

# Budgetary planning and operational trajectory of the solidarity economy policy in Brazil (2004-2019)

*Planejamento orçamentário e trajetória operacional da política de economia solidária no Brasil (2004-2019)*

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**Abstract:** This text analyzes the dynamics of the budget cycle of the solidarity economy policy in the federal government. To this end, an analysis of the strategic implementation design and operational evolution of the programs was conducted, focusing on the potential for budget execution. The temporal coverage of the analyzes covers all the recent experience of the solidarity economy in the federal government's agenda based on the different Multiannual Plans (PPA) between 2004 and 2019. The results show that the programs went through problems that influenced the ability to execute the actions. The theme ended immersed in a moment of paradigm crisis. This crisis manifests itself in the operational capacities of the policy, since both its budget allocation and its percentage of execution has decreased significantly over the years.

**Keywords:** solidarity economy; social policies; budget cycle; state planning; agenda.

**Resumo:** Este texto analisa a dinâmica do ciclo orçamentário da política de economia solidária no governo federal. Para tanto, realizou-se uma análise sobre o desenho estratégico de implementação e a evolução operacional dos programas, tendo como foco o potencial de execução orçamentária. A cobertura temporal das análises abrange toda a recente experiência da economia solidária na agenda do governo federal a partir dos diferentes Planos Plurianuais (PPA) entre 2004 e 2019. Os resultados mostram que os programas passaram por problemas que influenciaram na capacidade de execução das ações e atividades previstas. A temática encerrou o período imersa em um momento de crise de paradigma. Essa crise se manifesta diretamente nas capacidades operativas da política, uma vez que tanto sua dotação orçamentária quanto seu percentual de execução foi diminuindo significativamente ao longo dos anos.

**Palavras-chave:** economia solidária; políticas sociais; ciclo orçamentário; planejamento estatal; agenda governamental.

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## **1. Introduction**

This study is part of the debate on budget planning in Brazil based on a specific and relatively recent social policy theme, Solidarity Economy, highlighting the particularities of its operational trajectory.

The concept of solidarity economy emerged in Brazilian society in the second half of the 1990s (Silva, 2018a), in the context of a productive restructuring of a neo-liberal nature in the country that resulted from the strong destructuring of the labor market, denounced by the rise in unemployment and informality (Mattoso, 1995; Pochmann, 1999; Oliveira and Silva, 2018). Faced with this reality, some social movements mobilized around alternative strategies for generating decent work and income for families in situations of economic uncertainty, based on a field of associative labor practices and guidance for local development projects. Under this concept, there is a range of initiatives of collective workers, such as cooperatives and self-managed production associations, to new organizational experiences in specific territories, aimed at fostering endogenous opportunities and generating income, such as solidarity finance projects and local cooperative arrangements (Singer, 2000; Gaiger, 2006; Silva, 2017a; 2018a; 2018b; Sanches and Morais, 2020).

As the concept gained greater social density, also entering the academic environment, possibilities of government support were opened through specific programs, officially including associative work as a strategy to be sought to combat unemployment and make local development projects viable. This process was even glimpsed by some authors as a new paradigm for public policies (Araújo and Silva, 2005; França Filho, 2006; Nagem and Silva, 2013).

Among the first experiences of programs under the guidelines of solidarity economy identified in the subnational administrative spheres, the state of Rio Grande do Sul (state government and city hall of Porto Alegre) stands out, still in the late 1990s, followed by some important city halls after the municipal elections of 2000, such as Recife, Belém, Osasco, Santo André, Belo Horizonte and São Paulo, the largest city in the country (França Filho, 2006; Silva, 2010; Cunha, 2012). In 2003, the issue also emerged on the government agenda at the federal level, at the beginning of President Luiz Inácio Lula da Silva's first term, when the National Secretariat of Solidarity Economy (Senaes) was created within the structure of the Ministry of Labor and Employment

(MTE), which became the locus for planning and implementing the first national plans and programs of intervention.

