impact of hyperinflation in the mid 1990s, the President's policies were viewed favorably by a great part of public opinion, which became strongly inflation averse. We argue that the sustainability of the current fiscal situation is therefore not dependent on the state's cooperation. Although the FRL could be reversed, we note that there is some rigidity in it as a majority of 3/5 in two rounds of votes in the two chambers is required for a change

in the Law

The Rigidity of the Budgetary Process in Brazil

One of the most striking features of the Brazilian budgetary process is the rigidity that has been built in through earmarking of tax revenues and hardwiring of expenditures. Although all countries have such rigidities, the Brazilian case is particularly severe. This characteristic is of central importance to our analysis because these rigidities are a means through which inter-temporal political transactions are sealed. Figure 3 shows the evolution over time of the composition of tax revenues in Brazil classified in terms of whether and how they are earmarked. It can be seen that the Constitution of 1988 led to a marked increase in the proportion of revenues that were earmarked and a corresponding decrease in the proportion of revenue which could be freely used. Major examples of earmarking of revenues introduced in the Constitution are: i) at least 18% of all taxes should be spent on development and maintenance of education (article 212); ii) a series of social contributions earmarked for social security (art. 195); and iii) automatic transfers to states and municipalities. Several other instances of earmarking of revenue have followed since. The use of “contributions,” specific earmarked taxes sheltered from disbursement to state and local governments, has been a favored means of raising and earmarking revenue as opposed to taxes. The creation of contributions, generally associated with social expenditures, has been a major instrument in the government’s fiscal adjustment strategy. As a consequence the amount of revenues raised through contributions has increased markedly in the past decade, almost reaching the same level as revenue derived from taxes.

[Figure 3 about here]

The straightjacket imposed by revenue rigidity and the constraints it imposed for the government to pursue its policymaking preferences were felt soon after the 1988 Constitution. In reaction to these constraints the government created in 1993 a fund called the Social Emergency Fund (FSE) which received resources that were de-earmarked from 20% of all taxes and contributions received by the Union. The idea was to create a temporary source of flexibility to allow the government to address the problem of inflation, until fiscal reforms that could provide a definitive solution. However, when the FSE expired it was substituted by a similar fund with a different name (Fund for Fiscal Stabilization) which in turn gave way to the DRU (De-linking of Budgetary Resources) in 1999. The existence of the DRU meant that in 2003 19.7% of total revenues were not earmarked, whereas without the DRU the figure would be 12.9% (Brasil-SOF, 2003:19). Thus it does provide some flexibility, but only a limited amount.

The rigidities in the Brazilian budgetary process can be classified in two categories.

The first type is associated with expenditures that have a dynamic that is largely independent of the political process. These include for example social expenditures whose expansions are determined by exogenous factors. The largest components of the budget fall into this category: social security, personnel expenditures and payment of interest rates. The second types of rigidities are produced by the active strategic interaction among the various political actors involved. Hardwiring in this case is the result of purposeful action. Rigidities of this type are constrained by those of the first type described above, and also produce unintended perverse effects over time.

The political transactions around the hardwiring game in the last decade can be seen as a reaction against the state of affairs produced by the Constitution of 1988. The Constitution produced short-term fiscal impacts and introduced a number of fiscal rigidities. First, it mandated a new distribution of the public revenue in which state and municipal governments augmented their share in tax revenue. In addition, the sub-national governments saw their tax base expanded. Second, the Constitution set the minimum value of pensions at the level of the minimum salary, guaranteed the real values of social security pensions over time - explicitly prohibiting the inflationary erosion of any pecuniary benefits - and also equalized the level of urban and rural pensions. In addition, it expanded the range of welfare benefits to rural workers, which in the past were a fraction of those of urban workers. Third, with the stated goal of professionalizing the public bureaucracy, the Constitution upgraded public employees' social security contracts.

