

Discretion and Distribution: Ideological Determinants of Rapporteur Amendments in Brazil

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Abstract

This paper examines whether the ideological alignment between municipal executives and the right-wing federal bloc influenced the allocation of RP9 rapporteur amendments in Brazil from 2020 to 2022. Using a panel of all municipalities and regression models with fixed effects, we found that municipalities aligned with the bloc were more likely to receive RP9 transfers, even after controlling for socioeconomic and institutional factors. However, once receipt is accounted for, alignment does not systematically predict the amount received. These results suggest that political favoritism shaped access to discretionary funds, but not their amount. This offers new insights into how opaque budgetary mechanisms can reinforce partisan dynamics in federal systems.

KEYWORDS: Political Alignment. RP9 Amendments. Intergovernmental Transfers.

Resumo

Este artigo examina se o alinhamento ideológico entre prefeitos e o bloco federal de direita influenciou a alocação das emendas de relator RP9 no Brasil entre 2020 e 2022. Utilizando um painel de todos os municípios brasileiros e modelos de regressão com efeitos fixos, encontramos que municípios alinhados ao bloco tiveram uma probabilidade maior de receber transferências RP9, mesmo após o controle por fatores socioeconômicos e institucionais. No entanto, entre os municípios que receberam recursos, o alinhamento não previu sistematicamente o valor transferido. Os resultados sugerem que o favoritismo político moldou o acesso a recursos discricionários, mas não sua magnitude, oferecendo novas evidências sobre como mecanismos orçamentários opacos podem reforçar dinâmicas partidárias em sistemas federativos.

PALAVRAS-CHAVE: Alinhamento Político. Emendas de Relator. Transferências Intergovernamentais.

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1 Introduction

In democratic systems, the distribution of public resources is often influenced not only by technical criteria or policy needs, but also by political motivations. One of the most visible examples of this is the allocation of intergovernmental transfers in federations (Arulampalam et al., 2009; Golden and Min, 2013). While these transfers are often presented as a means of reducing regional inequalities or strengthening local capacities, they can also be used as tools for political negotiation and strategic targeting (Dixit and Londregan, 1996). The use of federal transfers to reward political allies and reinforce electoral coalitions has been widely documented (Brollo and Nannicini, 2012). However, the emergence of new discretionary budgetary instruments in recent years has raised new questions about the scope and mechanisms of distributive politics. In Brazil, few developments have generated as much controversy and institutional tension as the introduction of RP9 amendments (Paiva, 2022).

Formalized in 2019 under the RP9 classification, rapporteur amendments have become one of the main instruments for distributing federal funds to municipalities (Hartung et al., 2021). Unlike individual or state-level caucus amendments, which are tied to named authors and transparent criteria, RP9 amendments were initially executed with little public visibility, limited documentation, and significant discretion. Their rapid expansion - reaching billions of reais annually between 2020 and 2022 - triggered criticism from oversight bodies and civil society organizations. Investigative journalism revealed informal negotiations and patterns of politically motivated allocations, popularizing the term "orçamento secreto" (secret budget) (Pires, 2021). These revelations prompted constitutional challenges and eventually a Supreme Court ruling that suspended their execution until transparency rules were enforced (Brasil, 2022).

Despite the legal and institutional attention surrounding the RP9 amendments, systematic, empirical analyses of their allocation logic are scarce. Specifically, it is unclear how, or even if, ideological alignment between municipal governments and the federal bloc influenced the distribution of these funds. Understanding whether political alignment shaped access to RP9 resources is crucial to assessing the extent to which these amendments served partisan objectives rather than distributive equity or developmental priorities, given their discretionary nature. Such favoritism would signal institutional weaknesses in Brazil's budgetary system and broader challenges to democratic accountability in federative governance. This paper examines the extent to which the ideological alignment between municipal executives and the right-wing federal bloc influenced the allocation of RP9 rapporteur amendments between 2020 and 2022.

To answer this question, we compiled a novel panel dataset covering all Brazilian municipalities between 2020 and 2022 at the municipality-year level. This dataset combines RP9 transfer information from the Transparency Portal with socioeconomic indicators and political alignment data derived from municipal election outcomes and national coalition mappings. We estimated a series of regression models to assess the relationship between political alignment and two dimensions of allocation: the probability of receiving any RP9 transfer (extensive margin) and the amount received conditional on receipt (intensive margin). Our empirical strategy incorporates logistic regressions, linear probability models, and fixed effects specifications to address unobserved heterogeneity.