Given this brief contextual overview, the objective proposed here was to analyze the trajectory of the national policy of solidarity economy based on indicators of budget execution over time and, based on these results, to identify different phases of appreciation of the issue in the federal budget. It was based on the understanding that the budget planning instruments provide relevant indicators on priorities assumed in a government, since they point out the agenda items and their respective resource allocations to achieve the stipulated goals. Therefore, the verification of the availability of resources and the dimensioning of expenditures allows for an understanding of the relevance given to each area of public policy in the historical context of the economic, social and political conjuncture experienced in the country.

For this purpose, the execution reports of the Annual Budget Law (LOA) were used for the four Multiyear Plans (PPA) since the insertion of the solidarity economy in the government agenda (2004-2007, 2008-2011, 2012-2015 and 2016-2019), as well as official follow-up and accountability documents prepared by the Senaes, the managing unit of the programs analyzed. In addition, interviews were conducted with three former directors and four technicians who worked at Senaes at different times in politics.

It should also be noted that although this study assumes the degree of budgetary feasibility of a public policy as an important dimension of evaluation, it is not the only one possible. Nor should it be seen as an end in itself, since the level of spending does not necessarily imply better results from the use of these resources. In this sense, the approach chosen was to verify the relative evolution of the policy of solidarity economy in the set of actions taken by the federal government in the specified period, and not to assess the quality or effectiveness of these expenditures with the public served.

The text is organized in four sections, including this introduction. In section 2, there is a brief presentation of the key issues in the budget planning process in Brazil. Section 3 discusses the results, divided into three critical moments identified from the analysis of national solidarity economy policy budget execution indicators. Finally, some conclusive considerations are made.

## **2. Budget planning in Brazil**

In order to plan any governmental action, it is necessary to take into account the expenditure of resources required for its realization. In the Brazilian context, the guidelines that define the cycle of planning and budgetary governance are foreseen in the Federal Constitution of 1988 (art. 165), where the public budget is established as an integrated process based on three instruments: the PPA, the Budget Guidelines Law (LDO) and the LOA.

The PPA is the instrument that officializes the programs of the elected government (Lima et al., 2020). It brings together the set of guidelines, objectives and public policy goals of the most varied sectors in a medium-term planning (four-year time span), which begins in the second year of the presidential term and lasts until the first year of the following. Its function is to define the programs planned for that period, which will guide priority government decisions. In turn, the programs unfold into projects and activities, with their respective objectives, target audience, resources, expected results and identification of responsible budget units (Couto and Cardoso Jr., 2020).

The LDO plays a role of connection between the strategic plan foreseen in the PPA and the operational plan of the budget to be executed, since the Brazilian legal system associates the policy planning action with the corresponding budget forecast. To this end, LDO deals with tax and fiscal issues that are directly related to the functioning of the federal public administration structures, in addition to setting priorities and goals for each year.

Finally, the LOA represents the budget negotiated jointly with the ministries and budget units of the Legislative and Judiciary branches. It indicates a projection for the following year of all public expenditures and revenues, in addition to defining exemptions, amnesties, subsidies and benefits of a financial nature. The resources are released according to the revenue flow throughout the year to attend fiscal guidelines defined by the LDO.

Although it can be considered a consolidated system in the Brazilian public administration, the model of budgetary governance, that is, the relationship established between planning and budget, opens space for some problems that hinder a more strategic action of public policy implementation. One of them refers to the centrality of its fiscal character to the detriment of the focus on program results, translating into the plastering of budgetary devices in instruments that emphasize short-term monetary management,

which in turn is based on the physical-financial control of diffuse and diluted actions by the various levels and instances of government. In this perspective, instead of the PPA guiding the budget elaboration, it is the budget that conditions the plan, subverting the constitutional principle that defines all the operational logic. This seriously compromises the PPA's capacity to conduct strategic government action, making it, in practice, a mere constitutional formality of accountability (Cardoso Jr. and Coutinho, 2014; Kliass, 2020; Couto, 2020).