This pattern of rigidity is a direct consequence of the Christmas tree-like nature of the 1988 Constitution where a gamut of different groups managed to insert their own provisions and insulate them from future policy makers. In addition, many of these items were justified as the need to repay the "social debt" to groups that had been marginalized during the previous decades, such as rural workers, those who had no access to health services, and retirees who had had their pensions systematically eroded by inflation (Velloso, 2004:27). In addition to the assistential nature of the benefits in the social security system, one may be tempted to interpret the hardwiring of the other regular benefits, such as pensions in the civil service, as desirable from the point of view of representativeness, as they impede opportunistic raiding of those resources by politicians. However, this argument becomes less compelling when one considers that within these beneficiaries there are several privileged groups who receive the bulk of the benefits at the expense of the majority. The hardwiring of these expenditures protects these benefits from changes that could make the system more representative.

There are generally two types of rationales for budgetary rigidities: hardwiring as

pre-commitment device and hardwiring as spin-offs of opportunist interaction. In the Brazilian case we find evidence that confirms both uses of hardwiring. In certain cases hardwiring appeared as a result of meta-preferences by the actors for a certain outcome. This is exemplified in the hardwiring for education and health care. This is also the case when actors used hardwiring to protect themselves from pressures in blame shifting strategies (exemplified by the Fiscal Responsibility Law, which was used by actors as an excuse to say no not to special demands from their own constituencies). But most of the instances of hardwiring are the result of the second type identified above. The extensive hardwiring of sub-national fiscal practices has been the product of mutual opportunism between sub-national governments and the federal governments. A history of opportunism by the Federal Executive that used its institutional prerogatives to impose losses to the sub-national governments led to countervailing measures by sub-national actors that expanded the fiscal and budgetary powers of sub-national governments in contexts in which they were able to react. As discussed above the Constitution of 1988 was one of these exceptional moments. The history of post 1988 constitutional reforms can be read as a series of counter measures taken by the executive – to de-constitutionalize issues - to re-establish its preponderance in the Brazilian federalism (Melo 2004). The political dynamics of constitution-making and constitutional reforms are very different. In the former process, the interests involved managed to introduce provisions that typically generated diffuse costs and concentrated benefits. Because of the history of opportunistic behavior of authoritarian governments in the past, the constitutional text is one of the longest and most detailed of existing constitutions. It included detailed hardwiring to protect pensions, sub-national finances and public sector employees. The end result of this process has been a very distorted tax system (but capable of extracting 37% of GDP) and at the same time, severe and chronic fiscal problems. In contrast to this Christmas tree dynamics, constitutional reforms have entailed the opposite, thus generating intense resistance from organized interests. However, despite the procedural hurdles involved, because of the preponderance of the executive in the polity, there have been extensive constitutional changes – 4.1 amendments per year on average (Melo 2002; Melo 2004). These changes were made at a relatively low economic cost (Pereira and Mueller 2004), but have certainly concentrated the political energies of the country to the detriment of other issues

The *prima facie* attempt to introduce rigidity in the budget for the purposes of poverty alleviation can thus be understood as part of logrolls between the executive and legislative branches. The executive maintained fiscal stability by increasing taxes and in return Congress received some poverty alleviation programs sheltered from discretionary

executive budget cuts. This is consistent with the political game discussed in Alston et al (2004). The executive prefers hard wiring sub-national spending and at the same time to expand the scope of discretion at the national level. The gains from trade between Congress and the executive is that the latter is primarily interested in raising taxes and the former seeks to expand social expenditures and funding for pork. To allow the executive to extract resources from society – a move, which produces significant political costs to legislator’s constituencies – congress has increasingly demanded that some of the resources be hardwired to the social sectors. Many of these are also in the interest of the federal executive – they are meta-preferences, in the sense used above - and therefore the political market is “cleared” in this exchange.

