


Ceremonial use of the performance-based budgeting by São Paulo municipalities


Uso cerimonial do planejamento de resultados nos municípios de São Paulo

Uso ceremonial de la planificación de resultados en los municipios de São Paulo

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Abstract

This study aimed to analyze the quality of performance information in the current performance-based budget from municipalities in the Brazilian State of São Paulo. Performance-based budgeting has been a legal requirement required by law in the country. The research compared the indicators and goals of multi-year budgeting in 2011, 2015, and 2019. To analyze the informational content of the municipalities' performance-based budgets, the study used four measures: (i) targets or goals set to zero, (ii) achieved outputs set to zero, (iii) inconsistent metrics for targets or goals, and (iv) symbolic endowment targets or goals. The findings suggest that a significant amount of inconsistency in performance data has probably not been used in the evaluation of public policies. Programs, indicators, plans, and targets are only created and maintained ceremonially to meet the requirements of the Courts of Accounts in these cases. This suggests that in the state of São Paulo, the traditional fiscal budgetary logic based on departmental monetary resource allocation prevails.

Keywords: Public budgeting; Program budgeting; Performance-based budgeting; Accountability

Resumo

A pesquisa analisou a qualidade das informações de desempenho do planejamento de municípios do Estado de São Paulo, que é uma exigência legal no Brasil desde 2002. A análise comparou os indicadores e metas dos Planos plurianuais de Prefeituras nos exercícios de 2011, 2015 e 2019. A pesquisa utilizou 4 medidas para analisar o conteúdo informacional do planejamento de resultados: (i) metas ou objetivos previstos zerados, (ii) metas realizadas zeradas, (iii) metas inconsistentes, e (iv) metas com dotação simbólica. Os resultados indicam uma alta proporção de informações sobre desempenho com conteúdo informacional questionável, e que provavelmente não é utilizada para a gestão de políticas públicas. Nestes casos, os programas, indicadores, ações e metas são criados e mantidos apenas para fins cerimoniais na prestação de contas junto a Tribunais de Contas. Ao que tudo indica, a lógica do planejamento tradicional com foco apenas no volume de recursos alocado por departamentos ainda prevalece em boa parte dos municípios paulistas.

Palavras-chave: Orçamento público; Orçamento-programa; Planejamento de resultados; *Accountability*

Resumen

La investigación analizó la calidad de la información sobre el desempeño de la planificación presupuestal de los municipios del Estado de São Paulo, que es un requisito legal en Brasil desde 2002. El análisis ha comparado los indicadores y metas de los Planes Plurianuales de los Municipios en los ejercicios 2011, 2015 y 2019. La investigación utilizó 4 medidas para analizar el contenido informativo de la planificación

presupuestal basada en desempeño: (i) metas u objetivos previstos sin valores, (ii) metas realizadas sin valores, (iii) metas inconsistentes y (iv) metas con asignación simbólica. Los resultados indican una alta proporción de información sobre el rendimiento presente en la planificación presupuestal que tiene un contenido informativo cuestionable, y que, probablemente, no se utiliza para la gestión de políticas públicas. En estos casos, los programas, indicadores, acciones y metas se crean y se mantienen sólo con fines ceremoniales en la rendición de cuentas frente a los Tribunales de Cuentas. Tal parece que, la lógica de la planificación presupuestal tradicional centrada a penas en el volumen de recursos asignados por departamentos sigue prevaleciendo en la mayoría de los municipios de São Paulo.

Palabras-clave: Presupuesto público; Programa-presupuesto; Presupuesto basado en el desempeño; Accountability

1 Introduction

Public budgeting has been a constant target of reforms in several countries. The introduction of performance-based budgeting (PBB) is one of the most prominent reforms in the modernization agenda and is an international best practice among governments (Chan & Xiaoyue, 2002; Schick, 2007; Grossi, Reichard, & Ruggiero, 2016).

Governments have recently come under pressure to assess their performance (OECD, 2007). Although PBB started in the 1960s in the United States (Moynihan & Beazley, 2016), research on the effectiveness of such practices is still inconclusive. The introduction of performance information in budgeting is challenging, presenting discontinuities or failures, as observed in the experiences of Italy (Mauro et al., 2018), the United Kingdom (Panchamia & Thomas, 2014), Egypt (Kholeif & Jack, 2019), Nigeria (Avwokeni, 2016), and the United States, which went through several stages during the process of adopting PBB (Clark, Menifield & Stewart, 2018).

In general, the literature attributes failures in adoption to the overlap of other ongoing reforms, high information requirements, and insufficient political and managerial support (Schick, 2014). Studies also highlight that the regulators fail to create incentives and capacities that support the adoption of performance-based management in governmental organizations (Moynihan & Beazley, 2016). Successful cases relied on regulators who had time to adapt, could learn from their own experiences, managed to organize their careers, adopted new auditing systems, and valued policies and services' performance measurement, rather than just focusing on public spending (Moynihan & Beazley, 2016).

In Brazil, the management reform in public budgeting in the early 2000s (Blöndal et al., 2003; Barcelos & Calmon, 2014) brought difficulties similar to those mentioned above. Some advances in the governments' budget cycle in recent years are greater budget transparency, public participation, and strengthening of legal mandates for monitoring activities, which are reflected in a better position in the international ranking of budget transparency (IBP, 2019). Brazil is an example of best practices in budget documents when looking at the standards established (e.g., IBP, 2014, 2019). However, the analysis of the implementation of such standards tells a different story. Some of the innovations brought about by planning legislation are not effectively implemented or even valued by local governments. There is a decoupling between the legislation that brings innovations and current budget practices, as shown in the Municipal Management Effectiveness Index (IEGM, 2019) of the Brazilian Courts of Accounts.

This research analyzes the quality of information about the central elements of PBB (programs, indicators, and activities) in local governments in Brazil. Based on this analysis, we discuss the potential decoupling of PBB practices from line-item traditional budgeting practices that are already well-rooted in governments across the country. The relevance and challenge of establishing indicators in the PBB model, which must have quality and constant validation, is already recognized (OECD, 2008, 2016). Some challenges are time constraints and the personnel's ability to prepare the budget (Robinson, 2007). Criteria adopted in the choice preferences and undesired impacts of the use of indicators are also questioned. For example, some Dutch local governments chose indicators and targets for ease of achievement (Budding, Faber & Schoute, 2021), and the government in Korea determined cuts of 10% of programs considered ineffective, based on questionable indicators since they were considered unreliable to measure public policy (OECD, 2008). This research expands the analysis and looks beyond the indicators, programs, activities, and targets found in PBB.