In addition, there are a number of factors that interfere with both the planning processes of line ministries and the proper capacity of state agencies to execute the approved budget, as it is subject to cuts, contingencies or supplementation. This dynamic requires that the agents responsible have to renegotiate, year by year, among the different lobbies operating in Congress, the items previously foreseen in the PPA, which weakens the budget as a democratic space for the choices of priorities in the allocation of public resources (Rezende, 2015; Couto e Cardoso Jr., 2020; Lima *et al.*, 2020).

However, the Executive Branch also has prerogatives to influence the management and execution of the budget process according to its priorities, even if subject to political negotiations. As explained by Figueiredo and Limongi (2008, p. 32):

The privileged position of the Executive is reinforced by the rules that regulate the execution of the foreseen expenses. The budget law is authoritative, but not mandatory. That is, the Executive needs legislative authorization to make any expenditure, but does not need to make all the expenses that are authorized. Since the disbursements authorized by law depend on the actual behavior of the revenue, it has become current practice for the Executive to issue decrees establishing the financial programming and the monthly execution chart of disbursements. These are the well-known contingency decrees promulgated throughout the year and which were eventually incorporated into the budget process by the LRF.

There is also a diversity of factors that emerge throughout the PPA implementation process that also influence the budget execution capacity of the programs, among which are: difficulty in complying with the formalities required in the projects; paralyzes determined by the Judiciary and external control agencies; mobilizations of civil society organizations in defense of specific interests; among others. These factors are reflected differently in the public policy areas that make up the federal government's agenda.

In this sense, the Brazilian budget cycle is configured as an arena in which there is a constant dispute for greater centrality in the government agenda. This political economy of the budget involves a complex dynamic of decision-making spaces, coalitions and power resources that will define throughout the year the space of each item. For this reason, the analysis of budget allocation and execution in the different annual exercises emerges as an important horizon for monitoring a specific policy throughout its implementation trajectory.

### **3. The budgetary trajectory of the national policy of solidarity economy**

To accompany the process of budget execution of the National Solidarity Economy Policy since the constitution of Senaes, it was decided to calculate a Budget Execution Index (IEO) for each of the actions in each year of the period approached. This index can be determined by the following formula:

$$IEO_t = (\Sigma RE_t / \Sigma RA_t) \times 100,$$

where:  $IEO_t$  is the budget execution index;  $\Sigma RE_t$  is the sum of the budget revenues executed; and  $\Sigma RA_t$ , the sum of the total budget revenues approved.

For the calculation of IEO, the amount "liquidated" in each fiscal year was considered, i.e., the value of the activities that were contracted and carried out in the reference year, becoming able to be paid by the responsible sector. All values presented are deflated for December 2019 by the National Consumer Price Index (INPC). The calculations did not include resources from actions executed by other management units or parliamentary amendments. The results were presented from three distinct phases identified in the policy: *i*) insertion and consolidation (2004-2011); *ii*) incomplete expansion (2012-2015); and *iii*) paradigm crisis (2016-2019).

#### *3.1. Phase I - Insertion and consolidation (Inserção e consolidação)*

In 2003, right at the beginning of President Luiz Inácio Lula da Silva's first term, this issue became part of the federal executive agenda after the mobilization of social movements organized around the recently created Brazilian Forum of Solidarity Economy (FBES), with the creation of Senaes as a milestone by Law nº 10.683/2003 (Cunha, 2012; Silva, 2018b).