Concluding remarks

The overall picture of the Brazilian budgetary process that we have conveyed in this chapter is one in which political institutions create forces that push towards budgetary equilibrium. The key features of the political institutions that are responsible for yielding this outcome are strong presidential powers and incentives for the President to use these for attaining stability and fiscal sustainability. It is important to stress, however, the path dependent nature of how the Brazilian budgetary process reached the point where it now stands, as this evolution over time is crucial for understanding why several current aspects of the process emerged and persist, such as the high levels of rigidity of budgetary allocations. The starting point of our analysis was the Constitution of 1988 which created a highly decentralized and rigid budgetary process with few incentives and many obstacles for fiscal sustainability and budgetary equilibrium. The evolution of this budgetary process from that point to the current situation has been a sequence of gradual but persistent change in which strong presidential power has been crucial for changing those incentives and obstacles, recentralizing power and molding the budgetary game. In this process sub-national units’ have been reigned-in, losing power and being forced to check the profligate ways which the previous set of rules stimulated. The President’s control of the legislative agenda and the ability to use his discretion to execute budget amendments have been key features in the political institutions behind these outcomes. Similarly the Fiscal Responsibility Law has been successful in contributing towards fiscal sustainability because it is in essence an instrument of the Executive to constrain the behavior of sub-national units.

This does not mean that Presidents have full reign and always get their preferred allocations. Although presidents have promoted substantial alterations in the budgetary

process since the Constitution, several elements persist which they have been unable to change. In particular the extreme rigidity of the budget has frequently constrained the Executive from pursuing policies they would have liked to have implemented. These rigidities were purposefully designed with the purpose of constraining the President and continue to have that effect despite all of the President's power. It is true that these restrictions have been somewhat relaxed through the creation of special funds that have provided the Executive with some flexibility over previously earmarked revenues and expenditures, nevertheless a great proportion of the budget remains hardwired, severely limiting the President's choices. The process through which Presidents try to change these rules by means of their institutional powers is clearly an ongoing game. As those rigidities become increasingly constraining, as they are bound to do given their organic nature, we expect to see further attempts by the Executive to flexibilize the budget. As with the previous reforms, our expectation is that most future changes will be conducive to budgetary equilibrium and fiscal responsibility, an outcome due not only to the electoral incentives of the President, but also to the existence of several political actors that actively check the opportunistic use of the strong presidential powers. In particular an independent and politically active judiciary, similarly independent and active public prosecutors and a free press, have in the past been veto points that crucially constrained Presidential behavior in budgetary and other matters.