The empirical analysis was carried out for about 640 municipalities in the Brazilian state of São Paulo. Since 2002, the country's regulations have required the adoption of a single model of PBB for governments of all levels, which allows us to compare indicators and targets of the multi-year plans of local governments in the state of São Paulo for the fiscal years 2011, 2015, and 2019. Four measures were built to analyze the informational content of the municipalities' PBB. The informational content of PBB is greater, valid, and usable, with the lower presence of (i) targets or goals set to zero, (ii) achieved outputs set to zero, (iii) inconsistent metrics for targets or goals, and (iv) targets or goals set with a symbolic endowment.

The study revealed widespread informational failures in the municipalities' PBB, materialized by programs with indicators, activities, and targets with incomplete or outdated information. Such failures or

inconsistencies in this information may be associated with the type of monitoring carried out by the Courts of Accounts. The presence of superficial monitoring prompts the detachment of the adoption of the practice from the main budget with a lack of value, a solution to deal with institutional pressures known as decoupling. In other words, PBB practices seem to be ongoing, but line-item traditional budgeting is the element guiding decisions on public policies, such as resource allocation, discontinuing programs, or formulating new policies. The government maintains the decoupling only in a ceremonial way to be legitimized before the Courts of Accounts and avoid sanctions. Although governments potentially use these instruments to publicize the priorities regarding resource allocation, the logic behind internal decisions is not based on program performance but on the resources spent. The implications are discussed in the article. The ceremonial adoption can raise a perception of low usefulness, opening space for proposals for the extinction of the multi-year budgetary plan, as already discussed in the Brazilian Congress (Couto, 2021; Paulo, 202; Barbosa & Couto, 2021).

2 Literature Review

2.1 Ceremonial Responses from Organizations

Decoupled practices are a strategic response to mandatory changes imposed on the organization. Christine Oliver (1991) presents five types of organizations' strategic responses in this case, from acquiescence to strategies of manipulation, in order to exercise control over the reforms at the root of such changes. One of Oliver's (1991, p. 154) strategic responses worth mentioning is "avoidance", which is neither a direct attack against the change nor its full acceptance. It is an attempt to avoid full compliance where the organization reconciles current practices with institutional pressures, somehow escaping the rules or expectations associated with them. Among the tactics adopted in avoidance are "concealment tactics", in which the organization escapes being accused of non-compliance by building a facade of compliance. The author lists some concealment tactics portrayed by Meyer & Rowan (1977), such as window dressing, ritualism, ceremonial pretense, and symbolic acceptance of institutional norms, rules, or requirements. As an example of avoidance, Oliver (1991, p; 155) mentions the adoption of activities that are not part of the organization's routine just before an inspection by authorities, creating a scenario that suggests acceptance of mandatory changes even though such changes were not embraced. Thus, legitimacy is not related to having adopted changes but to appearing to have adopted them.

Another tactic of avoidance is buffering. This refers to the organization's attempt to avoid the influence of changes in its current practices through decoupling. By keeping new practices decoupled from routines, the organization preserves its original form of action while appearing to adopt the new practices. Thus, it gains legitimacy by appearing to adhere to the change, but the superficially adopted practices are not integrated with other administrative functions and do not influence managers' decision-making.

Organizations' strategic responses to changes are directed, for example, by the search for social legitimacy or efficiency, by stakeholder dependence, by the consistency of new practices with organizational routines, by legal coercion imposed on new practices, and by environmental uncertainties, among other factors addressed in the literature (Greenwood et al., 2011). Oliver, 1991, Meyer & Rowan, 1977; Tolbert & Zucker, 1983; DiMaggio & Powell, 1983; Friedland & Alford, 1987; Scott & Meyer, 1983). Decoupling can be a deliberate response from organizations (Bromley & Powell, 2012; 1991) or an almost unavoidable result of accommodating many incompatible routines in different parts of the organization (Johansson & Siverbo, 2009). However, greater decoupling of new practices is observed when mandatory changes occur due to legal coercion, as in the case of public planning complying with requirements from the Court of Accounts. In the public sector, the Brazilian literature has shown similar effects of decoupling of practices in local governments, applied to fiscal risk management (Azevedo et al., 2019), controllership (Lino et al., 2019), and budget commissions and finance (Domingos & Aquino, 2019).

2.2 Performance-based Budgeting (PBB)

Public budgeting has historically focused on expenditure control (Caiden & Wildavsky, 1974) and only recently began to associate such expenditures with non-financial indicators, such as delivered services, for performance management (Liguori, Sicilia, & Steccolini, 2012; Grossi, Mauro & Vakkuri, 2018). This measure is seen as central to the best practices of governments' financial and budgetary cycle over the last two decades (Grossi, Reichard, & Ruggiero, 2016; Chan & Xiaoyue, 2002). Performance-Based Budgeting (PBB) emphasizes budget management on the services delivered, not on the resources consumed in providing services and public policies, as inputs-line-item based budgeting (Diamond, 2003; Clark, Menifield & Stewart, 2018).

In turn, PBB could give citizens a way to measure government programs, preventing inefficient spending of public money due to a lack of accountability for results linked to the budget process. Such an initiative would attack the problem known as "governments' performance deficit" (Robinson & Brumby, 2005), inducing efficiency by using modern management models and policy formulation (Sterck & Scheers, 2006).

PBB has already been introduced in several countries. A survey carried out by the International Budget Partnership (IBP, 2019) indicates that 55% of countries (out of 177 countries analyzed) used some type of PBB. Among these are OECD countries such as Italy, the Netherlands, Australia (Grossi, Reichard, & Ruggiero, 2016), and the United States (Clark, Menifield & Stewart, 2018). Some countries have been recognized as successful cases, such as Australia, The Netherlands, Sweden, and Denmark (Schick, 2014), but this may not be the rule.

Such adoption requires that a performance-based model replaces line-item traditional budgeting. One of the strategies has been gradual adoption as "beginning the transition with just one department may help" in the process as a whole (Probst et al., 2009, p.64). Gradual adoption could be useful for adaptation, allowing countries to learn from their own experiences (Moynihan & Beazley, 2016). After all, best practices imported from other countries tend to fail (Andrews, 2006). Therefore, gradual logic values adopt "basic first" and gradually move toward a more significant change.

Despite the apparent benefits, there is still a gap between the benefits achieved and the promises of the PBB model (Moynihan & Beazley, 2016). For example, governments do not widely use the information the model generates (Andrews, 2004; Mauro, Cinquini, & Grossi, 2016), jeopardizing efficiency and effectiveness. This type of disfigured adoption occurs mainly in developing countries, which adopt PBB variations to satisfy international donors (Moynihan & Beazley, 2016).