***Silva. Budgetary planning and operational trajectory of the solidarity economy policy in Brazil (2004-2019)***

The definition of a government strategy for the area came from a proposal built with representatives of organizations linked to FBES, called Platform for Action. Its guidelines were incorporated into the policy in the PPA 2004-2007, through the Solidarity Economy in Development Program (PESD). For its monitoring and social control, new spaces for social participation were created, with emphasis on the National Council of Solidarity Economy (CNES), whose task was to carry out the dialogue between society and the state and seek consensus around actions to strengthen the solidarity economy (Alencar e Silva, 2013), and the National Conferences of Solidarity Economy (Conaes), held in 2006, 2010 and 2014 (Silva, Cunha e Silva, 2018). Experiences of this nature have spread to various areas of government action, especially in social policies, and have been named by Silva (2018c) as "institutions of participatory deliberation" (IDP).

The Senaes began its activities with the expectation of strengthening the set of experiences that give identity to the solidarity economy in Brazil, maintaining the dialogue with various groups of civil society as well as with other government agencies. In 2004, it began to have its own budget, which, despite fluctuations, maintained real growth at that first moment.

When analyzing the actions foreseen in the PESD, it was verified that some changes occurred between the two PPAs. Therefore, it was decided to separate the budget dynamics from the actions by PPA, as demonstrated in the tables 1 e 2.



**Table 1: Budget allocation and execution: 2004-2007**

Projects/PPA		2004	2005	2006	2007	Total
0980 – Support to Public Policies of Solidarity Economy	LOA (R\$)	4.151.068	1.757.877	1.335.007	2.766.080	<b>10.010.032</b>
	IEO (%)	77,3	3,4	99,6	96,7	<b>73,2</b>
2272 – Management of the Program	LOA	3.185.115	777.529	842.276	719.924	<b>5.524.843</b>
	IEO	92,1	62,2	72,9	99,3	<b>85,8</b>
2A84 – National Solidarity Economy Information System	LOA	0	0	1.473.983	764.597	<b>2.238.580</b>
	IEO	0	0	96,8	96,9	<b>96,8</b>
2A85 – Solidary Development Agents	LOA	0	0	515.142	4.319.972	<b>4.835.114</b>
	IEO	0	0	81,8	77,7	<b>78,1</b>
4641 – Publicity	LOA	1.217.136	770.063	432.418	372.560	<b>2.792.178</b>
	IEO	40,7	52,3	60,5	0	<b>41,2</b>
4736 – Operation of the CNES	LOA	812.400	774.777	0	0	<b>1.587.177</b>
	IEO	100	73,4	0	0	<b>86,6</b>
4737 – Promotion of Work and Income Generation	LOA	42.149.512	17.372.829	16.581.256	37.645.778	<b>113.749.375</b>
	IEO	44,1	67,5	92,1	24,6	<b>47,9</b>
4739 – Promotion of Fair Trade	LOA	5.092.348	714.791	2.316.259	1.455.097	<b>9.578.494</b>
	IEO	58,5	99,9	100	99,9	<b>78,9</b>
4744 – Technical Assistance for Solidarity Finance	LOA	1.003.415	300.522	0	0	<b>1.303.937</b>
	IEO	87,2	100	0	0	<b>90,3</b>
6540 – Emergency Actions	LOA	4.098.901	0	0	0	<b>4.098.901</b>
	IEO	90,3	0	0	0	<b>90,3</b>
8275 – Recovery of Companies by Employees	LOA	0	3.167.486	3.474.389	13.070.304	<b>19.712.178</b>
	IEO	0	96,4	98,7	97,3	<b>97,4</b>
<b>Total</b>	<b>LOA (R\$)</b>	<b>58.524.779</b>	<b>24.858.345</b>	<b>26.128.454</b>	<b>60.394.387</b>	<b>169.905.966</b>
	<b>IEO (%)</b>	<b>60,8</b>	<b>77,4</b>	<b>97,8</b>	<b>94,1</b>	<b>81,1</b>

Source: Brazil Budget - House of Representatives.