We find that ideological alignment is strongly and consistently associated with the likelihood of receiving RP9 transfers. In the baseline logit model, ideological alignment increases the log-odds of receiving funds by 0.095. This effect increases threefold in the model with year and municipality fixed effects. Linear probability models yield similar results: the probability

of receiving a transfer increases by approximately 3.8 percentage points in the fully specified model. These findings suggest that municipalities with ideological alignment were more likely to benefit from rapporteur amendments, even when controlling for demographic, economic, and institutional characteristics.

In contrast, the relationship between alignment and the amount received, given receipt, is weaker. In models restricted to municipalities that received at least one RP9 transfer, the alignment coefficient is positive and significant in the baseline model. This suggests that aligned municipalities received larger amounts. However, this effect diminishes and loses statistical significance once municipality fixed effects are included. These results imply that structural characteristics of municipalities may influence transfer volumes, while political alignment primarily affects access.

Taken together, these results highlight an important asymmetry in the distributive logic of the RP9 amendments. Although political alignment seems to influence the selection of beneficiary municipalities, it does not consistently determine the size of transfers once funds are allocated. This pattern is consistent with a model in which discretionary budgetary instruments are used to reward allies based on access rather than scale. It also reflects the political value of expanding a coalition's geographic reach, particularly in a context of fiscal dependency and institutional fragmentation.

These findings contribute to the literature on distributive politics and fiscal federalism in several ways. First, they expand on previous research about the political factors influencing intergovernmental transfers in Brazil by examining a new and discretionary mechanism that was not included in earlier studies (Pereira and Renno, 2003; Brollo and Nannicini, 2012; Meireles, 2019; Bonfim et al., 2023). Second, they provide empirical support for theoretical claims about using opaque budgetary tools to build political coalitions (Drazen and Eslava, 2005; Arulampalam et al., 2009; Neto, 2023). Third, they highlight how institutional design, particularly the concentration of budgetary power in the rapporteur, can enable informal, politically motivated allocations that undermine transparency and accountability norms, as discussed in Pereira and Renno (2003) and Klein and Sakurai (2015).

Previous studies have examined the impact of political alignment on access to voluntary transfers in Brazil, particularly in electoral contexts (Ferreira and Bugarin, 2007; Brollo and Nannicini, 2012; Sakurai and Theodoro, 2014; da Assunção Moutinho and Kniess, 2017; Meireles, 2019). However, these analyses often focus on named amendments or formal programs with identifiable sponsors and institutional constraints. This study shifts the focus to RP9, an unusually opaque and flexible instrument, to provide a more nuanced account of how partisan dynamics unfold in fragmented and weakly institutionalized budgetary regimes.

The rest of the paper proceeds as follows. Section 2 reviews the institutional framework and political context of the RP9 amendments. Section 3 presents the data and summary statistics. Section 4 describes the empirical strategy. Section 5 reports the main results. Section 6 concludes.

2 Institutional Background and Political Context

Brazil is a federal republic with three levels of government: the federal union, 26 states, 5,568 municipalities, and the Federal District. The 1988 Constitution outlines the institutional responsibilities of each level of government and establishes a complex framework for intergovernmental relations (Brasil, 1988). Despite the formal autonomy of subnational units, pronounced

fiscal and administrative asymmetries characterize the Brazilian federation, with municipalities facing persistent regional and socioeconomic disparities. These structural features influence the allocation of public resources and create opportunities for political influence over the budgetary process.

The Brazilian public budgeting system is structured around three legal instruments: the Multi-Year Plan (Plano Plurianual - PPA); the Budgetary Guidelines Law (Lei de Diretrizes Orçamentárias - LDO); and the Annual Budget Law (Lei Orçamentária Anual - LOA) (Giacomoni, 2022). The PPA establishes medium-term priorities for four years; the LDO outlines annual objectives and directs the preparation of the LOA; and the LOA authorizes public expenditures for each fiscal year (Costin, 2010). Although the executive branch initiates the budget proposal, Congress has the constitutional authority to amend and approve the LOA, which gives legislators considerable influence over the allocation of federal resources (Abreu and Câmara, 2015).