A critical issue in adopting PBB is the decision to maintain focus on controlling resources or expenditures rather than placing greater emphasis on results as observed in Australia, Netherlands, Denmark, and New Zealand (Curristine, 2005). While the focus on resources introduces result information, it challenges the aggregation of this information (Grossi, Mauro & Vakkuri, 2018; Douglas & Overmans, 2020) and ambiguities in the process (Moynihan, 2005). Also, by continuing to be associated with the resources spent and not with the achievement of planned results, the incentive system designed can reduce the chances of success of the new model (Grossi, Mauro, & Vakkuri, 2018; Robinson, 2007).

The generation of this new information requires the expansion of government data management systems (Andrews, 2004) and greater administrative capacity (Hu, 2011; Andrews, 2004). For example, cities with greater administrative capacity in the United States have been more successful in building performance information into the budget (Hu, 2011). Governments that allocate teams with full dedication to managing performance information are more likely to succeed in the model (Andrews, 2004). However, the literature suggests that governments generally underestimate the administrative capacity needed to operate the new PBB model and fail in the reform process (Moynihan & Beazley, 2016). For example, they underestimate the cost of adjustments, training (Schick, 2014), and the complexity of generating this new performance information (Mauro, Cinquini, & Sinervo, 2018; World Bank, 2011).

It is known that the introduction of PBB requires other reforms. New Zealand, for example, made fundamental changes in public management before adopting this budgeting model (Schick, 2014). However, political resistance or the lack of solid political sponsorship toward the model are important failure factors to consider for the effective adoption of PBB (Avwokeni, 2016). This was observed in the United States when line-item traditional budgeting was replaced by the American version of PBB (Clark, Menifield, & Stewart, 2018).

PBB introduces concepts for measuring public policy performance. Among them are the measures of products and services delivered (outputs), efficiency measures (cost/outputs), productivity (outputs/inputs), and targets achieved for long-term public policies (outcomes). Outcome measures can be intermediate (direct consequences of the product) or final (significantly attributable to the product). Finally, additional performance measures include effectiveness (output over outcome) and cost-effectiveness (inputs over outcomes) (ANAO, 2004; World Bank, 2011). The outcome is the final target that the planning seeks to change, and it is usually long-term (ANAO, 2004).

A procedure that countries use when adopting PBB is the key performance indicators (KPI), which allows tracking the performance elements that really matter (Arnaboldi, Lapsley, & Steccolini, 2015), especially during the early adoption of performance management (Browne, 2010). Despite the arbitrariness in the choice of KPI (Ezzamel et al., 2007), they allow comparability between levels of government, despite opening space for the adoption of other lower-level indicators (Arnaboldi, Lapsley & Steccolini, 2015). The present risk often mentioned is the overload of KPI and information with low target prioritization (OECD, 2007). The UK, for example, has reduced the total amount of performance data requested by 30% by valuing timely and high-quality data after identifying an excess of indicators (Noman, 2010).

There is little research on the use of PBB in Brazil, despite the extensive length of time the model has been used. In general, Brazilian research has developed case studies and suggested low adequacy of PBB. For example, Weiller and Mendes (2016) analyzed the municipality of São Bernardo do Campo and showed advances in the use of performance information in the health budget. In 2016, small municipalities in the state of São Paulo scarcely used non-financial targets in the budget (Azevedo & Aquino, 2016). A similar scenario was found in the municipalities of the metropolitan region of Porto Alegre, in the state of Rio Grande do Sul (Lima et al., 2020). Speeden and Cristina (2020) found that small municipalities counting on large budgets in the state of São Paulo presented higher quality budget planning. As for the Brazilian federal

government, Cavalcante (2007) observed that, although having adopted PBB in programs, the established targets were not observed effectively and were often neglected.

3 Method and Data

The Brazilian federal law 4320/64 requests the classification of allocated resources as "programs". However, this model did not contemplate the need to establish and control expected results for each program, as it is in the "program-budget" (Machado Jr., 2012). In practice, the programs were considered classes of expenses standardized for all levels of government. The current PBB model, introduced in Brazil in 2002, is based on two main elements: government programs and activities, both of which must be expressed in non-financial and financial indicators and targets. The programs contain indicators related to each of their activities, which help assess the outcomes. The activities, in turn, have their own targets associated with the outputs (MOG, 1999). In operational terms, the programs and planned outputs (targets) and outcomes (assessed through the indicators) are established in the multi-year budgetary plan (Plano Plurianual – PPA) for four fiscal years. Each year, the programs are prioritized in the Budgetary Guideline Law (Lei de Diretrizes Orçamentárias – LDO) and unfolded in the Budgetary Law (Lei Orçamentária Anual – LOA) (MOG, 1999). The alignment between these three different planning instruments—PPA, LDO, and LOA—is one of the conditions pointed out for the success of the PBB reform (Sterck & Scheers, 2006).

This quantitative research uses secondary data extracted from public databases or obtained at the request of researchers from the Brazilian control agencies. Preliminary content analysis (fishing expedition) (Bardin, 1977) was conducted on the database of indicators and targets of municipalities in the state of São Paulo, generating a protocol for the classification of measures of the PPAs' planning for the years 2011, 2015, and 2019, whose data are transmitted annually to the São Paulo Court of Accounts (TCE-SP). The data corresponds to the 2nd year of each PPA or the 3rd year of the incumbents' mandate. We analyzed the last three PPAs (cycles 2010–2013, 2014–2017, and 2018–2021). The study analyzed the 2nd year of the PPA cycle since errors or inconsistencies could have already been corrected in this fiscal year. Thus, the inconsistencies identified are signs of more than simply temporary errors.

Then, we expanded data collection to 644 municipalities by using data they reported to TCE-SP. The final sample resulted in 252,061 records for activities and 136,442 for programs in force in these municipalities in the three cycles. Additionally, we used information on the local governments' budget process structures, obtained based on data they transmitted to form the IEGM (TCE-SP, 2019).

In the traditional public budgeting model, the focus was on estimating revenue and expenditure values by types of expenditure (Aquino & Batley, 2016; Azevedo & Aquino, 2018). In the performance budgeting model, expenses are associated with outputs or outcomes. Thus, we consider that little information on indicators or targets is associated with the absence of informational content, which suggests that the information managers generated exclusively aims to fulfill the minimal requirements of the Court of Accounts.

Public budgeting in Brazil is constituted by government programs and activities that guide the allocation of public services. This study measures what is called the decoupling of the practice of PBB from line-item traditional budgeting in a given municipality. The greater the identification of incomplete or outdated information (unreliable or useless) regarding government performance, the greater the probability of PBB being decoupled from line-item traditional budgeting in force in that municipality. The first measure of decoupling captures informational failures in program indicators and the second in budgetary activity targets.

Brazil's current recommended PBB standard indicates that a program can have several indicators with a description, a unit of measurement, and numerical values, but the activity should have one target, with a description, unit of measurement, and numerical values. Furthermore, each program and activity should have specified budget allocations and expenses executed. The estimated and executed expenses should be registered in the budget for an already completed year. Four types of information failure were considered in the analysis (Table 1).