**Table 2: Budget allocation and execution: 2008-2011**

Projects/PPA		2008	2009	2010	2011	Total
2272 – Management of the Program	LOA (R\$)	1.055.876	1.010.173	1.399.938	1.444.500	<b>3.595.773</b>
	IEO (%)	92,2	98,4	89,7	50,2	<b>75,8</b>
2A84 – Solidarity Economy Information System (SIES)	LOA	5.098.608	3.258.624	1.538.394	2.080.080	<b>8.080.080</b>
	IEO	100	24,1	0	4,2	<b>44,2</b>
2A85 – Training of Trainers and Public Managers	LOA	8.072.796	7.576.301	16.530.040	9.822.600	<b>29.967.600</b>
	IEO	36,9	59,4	23,8	60,5	<b>43,4</b>
4641 – Publicity	LOA	0	0	769.197	1.444.500	<b>1944500</b>
	IEO	0	0	7,9	100	<b>76,3</b>
4737 – Promotion and Technical Assistance to Collective Enterprises	LOA	10.068.221	4.910.958	4.307.502	48.065.308	<b>59.803.538</b>
	IEO	0,1	0,1	0	7,6	<b>6,1</b>
4739 – Commercialization of Products and Services of Enterprises	LOA	4.355.754	8.778.733	3.230.627	5.055.750	<b>15.106.658</b>
	IEO	0	51,4	43,8	76,1	<b>49,9</b>
4827 – Development of Social Technologies	LOA	681.514	653.354	584.590	577.800	<b>1.759.800</b>
	IEO	99,8	0	16,4	0	<b>26,3</b>
4850 – Incubator Encouragement	LOA	4.758.701	2.036.640	3.384.466	4.911.300	<b>11.161.300</b>
	IEO	59	24	13	44,4	<b>39,6</b>
8056 – Promotion of Solidarity Finance	LOA	4.100.822	3.665.183	4.198.276	0	<b>7.391.435</b>
	IEO	0,4	0	45,6	0	<b>17,0</b>
8078 – Solidary Development Agents	LOA	20.139.502	13.360.358	19.808.357	13.968.315	<b>46.894.315</b>
	IEO	47,3	25,5	4,5	82,3	<b>42,2</b>
8138 – Implementation of Public Centers of Solidarity Economy	LOA	8.055.428	5.865.523	6.284.338	6.355.800	<b>18.780.581</b>
	IEO	0	0	1,5	33,9	<b>11,8</b>
8275 – Recovery of Companies by Employees	LOA	3.059.165	2.932.762	2.999.868	0	<b>5.550.000</b>
	IEO	16,2	0	0	0	<b>5,3</b>
8420 – Stimulus to Public Policies of Solidarity Economy	LOA	1.019.722	2.463.360	4.299.810	1.011.150	<b>5.918.052</b>
	IEO	34,6	15,6	75	76,1	<b>55,9</b>
<b>Total</b>	<b>LOA (R\$)</b>	<b>70.466.160</b>	<b>43.692.124</b>	<b>69.335.404</b>	<b>94.737.103</b>	<b>208.085.405</b>
	<b>IEO (%)</b>	<b>51,6</b>	<b>77,3</b>	<b>25,3</b>	<b>34,1</b>	<b>41,2</b>

Source: Brazil Budget - House of Representatives.

The numbers referring to the actions between 2004 and 2007 indicate that the total approved budget was approximately R\$ 170 million. Despite a fall in the 2005-2006 period, there is a recovery in the following year, reaching the largest allocation in this PPA, with R\$ 60.4 million. Of the projects included, the action that concentrated most of the resources was "4737 - Promotion and Technical Assistance to Collective Enterprises", with 66.5% of the total. According to the report of those interviewed, a large part of the resources of this action 4737 was operated through an agreement with the Banco do Brasil Foundation (FBB), with the prediction of diversified goals in order to facilitate its execution. For this reason, it is more relevant in terms of budget allocation. However, due to new requirements for the celebration of agreements that emerged from 2007, this action had to be dismembered for the next PPA, which explains the difference in the number of actions among them.