Congressional influence is exercised through the introduction of budget amendments, which allow legislators to redirect portions of the federal budget toward specific beneficiaries. Brazilian law recognizes four types of amendments: individual, state-level caucus, committee, and rapporteur (de Oliveira Menezes et al., 2024). In 2015, a institutional shift occurred with Constitutional Amendment 86, which made the execution of individual and caucus amendments legally binding up to a percentage limit of the federal government's net current revenue. These changes aimed to institutionalize legislative participation and reduce the executive branch's discretionary control over the budget (Brasil, 2015). In 2019, additional refinements through Constitutional Amendment 100 introduced further ceilings on these modalities, providing legislators and subnational governments with greater predictability regarding transfers (Brasil, 2019a).

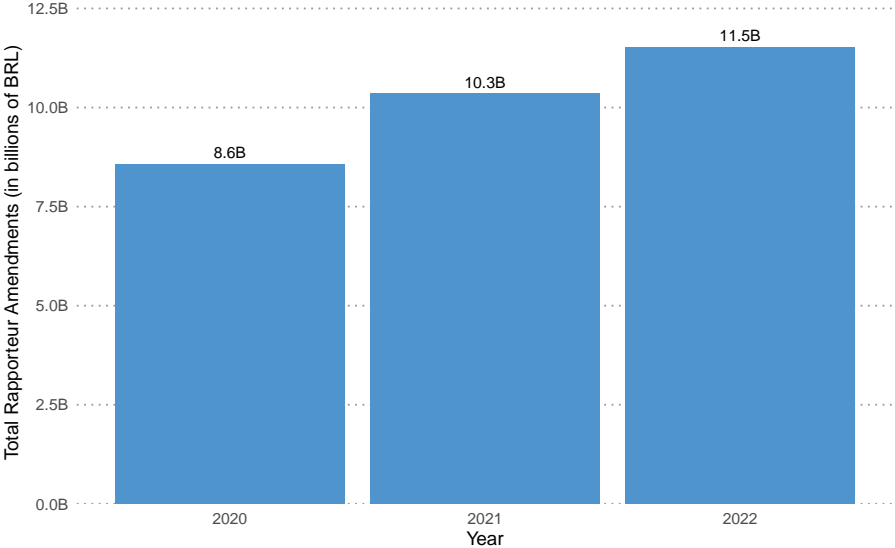
An important institutional development in recent years was the formalization of *emendas de relator-geral do orçamento*, also known as rapporteur amendments or RP9 expenditures. Introduced in 2019 through Law No. 13,579, these amendments were designed to increase the general budget rapporteur's discretionary authority over budgetary allocations not explicitly addressed by other amendment categories. Unlike individual and caucus amendments, whose authorship and allocation criteria are publicly documented, RP9 resources were initially distributed through opaque procedures with limited public visibility regarding their origin or intended beneficiaries (Brasil, 2019b; Faria, 2022). This lack of transparency prompted intense scrutiny from civil society, oversight institutions, and the media. In 2021, investigative reporting, particularly the Tratoração scandal, exposed informal negotiations and politically driven transfer patterns. The term *orçamento secreto* (secret budget) emerged as shorthand for the perceived deviation of RP9 amendments from constitutional principles of publicity, impersonality, and accountability (Pires, 2021).

Soon after, legal challenges to the RP9 amendments followed. In 2021, three political parties filed constitutional complaints with the Supreme Federal Court (STF), arguing that the RP9 mechanism violated fundamental principles of administrative morality and transparency (Brasil, 2021). In November 2022, the STF decided to suspend the execution of the RP9 amendments until clear transparency and traceability criteria could be established. The ruling reaffirmed the constitutional requirement that all public spending be executed with clarity regarding its origin, purpose, and political authorship (Brasil, 2022).