First, performance indicators or targets with values set to zero for budgeted and executed indicators fail to indicate an expected (type I failure) or executed (type II failure) outcome or output. Therefore, they do not allow monitoring based on the budget planned, indicating ceremonial use. Similarly, indicators with inconsistent content hinder the use of information (type III failure). Inconsistency was determined based on a data glossary created by the authors based on the existing database. Indicators with content marked ".", "XX", "Target", "Not informed", or "Unnecessary", do not have informational content. Municipalities use this practice to send data to the court of accounts even if the informational field is blank. Finally, programs or activities presenting symbolic amounts in allocations were considered impossible to execute (type IV failure).

The analyses were carried out considering a classification of programs and activities into core and administrative. The core budgetary program "provides a good or service that meets society's demands directly," and administrative budgetary programs "consist predominantly of continued activities and must contain quality and productivity targets to be achieved in a specific period" (MOG, 1999, p.39, our translation). Information associated with government functions to provide health, education, welfare, social security, culture, urban planning, sanitation, and sport and leisure were considered part of core budgetary

programs. Information on functions related to managing the state apparatus was considered part of administrative budgetary programs.

Table 1:
Types of information failure in the elements of PBB

Types of failure	Description of the context	Scale adopted
I – Budgeted value set to zero	Indicator (programs) or targets (activities) imply estimation of outcomes/outputs ⁽ⁱ⁾	0 – Values different from zero 1 – Values set to zero
II – Executed value set to zero	Indicator (programs) or targets (activities) with executed values set to zero	0 – Values different from zero 1 – Values set to zero
III – Inconsistent description and unit of measurement	Description and unit of measurement present inconsistent expressions according to the adopted glossary	0 – Consistent 1 – Inconsistent
IV – Symbolic amounts used in allocations	Activities or programs with budgetary allocation presenting symbolic amounts between BRL 0 and BRL 1,000	0 – Informed amount 1 – Symbolic amount

Note: Elaborated by the authors. Indicators were considered inconsistent when they did not have informational content, i.e., when the target presented expressions such as “Not informed”, “XX”, “.”; “to be prepared.”⁽ⁱ⁾ Some indicators can be targets set to zero, such as “number of accidents resulting in death,” but these cases are exceptions.

In the first part of the analysis, we verified the PBB decoupling levels, i.e., the proportion of programs and activities with informational failures. Then, we discussed the variation in the PBB decoupling level, comparing which context variables could be associated with the verified variations. The municipalities were divided into seven subsets or quantiles of variation of program information failures from 2015 to 2019. Extreme values of variation (1st and 7th quantiles) were excluded from the analysis, as well as the intermediate (4th quantile). The 2nd and 3rd quantiles are cases of performance-based budgets that improved by reducing the level of informational failures, and the 5th and 6th quantiles are cases where the budgets worsened, with an increase in failures from 2015 to 2019. We observe the relationship between institutional influences in the local PBB, the contingency of political mandates, and the resources in these variations.

The reuse of information about programs when comparing the PPAs from 2015 and 2019 was also measured, observing the identical writing and functional-programmatic structure used in the two PPAs in each municipality. Reuse was considered when all information from a specific program, such as main unit (agency, secretary or line ministry), secondary unit (department), spending department, program, function, secondary function, unit of measurement, indicator (description of target) and target (amount of delivery allocated) were identical, including typos. An automated comparison was conducted.

4 Analyses and Results

First, decoupling is the government's expected response in the face of the mandatory adoption of performance-based budgeting (PBB) because this model's logic and value are different from the logic of line-item traditional budgeting, leading to inconsistencies and resistance during the adoption process. On the other hand, the monitoring carried out by Courts of Accounts represents coercion toward the auditees' budget. This monitoring is conducted via electronic data collection systems, covering performance-based budget information (Aquino, Lino, & Azevedo, 2022). For the municipalities of São Paulo, the requirement to use performance information in the budget began in 2005, but automated monitoring only began in 2009 (Azevedo & Aquino, 2016). The monitoring of planning by the São Paulo Court of Accounts applies to all state municipalities, regardless of size. Municipalities must establish targets for all activities and monitor indicators for all government programs, estimating line-item traditional budgeting revenues and expenditures (TCE-SP, 2009, 2021).

4.1 Informational failures present in the analyzed budgets

Table 2 presents the four types of information failures. When analyzing the budget execution in the PPAs of 2011, 2015, and 2019, the occurrence of failures increased. In addition, the persistent failures over multiple mandates indicate the habitualness of inconsistent or set-to-zero information between the analyzed periods. In general, the failures are significant. For example, in 2019, on average, 35% of the information on programs and 39% of the information on activities in the municipalities' PBB had at least one failure.

The next analysis combined parts of these failures to explore how these PBBs were presented. Two issues are particularly relevant. First, a greater sense of how much these failures can represent PBB as a whole; second, the relationship between PBB and the budget's monetary dimension. Informational failures affect the management of the performance's physical and financial dimensions (Table 3).

Table 2:
Informational failure in PBB in 2019 and variations in 2011, 2015, and 2019

Programs (n=640 to 642 municipalities)	2011		2015		2019	
	Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation
Budgeted value set to zero	11.6	32.0	14.2	35.0	12.1	32.6
Executed value set to zero	21.2	40.9	25.1	43.4	20.7	40.5
Inconsistent description and unit of measurement	16.9	37.4	16.3	36.9	12.1	32.7
Symbolic amounts used in allocations	2.2	5.9	1.7	4.8	1.7	4.0
Observed at least one failure	38.4	48.6	41.3	49.2	34.7	47.6

Activities (n=640 to 642 municipalities)	2011		2015		2019	
	Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation
Budgeted value set to zero	26.7	44.2	23.6	42.5	22.2	41.5
Executed value set to zero	30.6	46.1	30.7	46.1	28.3	45.1
Inconsistent description and unit of measurement	19.6	39.7	11.7	32.1	6.7	25.0
Symbolic amounts used in allocations	11.8	32.2	10.4	30.5	11.4	31.8
Observed at least one failure	43.9	49.6	41.3	49.2	38.7	48.7

Implemented PBBs that have programs and activities with informational failures of type I, II, and III make it difficult to manage physical performance, as they do not allow comparison between estimated and executed values of outputs and outcomes. Some municipalities presented PBBs without failure (minimum=0) in programs (35 municipalities in 2019) or activities (3 in 2019). Others presented failures (maximum=1) in all programs (51 in 2019) and activities (31 municipalities in 2019) (maximum =1). In 2019, 19 municipalities presented failures in all activities and programs, representing the complete absence of PBB. The average of programs and activities with failures in about 640 municipalities in 2015 was 38% and 35%, respectively. This pattern was similar in 2019. Errors on the estimation of non-financial outputs (i.e., results from activities and programs, which are measured by targets and indicators) are 2 to 3 times in 2015, and the standard deviation is 8 to 45 times the mean. In 2019, the estimated values were 20 times smaller on average than what was executed, and the standard deviation was 15 times the mean. The estimated values of outputs seem to be disconnected from reality.