The evolution of the budgetary value for the solidarity economy policy was maintained during the PPA 2008-2011, which did not bring significant methodological innovations compared to the previous one. The only year with negative variation in the LOA was 2009, which was impacted by the global economic crisis that began the previous year. The total amount for the period (R\$ 208.1 million) represented an increase of 22.4% over the previous PPA. In 2011, the largest budget allocation of the quadrennium was registered, with R\$ 94.7 million. Among the thirteen actions foreseen in the PESD (against eleven in the previous PPA), the one with the largest appropriation approved was "8078 - Solidary Development Agents", with 23.3% of the total for the period, which involved the maintenance of teams hired in all Brazilian states to support local actions to foster the solidarity economy.

Besides the annual budget definition, another important issue concerns its execution. Until 2009, the average IEO was 76.5%, with highlights for 2006 and 2007 with rates above 90%. As for 2008-2011, the data in Table 2 show an inflection. Although the first two years indicated an IEO above 50%, the final two years show a sharp drop in this indicator, 25.3% and 34.1%, respectively.

As a consequence, the IEO for the entire 2008-2011 PPA was 41.2%, almost half of that achieved in the previous period. Considering only the amount actually executed, the expenses in real values were higher between 2004 and 2007 than between 2008 and 2011 (R\$ 137.7 million against R\$ 85.7 million). Such result indicates the existence of other factors besides the approval of the LOA that interfere in the analyzed execution

capacity, and in case they are not considered adequately, may lead to mistakes in the analysis of a public policy *a posteriori*.

Among the factors indicated by the interviewed actors as determining factors for this drop in budget execution capacity, one of them is the end of the agreement with the FBB in 2007, whose validity allowed for greater agility in the execution of the planned actions. Another issue refers to the publication of the Interministerial Ordinance n. 127/2008, which put into practice the Management System of Agreements and Onlending Contracts (Siconv), with a series of requirements that resulted in adaptation difficulties on the part of the agencies that depended on these partnerships to execute their budget. This new system generated a substantial increase in the number of agreements signed by Senaes from 2008 without a proportional increase in the number of servers available, compromising the internal capacity for monitoring (Nagem e Silva, 2013).

In addition to these issues, there is a need for a better understanding of the dynamics of the budget process itself in Brazil. As a former director of Senaes explained, there are some setbacks until reaching the final resource for each action inserted in the PPA:

[...] you have the LOA, which is an authorization law for the federal government [...], it authorizes the Executive Branch in those actions, in those programs and in those purposes. The federal government is authorized by Congress to execute up to a certain amount of resources. As this always passes by changes in Congress, and for any other conjunctural reason, the government can redo its accounts. So normally, at the beginning of the year, the government or more specifically these three key ministries that are Finance, Planning and Casa Civil define the so-called budget limit, either for a whole year or for a certain period, and the President of the Republic issues a decree establishing these limits by agencies and not by program or action. So we work with this limit (Director A).

This system of budget limits brings some inconvenience to the responsible manager. One of them is the inexistence of a regularity in the financial flow, since the payment occurs as there are resources effectively in cash, released according to the authorization of the government economic policy. In addition, a significant part of the financial balance is only released at the end of the year, which makes its execution difficult, increasing the stock of "remains to pay" in the accounting of the following year. Thus, the greater the volume of expenses contracted in previous years, the smaller the

space to meet the programmed expenses for the current budget, which may raise the dispute over available financial resources.

### *3.2. Phase II - Incomplete expansion*

The PPA 2012-2015 brought significant changes in its organizational structure, adopting a more aggregative thematic ordering. The changes were based on assumptions about the logic of the model adopted until then, which in addition to having a high number of programs, which made its control difficult, did not encourage intersectoral actions, because each program was associated with a single management unit. To minimize this sectoral hermeticism among the different agencies, the federal government proposed a new budget planning system where programs included complementary activities managed by different ministries, called "thematic programs". As a result, the number of PPA programs was drastically reduced (from over 400 to 65), with the dual intention of facilitating control and inducing greater programmatic intersectorality.