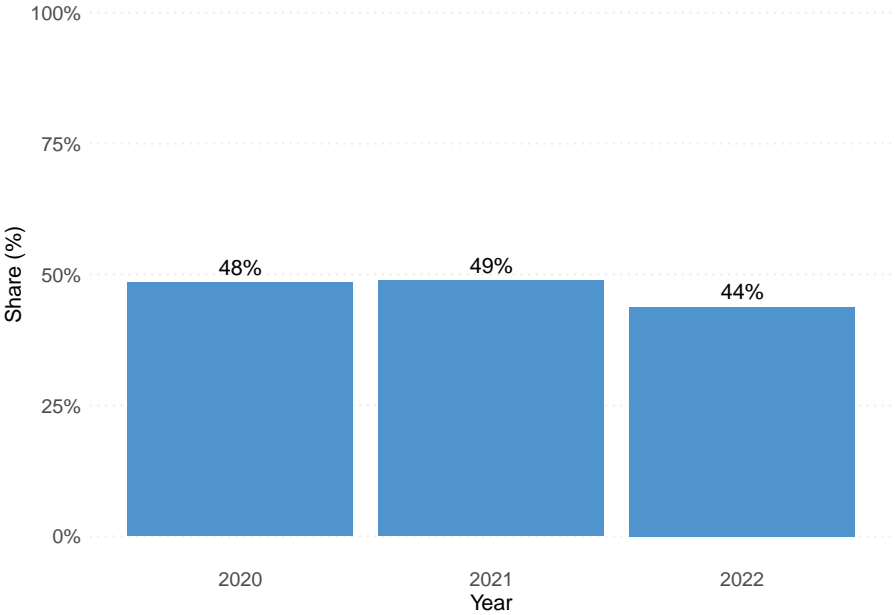
The rise of RP9 amendments significantly altered federal-municipal transfers. While individual and caucus amendments are relatively limited and adhere to formal distribution rules, RP9 expenditures grew rapidly and were frequently subject to informal bargaining dynamics. Figures 1 illustrates this expansion and its reach across Brazilian municipalities. Between 2020

and 2022, total expenditures via rapporteur amendments increased from R\$8.6 billion to R\$11.5 billion (see Figure 1, left). In parallel, the percentage of municipalities receiving at least one transfer exceeded 44% annually, demonstrating extensive territorial coverage (Figure 1, right).

Figure 1: Rapporteur Amendments: Total Amounts and Municipal Coverage (2020-2022)



Note: Total rapporteur amendment amounts per year, in billions of BRL.



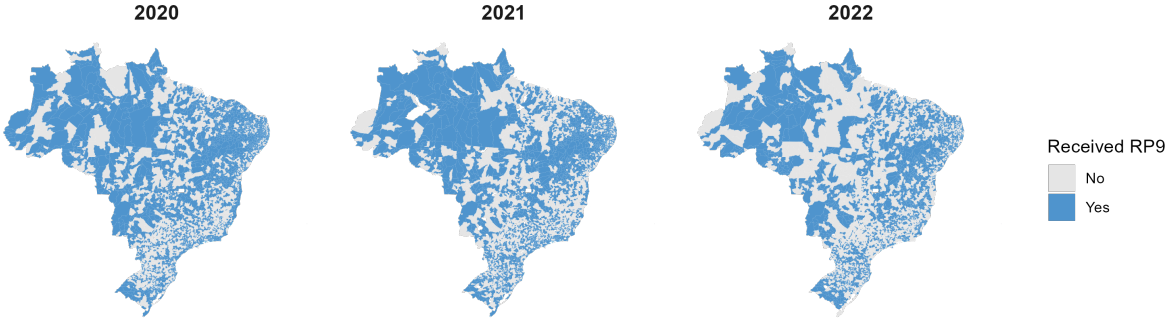
Note: Share of municipalities receiving at least one RP9 transfer.

Source: Authors’ calculations based on Transparency Portal data.

Figure 2 presents the geographic distribution of rapporteur amendments across Brazilian

municipalities between 2020 and 2022. The maps show broad and growing coverage, with transfers reaching many regions, including remote and sparsely populated areas. By 2022, a significant proportion of municipalities had received at least one RP9 allocation, highlighting the national scope of this funding mechanism and its increasing importance in the federal transfer system.

Figure 2: Geographic Distribution of Rapporteur Amendments by Year (2020–2022)



Note: Municipalities highlighted in blue received at least one RP9 amendment in the corresponding year.