Table 3:
Informational failures per physical or financial performance

Variable ⁽¹⁾	Fiscal Year 2015					Fiscal Year 2019				
	n ⁽²⁾	Mean	Standard deviation	Min	Max	n ⁽²⁾	Mean	Standard deviation	Min	Max
<u>Composition of PBB</u>										
Core budgetary programs (%)	642	0.81	0.08	0.41	0.98	644	0.81	0.08	0.29	0.98
Core activities (%)	642	0.84	0.07	0.48	0.99	644	0.84	0.07	0.47	0.98
Indicators per program (average)	640	2.4	2.3	1	27.7	644	2.5	2.2	1	19.5
<u>Physical performance</u>										
Programs with informational failures (%)	642	0.35	0.28	0	1	644	0.33	0.26	0	1
Activities with informational failures (%)	640	0.38	0.31	0	1	644	0.34	0.30	0	1
Errors on estimation in the activity (%) ⁽³⁾	642	2.1	17.8	0.0	351.5	644	2.33	38.4	0	926.98
Errors on estimation in the program (%) ⁽³⁾	609	3.0	51.0	0.0	1,168.6	606	20.5	347	0	7,949.2
<u>Financial performance</u>										
Budget inaccuracy in the program (%) ⁽⁴⁾	640	2.3	21.6	0.3	532.2	644	893.9	15,794	0.45	297,764
Budget inaccuracy in the activity (%) ⁽⁴⁾	642	15.0	193.1	0.0	3,699.5	644	325.6	17,225	0.26	427,871

Notes: (1) Information from municipalities. (2) n – number of municipalities analyzed. (3) Error on the estimation of non-financial outputs: executed vs. estimated outputs. The numbers for inaccuracy were divided by 1,000. (4) Budget inaccuracy: total value committed in BRL divided by initial allocation in the program or activity (in BRL).

On the other hand, type IV failures generate the so-called budget inaccuracy. Budget inaccuracy is the relationship between the financial allocation for each program and activities of the government as provided for in the budgetary law (LOA) and the amount executed (committed). A widely used practice is the creation of programs and allocating symbolic values for later adjustment in the budget through additional credit allocation. The analyses revealed government programs with values below BRL 1.00 approved in the

budget (447 cases). In 2019, around 27% of the programs had budget inaccuracies of above 50% (compared to 30% in 2015).

A high percentage of programs and activities with little information leads to difficulties in the use of this information for physical and financial performance management. Also, it indicates that the municipality still values line-item traditional budgeting since the performance dimension is not used. Furthermore, it is likely that existing programs, as an information aggregation structure, will be used mainly for expenditure allocations in budgeting and for grouping actions of PBB that do not receive effective attention, as many targets and indicators have informational failures.

Finally, in the analyzed sample, core programs and activities account for more than 80% of the cases (Table 3) and are associated with the delivery of services and welfare to the population. These are the direct responsibilities of government secretaries in areas such as health, education, and welfare. However, in some municipalities, these programs and activities represent almost their entirety, and in others, they are less than 50% of all administrative activities and programs. These extreme cases may indicate areas of action not covered by the current PBB. Given the recommendation of the PBB model that each program can have several indicators to capture its performance, the average of 2.5 indicators per program in 2019 covers cases of municipalities with one indicator per program and others with 19 indicators.

The activities are carefully analyzed below, as these are the elements of PBB that translate programs into direct and immediate measures during a mandate. When actions and goals are not updated, the impact is directly on the information's usability. Figure 1 compares the informational failures present in the core and administrative activities.

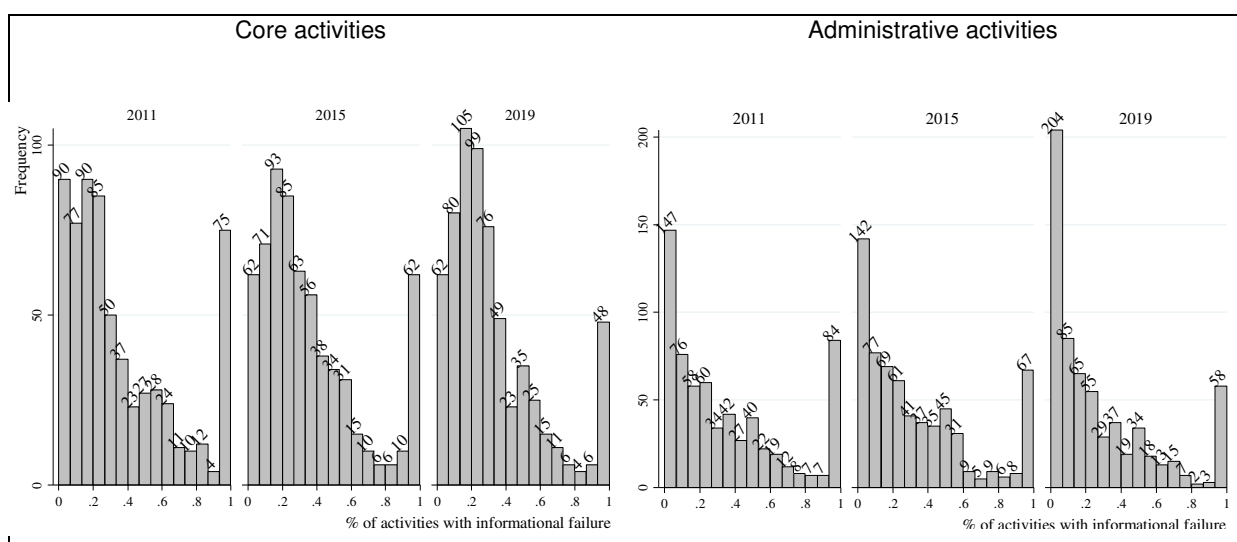


Figure 1 - Frequency of municipalities according to the percentage of informational failure for core and administrative activities

Notes: (1) Bars represent the frequency of municipalities per proportion of informational failure in the municipality's PBB activities. i.e., activities of PBB with any of the types of informational failure discussed in this study. The score "0" is the complete absence of informational failure, and "1" is the absolute presence of informational failures.