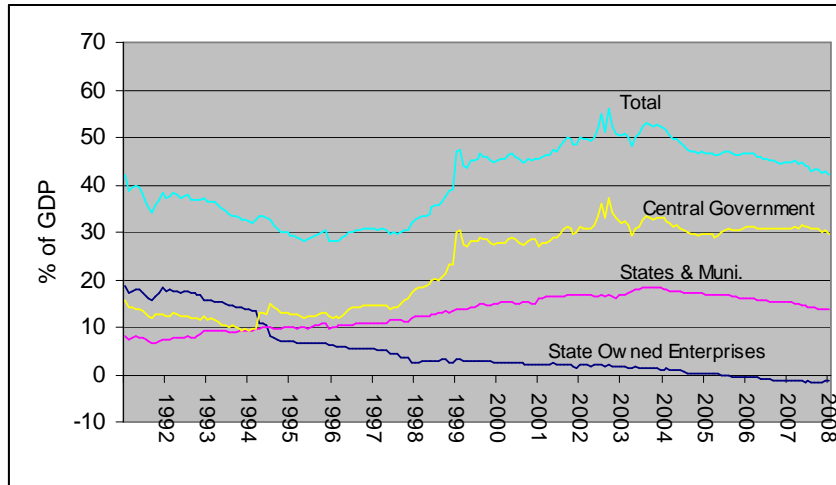
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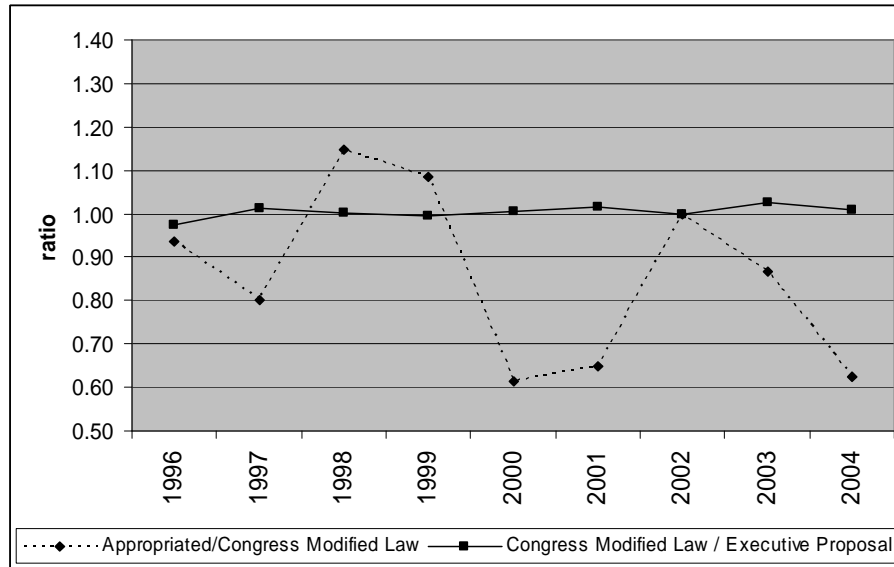
Figures

Figure 1 – Net Debt of the Public Sector (% GDP).



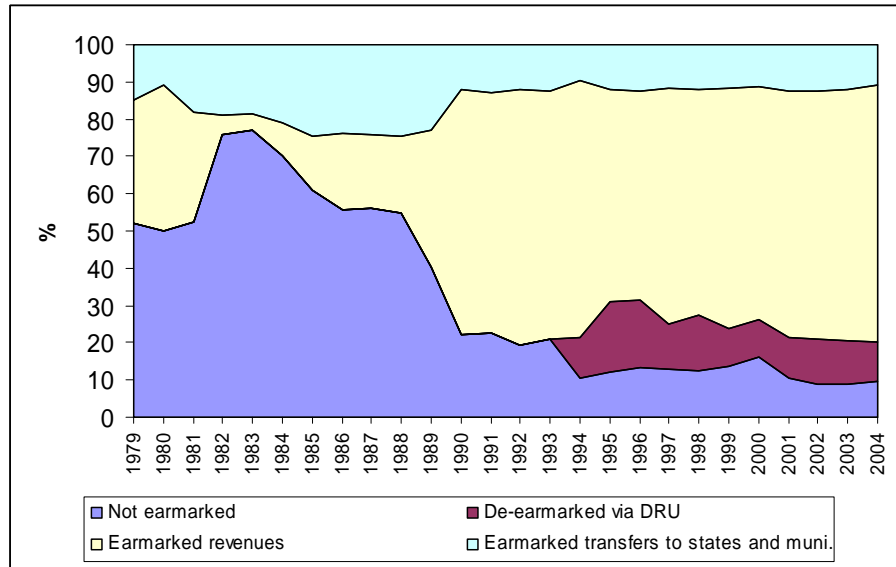
Source: Banco Central do Brasil, Boletim de Finanças Públicas.

Figure 2 – Changes to the Budget Proposal and Final Appropriation



Source: Elaborated with data from SIAFI (Sistema Integrado de Acompanhamento Financeiro)
 Value for 2002 set at 1.00 due to lack of data for that year.

Figure 3 – : Evolution of Earmarking of Budgetary Revenues (% GDP).



Brasil. Secretaria de Orçamento Federal. (2003).