In turn, municipal governments are highly dependent on intergovernmental transfers. Although municipalities collect their revenues through local taxes, such as the Urban Property Tax (IPTU) and the Service Tax (ISS), these sources are often insufficient, particularly in smaller jurisdictions. The Municipal Participation Fund (FPM), a constitutionally mandated revenue-sharing mechanism, and various forms of discretionary transfers, such as parliamentary amendments, are critical to municipal budgets (Brasil, 1964). Indeed, over 70% of Brazilian municipalities depend on intergovernmental transfers for more than 80% of their current revenues, a reliance that is especially pronounced in municipalities with fewer than 20,000 inhabitants (STN, 2023).

This fiscal dependency fosters a political economy in which mayors actively seek connections with federal legislators to secure resources. For members of Congress, the ability to allocate discretionary funds strengthens local political ties and increases electoral capital (Ferreira and Bugarin, 2007). Literature on fiscal federalism and distributive politics consistently shows that discretionary transfer allocation is often shaped by political considerations, particularly partisan alignment between government tiers. Empirical studies in the Brazilian context have shown that municipalities led by mayors aligned with the federal executive branch are more likely to receive larger sums of voluntary transfers (Pereira and Renno, 2003; Ferreira and Bugarin, 2007; Brollo and Nannicini, 2012).

In this context, rapporteur amendments became a potent mechanism of political favoritism. Unlike institutionalized transfers or other categories of amendments with formal rules, RP9 resources allowed federal actors to strategically select beneficiary municipalities with minimal

oversight. The combination of high fiscal dependency at the local level and the discretionary nature of RP9 spending created powerful incentives for political alignment and bargaining, especially in a context of institutional fluidity and changing legislative-executive dynamics.

In conclusion, Brazil's institutional framework for budgetary amendments, particularly the increased use of RP9 for discretionary transfers, provides a setting in which to investigate how political alignment influences the distribution of federal resources. The significant increase in rapporteur amendments since 2020, coupled with limited transparency and flexible allocation criteria, has created new avenues for selective intergovernmental transfers. This study examines whether municipalities aligned with the federal right-wing coalition were more likely to access RP9 funds and the extent to which such alignment shaped the incidence and scale of these transfers.

3 Data and Summary Statistics

3.1 Data

Our empirical analysis is based on a panel dataset that covers all Brazilian municipalities from 2020 to 2022. The dataset combines information on rapporteur amendments with municipal-level political, demographic, and fiscal characteristics. These variables were compiled from multiple administrative sources and harmonized to ensure consistency across units and over time.

Information on rapporteur amendments (emendas de relator) was obtained from the Transparency Portal of Brazil's Office of the Comptroller General (CGU). We restricted the sample to discretionary transfers explicitly classified as "Emenda de Relator." The data provide monthly values of federal transfers to municipal recipients, which we aggregate at the municipality-year level to construct annual totals.

We measure political alignment using data from the Superior Electoral Court (TSE). First, we identify the party affiliation of elected mayors in the 2016 and 2020 municipal elections. Then, we assign an ideological alignment to each municipality-year based on the mayor's term in office. According to the classification suggested by Bolognesi et al. (2022), parties positioned to the right of the ideological center on a scale of 0–10 are considered aligned with the federal right-wing bloc.

To control for municipal characteristics, we included a set of socioeconomic and fiscal variables. We obtained population and GDP data from the Brazilian Institute of Geography and Statistics (IBGE). Where 2022 data was unavailable, we carried forward 2021 values to maintain panel balance. We log-transformed both population and per capita GDP to account for skewed distributions.

Fiscal indicators were sourced from the SICONFI public finance database. Two variables were incorporated: revenue from the Urban Property Tax (IPTU) and intergovernmental transfers from the Municipal Participation Fund (FPM). These values were then aggregated at the municipality-year level. Prior to log transformation, missing fiscal data were coded as zero to preserve the sample size and prevent data loss.

3.2 Summary Statistics

Table 1 reports the descriptive statistics of the key variables employed in the empirical analysis. The dataset comprises a balanced panel of Brazilian municipalities from 2020 to

2022 and captures the period during which rapporteur amendments (formally classified as RP9) became a key mechanism for allocating the federal budget.