Core activities in PBB are the main parameters for evaluating the performance of departments such as health, education, and welfare in relation to their main roles in public administration. The activities and associated targets are related to local and national policies indicated and coordinated by the ministries (Aquino & Azevedo, 2018). In the following histograms, cases closer to the origin of the horizontal axis (closer to 0) are cases where PBB presented no informational failures in activities. Although this does not mean that PBB is used, the fact that it has no failures indicates that PBB went through an update. As the cases approach 0.5 or 1 on the horizontal axis, the quality of PBB gets worse, as the proportion of activities with informational failures is higher.

Two points are worth mentioning in the histograms. First, there were good examples of PBB in 2011, especially in the core activities. There was some improvement for 2019, with a greater frequency in ranges of up to 20% of information failures in activities. The same improvement was observed for administrative activities. Despite the reduction in PBB cases with 100% core activities with information failure, the second point is not optimistic. There are many cases with more than 50% of activities showing failure; half of PBB activities do not have valuable content for management. Even if the other 50% of activities are helpful, there is no explanation for why a local government keeps 50% of the activities in the budget if they have no intention of executing them. This phenomenon is, perhaps, evidence of ceremonial use.

4.2 Variations in PBB decoupling

The histograms presented show the variation of the level of PBB decoupling among the municipalities of the state of São Paulo. The variations from 2011 to 2019, when treated as averages, hide different behaviors. The level of appreciation of PBB by the local administration, the use of such model by mayors, secretaries, directors, and technicians, and the improvement of performance elements such as programs and activities may vary over time. This variation is not just a matter of available resources but also of interest and support from the political leadership in that mandate.

The time window analyzed covers three cycles of the multi-year budgetary plan (PPA) and the activity of mayors in three mandates: 2008-2011; 2012-2015; and 2016-2019. The PBB in 2011 was ignored by the mayor and secretaries of the 2008-2011 term and operated and updated by the mayor and staff of the 2012-2015 term. Re-elected mayors had the chance to implement the PBB left by their own team. Below, we analyze the variation of the municipalities' PBB in force in 2015 with that of 2019. We segregated the cases in which there was a reduction in informational failures from those with an increase in informational failures (Table 4). In the first case (improvement), mayors and their teams resolved problems in the budget they inherited from other mayors or from their own previous term. In the second (worsening), the mayors and their teams allowed the budget to become less relevant for the local administration. The comparison focuses on the extremities, disregarding the municipalities with intermediary variations.

PBB is an instrument for budget planning and management and an instrument to develop and manage public policies. It can be used effectively or maintained separately from line-item traditional budgeting, only ceremonially, depending on the motivation and difficulties of the local administration. Based on the institutional literature dealing with organizational responses to mandatory changes (Oliver, 1991), PBB could have a more prominent role in local administration if the model was perceived as useful for management and resources needed to operate it were made available (team time, training, electronic systems to compile, maintain and communicate programs' and activities' performance). On the other hand, PBB can be decoupled to obtain gains regarding social legitimacy, according to the intensity of the court of accounts' monitoring role.

The comparison proposed in Table 4 shows cases where PBB decoupling potentially reduces with the beginning of the 2016-2019 mandate and the cases with increased decoupling. The mayors, secretaries, and advisors in this term, along with civil servants from the planning, accounting, and core secretariats, operate PBB and budget practices.

We observed how institutional influences in local PBB and contingencies related to political mandates and resource allocation are associated with an increase or decrease in decoupling. The context of the political mandate marked by the mayor's reelection or by force in the coalition is not related to the variations. The results show that the political context variables do not differ. The literature has shown that politicians are not generally interested in performance information (Andrews, 2004; Mauro et al., 2016). However, in some cases, there was an improvement in the budget. This improvement is not related to the mayor's coalition with the legislature (although a fragile coalition could pressure the executive branch to improve performance and be more transparent).

Table 4:
Effects in the variation of informational failure in PBB between 2015 and 2019, separated per improved and worsened PBB

Variables	Test of mean ⁽¹⁾ (p-value)	Cases of improved PBB (Greater reduction in failure from 2015 to 2019) ⁽¹¹⁾					Cases of worsened PBB (Greater <u>increase in failure</u> from 2015 to 2019) ⁽¹¹⁾				
		n	Mean	Standard deviation	Min	Max	n	Mean	Standard deviation	Min	Max
Average of informational failure variations in programs 2015-2019 (%)	-	177	-16.5	-8.1	-70.5	-1.4	143	6.9	2.6	0.1	41.1
Average of informational failure variation in activities 2015-2019 (%)	0.1688	176	-2.3	-3.2	-75.8	88.0	143	0.8	-2.8	-84.0	84.6
Proportion of informational failure in programs in 2019 (%)	0.0000	177	22.9	16.2	1.3%	81	143	39.3	25.3	1.7	100
Proportion of informational failure in activities in 2019 (%)	0.6234	177	32.0	21.5	0	100	143	33.1	20.5	1.9	100
<i>Institutional influences</i>											
Proportion of informational failure in programs in 2015 (%)	0.0090	177	39.4	24.2	3.7	100	143	32.4	22.7	1.5	97.1
Proportion of informational failure in activities in 2015 (%)	0.4818	176	34.2	24.7	1.2	100	143	32.3	23.4	0	1
Reuse of information of the 2015 PPA programs in 2019 (%)	0.0070	177	26	33	0	100	143	37	36	0.0	100
Budgetary inaccuracy in 2015 ⁽²⁾	0.8411	177	1.3	2.7	0.3	28.4	143	1.3	2.9	0.4	33.3
<i>Contingencies of political mandates</i>											
New mayor in 2016 (1-new mayor; 0- reelected mayor) (2016) ⁽³⁾	0.6192	171	0.77	0.42	0	1	138	0.79	0.41	0	1
Mayor's coalition in the legislature (0 to 1) (2017) ⁽³⁾	0.7236	176	0.55	0.22	0	1	142	0.56	0.23	0	1
<i>Contingencies of resources</i>											
Dependency of other levels of government (2019) ⁽⁴⁾	0.6945	175	0.07	0.06	0	1	141	0.06	0.05	0.0	0.4
Planning structure (1-yes; 0-no) (2017) ⁽⁵⁾	0.0980	177	0.15	0.36	0	1	143	0.09	0.29	0	1
Training the team (1-yes; 0-no) (2017) ⁽⁷⁾	0.0289	177	0.54	0.50	0	1	143	0.42	0.50	0	1
Planning software (1-yes; 0-no) (2017) ⁽⁶⁾	0.9141	177	0.87	0.34	0	1	143	0.87	0.33	0	1
Tenured accountant (1-yes; 0-no) (2017) ⁽⁸⁾	0.8115	177	0.81	0.40	0	1	143	0.80	0.40	0	1
Effective internal control (1-yes; 0-no) (2017) ⁽⁹⁾	0.7833	177	0.89	0.31	0	1	143	0.90	0.30	0	1
<i>Effects of size</i>											
Population (in thousand inhabitants 2018) ⁽¹⁰⁾	0.3800	177	56.69	130.31	1.72	1204.07	143	43.86	129.32	1.17	1,379.18
Current revenues / inhabitant ⁽¹¹⁾	0.6958	177	4,750.02	2,539.22	1,891.74	27,835.2	143	4,856.47	2,261.76	1,468.14	14,822.6
Investments/current revenues (2017) ⁽¹¹⁾	0.6945	175	0.07	0.06	0.00	0.50	141	0.06	0.05	0.00	0.42