Table 1 - Difference in Expenditure among the Budget Bill (PLO), the Budget Law (LOA), and what was in fact Appropriated (1996 – 2004) R\$ millions

Specification	Personal	Interest Rate on Debt	Local and State Transfers	Investments	%	Capital Investments	Debt Amortization	Total
1996								
PLO	41.346,5	22.262,2	111.097,2	8.122,6	2,64	11.267,0	114.134,0	308.229,5
LOA	39.685,3	22.262,2	104.633,2	8.832,2	2,94	10.927,3	114.134,0	300.474,1
Appropriated	40.900,9	19.492,0	92.392,7	5.706,4	1,98	13.290,7	116.785,3	288.568,0
1997								
PLO	42.576,8	25.252,8	113.654,3	7.747,4	1,83	10.779,2	223.806,1	423.816,6
LOA	45.060,8	25.252,8	113.015,3	9.901,2	2,31	11.519,1	223.806,1	428.555,3
Appropriated	44.530,0	21.033,2	105.764,2	7.537,9	2,22	13.290,7	147.040,0	339.196,0
1998								
PLO	48.172,9	37.162,3	120.440,1	8.353,7	1,92	21.834,1	199.534,1	435.497,2
LOA	48.175,6	37.162,3	119.141,5	11.110,0	2,54	21.122,5	200.187,4	436.899,3
Appropriated	47.946,5	30.812,5	120.384,8	8.284,6	1,66	71.343,9	221.150,9	499.923,2
1999								
PLO	52.170,6	50.323,0	125.154,1	4.934,0	0,91	14.473,0	295.098,9	542.153,6
LOA	50.570,1	50.178,2	120.876,8	7.887,6	1,46	14.169,9	295.243,8	538.926,2
Appropriated	51.571,0	45.355,6	131.408,8	6.955,3	1,18	56.348,8	296.423,3	588.062,9
2000								
PLO	52.116,4	78.123,0	142.063,3	6.756,9	0,67	15.872,6	707.897,7	1.002.829,9
LOA	52.086,8	78.123,0	143.565,0	12.448,8	1,24	11.572,1	709.072,8	1.006.868,5
Appropriated	58.240,6	38.834,8	152.925,5	10.099,1	1,64	11.420,8	344.861,6	616.382,5
2001								
PLO	59.569,6	67.801,5	183.442,8	12.129,8	1,30	14.574,2	594.495,2	932.013,1
LOA	59.483,7	70.299,5	174.649,5	18.268,9	1,93	14.962,9	607.537,0	945.201,5
Appropriated	65.449,4	52.816,4	175.412,8	14.564,9	2,41	20.446,1	274.681,4	603.371,0
2002								
PLO	---	---	---	---	---	---	---	---
LOA	68.497,8	58.452,2	204.354,5	17.649,5	2,71	16.864,7	277.697,9	650.409,6
Appropriated	75.029,0	55.260,7	208.782,9	10.126,8	1,50	20.936,2	304.792,3	674.928,0
2003								
PLO	76.892,6	93.644,1	213.302,2	7.350,8	0,73	23.054,4	582.315,1	1.009.532,2
LOA	77.046,2	93.644,1	223.972,4	14.180,2	1,37	24.376,3	582.315,1	1.036.056,1
Appropriated	78.974,7	65.706,8	239.237,6	6.452,1	0,74	23.440,7	462.644,6	876.456,6
2004								
PLO	84.291,1	117.829,6	263.291,3	7.823,8	0,54	32.752,8	926.097,6	1.457.686,7
LOA	84.120,0	117.769,8	273.628,6	12.370,0	0,84	33.249,4	925.989,9	1.469.087,4
Appropriated	89.431,6	74.373,4	275.905,8	10.866,0	1,20	21.580,7	436.020,3	908.177,7

Source: Elaborated with data from SIAFI (Sistema Integrado de Acompanhamento Financeiro)