Table 1: Summary Statistics

Variable	Mean	SD	Min	Max	N
Received Amendment (0/1)	0.47	0.50	0.00	1.00	16,602
Amount Received (R\$ thousands)	684.71	7,089.01	0.00	341,163.44	16,602
Right-Aligned Mayor (0/1)	0.80	0.40	0.00	1.00	16,602
Population	37,418.55	218,904.25	771.00	12,396,372.00	16,602
Per Capita GDP (R\$)	31,742.48	36,725.46	4,920.62	920,834.03	16,602
IPTU Revenue (R\$ thousands)	10,667.94	194,404.25	0.00	14,579,389.21	16,602
FPM Transfers (R\$ thousands)	42,301.98	91,185.77	0.00	3,658,435.07	16,602

During the period, approximately 47% of municipality-year observations received at least one rapporteur amendment. The average amount transferred across all municipalities, regardless of receipt status, was R\$685 thousand, with a highly right-skewed distribution and transfers reaching up to R\$341 million. Mayors aligned with the federal right-wing bloc accounted for 80% of the observations in the sample.

The municipalities in the sample exhibit significant heterogeneity in terms of their demographic and fiscal characteristics. On average, a municipality had a population of 37,418, ranging from fewer than 1,000 to over 12 million. Per capita GDP averaged R\$31,742 across the period. In terms of local fiscal capacity, the average annual revenue from the Urban Property Tax (IPTU) was approximately R\$10.6 million, while transfers from the Municipal Participation Fund (FPM) — a major source of intergovernmental funding — averaged R\$42.3 million.

4 Empirical Strategy

We use a two-step empirical approach to evaluate the influence of ideological alignment between municipal governments and the right-wing federal bloc on the allocation of rapporteur amendments in Brazil from 2020 to 2022. First, we estimate the probability that a municipality received a rapporteur amendment. Second, given that a municipality received at least one transfer, we examine whether right-aligned municipalities received larger amounts.

We classify mayoral ideology using the scale proposed by (Bolognesi et al., 2022). This scale assigns Brazilian political parties a score ranging from 0 (far left) to 10 (far right). The scores are based on expert surveys and legislative behavior. A mayor is considered "right-aligned" if their party is positioned to the right of the ideological center. Table 2 presents the classification used.

Table 2: Ideological classification of Brazilian political parties

Ideological Block	Parties
Left	UP, PSTU, PCO, PCB, PSOL, PC do B, PT, PDT, PSB, REDE, PV, PPS, CIDADANIA
Right	PTB, SOLIDARIEDADE, PMN, PMB, PSD, PODEMOS, PPL, PRTB, PRB, PTC, PSL, NOVO, DEM, AVANTE, PHS, MDB, PSDB, PROS, PRP, PR, DC, PROGRESSISTAS, PSC, PATRIOTA, UNIÃO, PL, REPUBLICANOS

Note: Classification elaborated by the authors based on Bolognesi, Ribeiro, and Codato (2022).

To analyze the extensive margin, we estimate the probability that a municipality received a rapporteur amendment in a given year using the following specification:

$$\Pr(\text{Receive}_{it} = 1) = F(\alpha + \beta \cdot \text{Aligned}_{it} + \mathbf{X}'_{it}\gamma + \lambda_t + \mu_i + \varepsilon_{it}) \quad (1)$$

where $F(\cdot)$ denotes either the logistic function or the identity function (in the case of a linear probability model). The variable Aligned_{it} is a binary indicator equal to one if the mayor of municipality i is affiliated with a right-aligned party in year t . The vector \mathbf{X}_{it} includes the log of population, per capita GDP, IPTU revenues, and FPM transfers. We estimate models with increasing levels of control, progressively including year fixed effects (λ_t) and municipality fixed effects (μ_i) to account for time-specific shocks and unobserved heterogeneity across municipalities.

All specifications cluster standard errors at the municipality level. To facilitate interpretation, we report average marginal effects (AMEs) for logit models.

To examine the intensive margin, we restrict the sample to municipality-year observations that received at least one rapporteur amendment. Then, we estimate:

$$\log(\text{Amount}_{it} + 1) = \alpha + \beta \cdot \text{Aligned}_{it} + \mathbf{X}'_{it}\gamma + \lambda_t + \mu_i + \varepsilon_{it} \quad (2)$$

The dependent variable is the log of the total amount received via rapporteur amendments. The log of $y + 1$ is used to accommodate zeros. The covariates and fixed effects are the same as those used in the extensive margin models.