Notes: (1) **Test of null hypothesis Mann-Whitney test**, 5% significance to reject the null hypothesis that means are equal. (2) **Budgetary inaccuracy**: total commitment in BRL divided by initial allocation in the program or activity (in BRL), source: SICONFI. (3) **Mayor's coalition in the legislature**: proportion of city councilors politically aligned with the executive, source: TSE. (4) **Dependency of other levels of government**: local taxes divided by total current transfer. (5) **Planning structure**: response of local governments to the question of IEGM/TCESP: "Is there administrative structure dedicated to planning?" (6) **Planning software**: response of local governments to the question of IEGM/TCESP: "Is there a computing system to support planning activities?" (7) **Training the team**: response of local governments to the question of IEGM/TCESP: "Do civil servants responsible for planning receive specific training to carry out such activities?" (8) **Tenured accountant**: response of local governments to the question of IEGM/TCESP: "Is the civil servant responsible for the municipality's accountancy a tenured government employee?" (9) **Effective internal control**: response of local governments to the question of IEGM/TCESP: "Is there an internal control system established by law?" (10) **Source**: IBGE. (11) **Data from IEGM for 2017**, year of the elaboration of the analyzed PPA (2018-2021). (11) **Cases divided into seven quantiles**, disregarding extreme and intermediary quantiles; see the methodology section. Proportion of informational failure in programs and activities in 2011 was not significant.

As observed in other countries, the legislature's activity of monitoring the local government's performance is not always developed, either because it is considered a tiresome job – as legislators in Estonia have complained (Raudla, 2012) – or because of simple omission, as observed in the Netherlands (Ter Bogt et al., 2015). However, cases in which municipalities declare they have a better administrative structure for planning and offer more training for these teams are associated with positive PBB variations and reduced informational gaps.

Size, measured by population and current income per inhabitant, or expansion of investments made by local governments, does not distinguish the cities that achieved improvements in their performance-based budgets.

There is a curious relationship between the improvement or worsening of programs from the previous PPA. It is known that unsuccessful (or successful) projects from previous years influence the continuity of the quality of performance information (Grizzle & Pettijohn, 2002), which is fueled by the proponents' frustration. For a mayor and their teams, it can take time to understand the need to change the planning and budgeting framework. Positive variations occur in cases where PBB, on average, had more failures and declared better planning structures, and worse cases for PBB with fewer failures but declared fewer planning structures. Thus, it is inferred that PBB history is not necessarily a barrier for planning teams to improve information content. At the same time, it is observed that PBB is an instrument that demands continuous feedback and updating and that the reduction of teams or structure can affect the system. Finally, the financial dimension of the budget in the previous PPA is not related to the variation in the two groups' PBB.

There are also cases where the operating level of PBB is maintained. Incremental changes may be more likely than a complete overhaul of the performance management information system 20 years after the practice was established. In some cases, PBB already has good levels of information and usage; the civil servants maintain the practice; it is somehow valued and can be further improved. On the other hand, in cases where PBB is already undervalued, it is likely that the mayor that takes over will not consider the project of adopting PBB as a priority. The lack of updating and adequacy of PBB is seen in the reuse of information from PPA programs from 2015 to 2019. The occurrence of programs in 2019 copying the information from previous cycles without any change, including the targets, is on average 37% for the group of municipalities that presented a worsened PBB. In these cases, the strong dominant budgetary logic (line-item, by inputs) is competent in its institutional job of gradually leading PBB to oblivion, continually valuing the resources spent in the budget and not the services actually delivered after applying the resources (Aquino & Batley, 2021). The continued presence of line-item traditional budgeting leads teams, systems, and processes to focus on the financial part of the budget, such as monitoring limits, contingency expenditure, and the various changes to expenditure in the Budgetary Law (LOA).

5 Discussion

The shift from the traditional budgeting model of input-based budgeting (IBB) to performance-based budgeting (PBB) challenges the logic intrinsically rooted in Brazilian public administration (Aquino & Batley, 2021). The PBB model sought to link what seems to be a logical chain: problems–programs–products (MOG, 1999). This new logic took effect in 2002, with the traditional budget classification model still in effect.

Some municipalities still use the same programs and actions as they did before 2002, the year of the PBB reform. Until then, municipalities only adopted a standardized list of programs (and subprograms) defined by Ordinance 9/1974 of the then Ministry of Planning and General Coordination (MOG, 1999; Giacomoni, 2008). The goal was to group expenditure allocations by area for use as accounting information (Machado Jr., 2012). The possibility for entities to create programs was introduced by the Ordinance of the Ministry of Planning and Budget 117/1998, amended by Ordinance 42/1999 when programs started to be defined by the states and municipalities, and the functions/sub-functions were then used for national consolidation of budget information. This was strengthened by federal law 4320/64 and continues to overestimate the classification of budget expenditures by the nature of the resources spent and not by the desired results. Thus, there was a high chance that the two systems, which seem not to be easily adherent, would act in a decoupled way.

The proportion of failures observed in programs and activities for municipalities in the state of São Paulo indicates that many do not use PBB to manage performance as observed in Italy (Mauro, Cinquini, & Grossi, 2016). As presented in the Brazilian regulation, using PBB implies that elements such as programs, activities, indicators, and targets are understandable and measurable. They must be relevant and present temporal reasonability in order to achieve the expected outcomes (MOG, 1999, MPOG, 2010). Management is probably still based only on financial performance, expenditures, and appropriations not yet committed and contingency for meeting fiscal targets, among other practices.

Traditional line-item budgeting logic dominates performance management, focused on spending, including the concern of having the public accounts approved after auditing. The Courts of Accounts and the National Treasury of Brazil continue to require budget data classified by type of expenditure, for example, to determine constitutional limits and upload the data in transparency portals (which exclusively privilege this

type of information). External control, one of the main drivers of improving the quality of performance information in Brazil (Curristine, 2005), places more value on traditional budget information than on PBB. However, it somehow demands the information for performance. Thus, given the difference in logic between the two practices (line-item traditional budgeting and PBB), the municipality must maintain a PBB at a certain level of operation to comply with requirements from the Courts of Accounts - decoupled from the line-item traditional budget. This is the typical response (concealment tactics) described by Oliver (1991), in which the organization can accommodate the pressures without having to change its way of operating (Boxenbaum & Jonsson, 2008).