Although our strategy does not rely on experimental or quasi-experimental variation, the combination of fixed effects and observable controls offers a clear framework for investigating whether political alignment influences the allocation of rapporteur amendments among municipalities.

5 Empirical Strategy

We begin by analyzing the extensive margin to assess whether ideological alignment with the federal right-wing bloc influenced the probability of receiving rapporteur amendments between 2020 and 2022. Table 3 shows the results of logistic regressions and linear probability models (LPMs). Ideological alignment is positively and significantly associated with the likelihood of receiving RP9 transfers across all specifications.

Columns (1) through (3) report estimates from logit models. The coefficient on Mayor Aligned is statistically significant in all specifications and increases in magnitude as fixed effects are introduced. In the baseline specification (column 1), the estimated coefficient is 0.095. In the model with year and municipality fixed effects (column 3), the estimated coefficient increases to 0.342. This pattern suggests that ideological alignment is associated with a higher likelihood of receiving RP9 transfers, even after accounting for time-invariant unobserved heterogeneity and year-specific shocks.

In the linear probability models (columns 4 through 6), the coefficient on ideological alignment is positive and statistically significant, which corroborates the logit results. In the specification with both year and municipality fixed effects (column 6), the estimated effect remains robust and statistically significant.

Table 3: Probability of Receiving Amendments

	Logit			LPM		
	(1)	(2)	(3)	(4)	(5)	(6)
Mayor Aligned	0.095** (0.046)	0.100** (0.047)	0.342*** (0.129)	0.020** (0.010)	0.021** (0.010)	0.038*** (0.014)
log(Population)	0.796*** (0.022)	0.795*** (0.022)	-0.348 (0.638)	0.168*** (0.004)	0.168*** (0.004)	-0.045 (0.070)
log(Per Capita GDP)	-0.025 (0.032)	-0.009 (0.032)	0.821** (0.399)	-0.008 (0.007)	-0.004 (0.007)	0.084** (0.041)
log(IPTU)	-0.043*** (0.008)	-0.047*** (0.008)	-0.042* (0.022)	-0.009*** (0.002)	-0.010*** (0.002)	-0.005** (0.003)
log(FPM)	-0.002 (0.011)	0.013 (0.012)	-0.046 (0.029)	0.000 (0.002)	0.003 (0.003)	-0.004 (0.003)
Constant	-6.923*** (0.410)			-0.941*** (0.084)		
Observations	16,599	16,599	8,170	16,599	16,599	16,599
R ²	0.108	0.110	0.092	0.138	0.140	0.564
Year FE		X	X		X	X
Municipality FE			X			X

Note: Standard errors clustered at the municipality level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

We next turn to the intensive margin, evaluating whether ideological alignment is associated with the volume of funds allocated via rapporteur amendments, given that at least one transfer was received. Table 4 shows the results of ordinary least squares regressions, with the dependent variable being the log of the total amount received. The sample is restricted to municipality-year observations that received RP9 transfers.

In the baseline specification (column 1), ideological alignment is positively associated with the amount received, with a statistically significant coefficient of 0.185. This suggests that not only do aligned municipalities have a higher likelihood of receiving funds, but they also tend to receive larger amounts. Including year fixed effects in column 2 slightly reduces the magnitude of the estimate, which remains significant at the 10% level. However, when municipality fixed effects are included in column 3, controlling for time-invariant unobserved heterogeneity, the

coefficient on ideological alignment decreases substantially and loses statistical significance.

This pattern suggests that once we account for the persistent characteristics of municipalities, the relationship between political alignment and the size of transfers weakens. Unlike the extensive margin results, these findings suggest that political favoritism more clearly affects the probability of receiving funds than the volume of resources allocated to recipients.

Table 4: Log Amount of Amendments Received (Conditional on Receipt)

	(1)	(2)	(3)
Mayor Aligned	0.185** (0.084)	0.157* (0.084)	0.077 (0.133)
log(Population)	0.524*** (0.039)	0.554*** (0.038)	1.884*** (0.698)
log(Per Capita GDP)	0.255*** (0.059)	0.212*** (0.059)	1.424*** (0.413)
log(IPTU)	-0.069*** (0.013)	-0.056*** (0.012)	-0.029 (0.021)
log(FPM)	0.076*** (0.020)	0.027 (0.018)	-0.033 (0.025)
Constant	3.154*** (0.745)		
Observations	7,805	7,805	7,805
R ²	0.053	0.072	0.682
Year FE		X	X
Municipality FE			X

Note: Sample restricted to municipalities that received at least one transfer. Standard errors clustered at the municipality level. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Overall, the results suggest that a municipality's ideological alignment with the federal right-wing bloc is a strong predictor of whether it receives rapporteur amendments. This association remains significant even when controlling for a wide range of covariates and fixed effects. However, conditional on receiving funds, the amount allocated does not appear to systematically vary with ideological alignment once unobserved municipal characteristics are accounted for. This asymmetry indicates that political favoritism operates primarily through the selection of beneficiaries, rather than through the scale of resource allocation.

6 Conclusion

This paper examines how ideological alignment between municipal executives and the right-wing federal bloc influenced the allocation of RP9 rapporteur amendments from 2020 to 2022. Using a panel dataset covering all Brazilian municipalities during this period, we present new evidence regarding the political factors influencing highly discretionary intergovernmental transfers. Our empirical strategy distinguishes between the extensive margin (whether municipalities

received RP9 resources) and the intensive margin (how much they received, given receipt), leveraging fixed effects models to account for unobserved heterogeneity.

We found that ideological alignment was associated with the likelihood of receiving RP9 amendments. This relationship remains robust across model specifications and persists even after controlling for a wide range of demographic, economic, and institutional covariates, as well as time-invariant municipal characteristics. However, alignment does not significantly influence the amount transferred once a municipality receives at least one allocation. These results imply that political favoritism primarily operates through the selection of beneficiary municipalities rather than the amount of resources distributed.

These results contribute to the growing body of literature on distributive politics and budgetary allocation in federative systems. While previous studies have emphasized the role of alignment in shaping voluntary transfers and named amendments, especially during electoral cycles, our findings reveal that opaque and discretionary budgetary instruments, such as RP9, intensify these dynamics under weaker institutional constraints. Our analysis complements and extends prior work that emphasized the strategic use of formal, transparent instruments by documenting that political allies were prioritized in the allocation of RP9 transfers.

A plausible mechanism behind these results is the concentration of budgetary power in the hands of a single rapporteur operating in an environment with low transparency. This institutional setup enabled informal negotiations and selective allocations, which could reward political loyalty or garner support for the federal bloc's legislative agenda. Thus, the structure of RP9 acted as both a fiscal and political lever in a context marked by coalition instability and fragmented congressional support.

Despite the strengths of our empirical approach, several limitations warrant caution. First, our analysis relies on proxies for ideological alignment derived from municipal election outcomes and federal coalition mappings, which may not fully capture the nuances of political relationships. Second, although we control for a rich set of covariates and implement fixed effects, causal inference is limited due to potential unobserved, time-varying confounders. Third, while we document patterns consistent with political favoritism, we cannot observe the negotiations or strategic intentions behind the allocation of amendments.

These findings can inform future research in several ways. First, it would be valuable to explore whether access to RP9 resources influenced local electoral outcomes, particularly in municipalities where the federal bloc performed well. Second, qualitative or mixed methods could illuminate the informal mechanisms behind RP9 negotiations. Third, comparative studies could examine whether similar dynamics emerge in other federative systems with discretionary budgetary regimes.

From a policy perspective, our results underscore the risks of concentrating budgetary authority in opaque institutions with inadequate oversight. The case of RP9 illustrates how the design of an institution can enable the targeting of resources for partisan purposes, thereby undermining the principles of fiscal equity, transparency, and accountability. While recent judicial interventions to enhance transparency in the execution of rapporteur amendments are a step in the right direction, broader reforms may be necessary to prevent future misuse. Ensuring that intergovernmental transfers are allocated based on objective criteria and the public interest rather than partisan allegiance remains a critical challenge for Brazil's fiscal federalism.

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