The lack of incentives or sanctions has been identified as a relevant issue for PBB (Robinson, 2007), including how the Brazilian PBB model was originally proposed, without providing any type of coercion for not achieving targets (Blöndal, Kristensen, & Goretti, 2003). The lack of sanctions for not meeting the targets was one of the causes of Finland's low adequacy of the PBB model (Grossi, Mauro, & Vakkuri, 2018). In Brazil, despite the monitoring role of the Courts of Accounts, there are no serious sanctions for the low-quality PBB in case the expected targets, outputs, and outcomes are not met. In the recently published "Manual de Planejamento Público" (Public Planning Manual) (TCE-SP, 2021), despite showing performance-based planning, there is no mention of sanctions for not achieving targets (and fiscal targets are again emphasized). This is to be expected, considering there is no general rule governing the matter. Brazilian Constitutional Amendment 100/2019 was a relevant advance in this regard (Brazilian Federal Constitution, art. 165, §10), but the rule only applies to the federal government. The municipalities' legislature could regulate the issue, either through the Budgetary Guidelines Law (LDO) or the multi-year budgetary plan (PPA), creating control and monitoring mechanisms.

In this context, the greatest influence is likely to be the inertia present in the organization and the government as a whole. The form of traditional budgetary logic has made it difficult for other reforms to be implemented. Aquino & Batley (2021) argue that, in the Brazilian case, institutional roots are the most resistant to the success of the Fiscal Responsibility Law and new public accounting. It seems that the same happens with PBB, which directly challenges the valuation of the typification of expenditures as the main budget organization to a performance-based one, considering programs and activities that receive resources. Resources are no longer the leading actor but support programs and activities, which is a serious reversal of values to be overcome in local administration.

Overcoming this barrier is even more difficult when the process does not have a long and continuous path involving raising awareness and seeking sponsorship, which is the case with PBB. According to Azevedo and Aquino (2018), the implementation of PBB in Brazil does not have a specific sponsor. The Federal Budget Secretariat (SOF) designed the model based on an idealized reality (MOG, 1999) but did not monitor or act while states and municipalities adopted the model. Thus, there is no oversight, corrections, measures to raise awareness or involvement by other political actors supporting the change (Browne, 2010). Differently, the adoption of PBB in the United States surpassed resistance precisely because of the broad political oversight developed by Vice President Al Gore (Clark, Menifield, & Stewart, 2018).

6 Implications and Conclusion

The study indicates the decoupling of PBB in municipalities that use line-item traditional budgeting, and that programs and activities are maintained while presenting informational failure in many indicators and targets. Although the issue of decoupling between the norm and practice in Brazilian public administration is well discussed (Lino et al., 2019; Domingos & Aquino, 2019; Azevedo, Aquino, Lino, & Cavallmoretti, 2019), this research contributes by exploring and discussing the decoupling of performance-based budgeting. The article observed the decoupling of PBB as municipalities' strategic response to avoid interfering in their traditional budgeting practices, which focus on resource allocation and disregard the outcome of the expenditures, i.e., the results of activities and programs. The study contributes to PBB studies on local governments (Bleyen, Klimovský, Bouckaert, & Reichard, 2017), particularly in the context of non-Anglo-Saxon countries (Grossi, Mauro, & Vakkuri, 2018).

As for the implications of our findings, first, non-operative PBB suggests less transparency since governmental programs may not be guiding the composition of resources in the budget. This also prevents society from participating in discussions about target prioritization, as discussed by Moynihan (2005). The literature points out that social participation improves the quality of performance information (Park, 2019), and this information is easier for society to understand, showing greater social interest (Podger, 2018). However, there are no incentives for social participation in defining or monitoring performance indicators. Recent legislation is limited to fiscal transparency but pays little attention to information regarding the performance of public policies and services.

Second, the results show that the management indices produced by the Courts of Accounts should be reconsidered or used with caution. For example, the national effectiveness management index (IEGM, 2019) does not sufficiently capture internal management processes, as the index focuses on the most superficial layer of management (it is also based on self-declaration). Therefore, the indicator can further legitimize a decoupled practice, which is highly valued even if it has no real use in management. As

Moynihan & Beazley (2016) highlighted, the introduction of PBB should not be seen only as a normative change, as it is necessary to pay attention to practices.

Finally, the results bring two reflections on the process of introducing PBB in the country. First, the reform has been adopted abruptly rather than gradually, which allows better appropriation of information on performance for certain areas or types of projects. Gradualism as a reform strategy can contribute to the successful adoption of new practices (Andrews, 2006; Probst et al., 2009). Among 117 countries analyzed, 28% adopted some kind of gradualism in their reform strategy (IBP, 2019). Reforms with full and immediate adoption burden governments that must carry out changes in all areas simultaneously and do not benefit from pilot-step learning. Second, in the Brazilian case, governments autonomously defined their own indicators. Other countries have adopted the well-known key-performance information (KPI) system, favoring government monitoring (Robinson, 2007). Local governments in the Netherlands use 37 standardized performance indicators and others from which they can choose (Budding, Faber, & Schoute, 2021).

The results show that the use of PBB is at a critical point. Considering the scenario of the State of São Paulo, after 20 years of the planning model, the use of programs, activities, indicators, and targets does not seem to have been deeply assimilated by municipalities. Thus, it is a weakly ongoing practice that receives little monitoring from the Courts of Accounts, which still essentially focus on fiscal and legal limits. At the same time, some associated reforms can generate relevant turning points on the subject, as is the case with Constitutional Amendment 100/2019 (inclusion of article 165, §10), which determined the mandatory spending of budget schedules for the federal government. If goals are not set correctly in advance, the constitutional rule of mandatory spending becomes virtually ineffective. Additionally, low-quality results provide incentives for government manipulation of performance information or even an opportunity for a coordinated response from political actors to discontinue the use of PPA in Brazil (Couto, 2021; Paulo, 2021).

Future research with a qualitative approach and case studies could uncover how PBB operates in a decoupled way from line-item traditional budgeting and how the potential conflict between the input and output logic is accommodated within the planning and budget structures of governments in Brazil. They could also observe how the process of construction and selection of indicators takes place at the time of elaboration of the PPA and how they are treated when a government starts a new mandate. Finally, the public budgeting research agenda in Brazil could benefit from analyzing the role of the main actors in the budget process, their functions, motivations, and main rites and practices in budget execution, analyzing, above all, the cases of municipalities that achieved quality performance observed through indicators even without apparent incentives.

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