The actions of Senaes were included in the thematic program Regional Development, Sustainable Territorial and Solidarity Economy (code 2029), including actions linked at the time to the Ministry of National Integration (MI) and the Ministry of Agrarian Development (MDA), besides the MTE itself. Most of the previous activities remained within the new program, while some were altered or dismembered. Senaes remained responsible for the budgetary action "8274 - fomenting the organization and development of cooperatives operating with solid waste".

It should be noted that, as of 2012, the policy of solidarity economy was included in the federal government's Brazil Without Misery Plan (PBSM) as an element to achieve the goal of productive inclusion of priority publics (Silva, 2011; 2020; Silva and Schiochet, 2013). This institutional recognition of the issue provided a considerable budget increase for Senaes: R\$ 134.4 million in 2012, a real growth of 41.9% over the previous year.

On the other hand, structural difficulties and changes in the conduct of economic policy each year followed as impediments to the implementation of programs. The IEO for the four-year period 2012-2015 was well below the average identified in the previous PPA (22.8% against 41.2%). In 2012 alone, the IEO was above the average for the period, reaching 40.5%. The table 3 presents all these data, by year and by activity of the PPA.

**Table 3: Budget allocation and execution: 2012-2015**

Projects/PPA		2012	2013	2014	2015	Total
2A84 – Maintenance of SIES	LOA (R\$)	1.091.838	0	0	0	<b>1.091.838</b>
	IEO (%)	15,4	0	0	0	<b>15,4</b>
2A85 – Training of Educators and Managers	LOA	5.732.148	9.020.470	8.271.043	9.848.300	<b>32.871.960</b>
	IEO	3,0	18,1	15,9	12,6	<b>13,4</b>
20JK – Encouragement to Certification	LOA	1.364.797	1.424.246	1.471.059	5.471.278	<b>9.731.380</b>
	IEO	0	100	72,8	8,3	<b>28,9</b>
20YT – Promotion of Enterprises and Networks	LOA	1.636.392	17.314.950	17.668.949	20.243.728	<b>56.864.018</b>
	IEO	0	30,6	18,8	33,9	<b>27,5</b>
20ZL – Strengthening the National Policy of Solidarity Economy	LOA	1.137.330	0	0	0	<b>1.137.330</b>
	IEO	0	0	0	0	<b>0</b>
4641 – Publicity	LOA	1.364.797	515.455	0	0	<b>1.880.252</b>
	IEO	0	0	0	0	<b>0</b>
4737 – Promotion of Work and Income Generation	LOA	15.248.195	0	0	0	<b>15.248.195</b>
	IEO	12,4	0	0	0	<b>12,4</b>
4739 – National Trade Organization	LOA	2.729.594	13.939.390	5.982.402	10.942.556	<b>33.593.942</b>
	IEO	65,9	49,1	90,1	29,9	<b>41,0</b>
4827 – Development of Social Technologies	LOA	682.399	0	0	0	<b>682.399</b>
	IEO	100	0	0	0	<b>100</b>
4850 – Incentive to Incubators	LOA	5.459.188	10.405.269	6.055.063	9.848.300	<b>31.767.820</b>
	IEO	64,8	11,7	14,9	17,2	<b>22,4</b>
8056 – Promotion to Solidarity Finances	LOA	5.732.148	18.122.609	10.808.507	10.395.428	<b>45.058.692</b>
	IEO	34,1	0	18,3	32,7	<b>16,8</b>
8078 – Development Agents	LOA	4.664.194	9.155.117	14.895.455	9.845.017	<b>38.559.783</b>
	IEO	90,1	17,6	36,1	26,9	<b>35,2</b>
8138 – Implementation of Multifunctional Spaces	LOA	7.301.664	11.597.747	11.746.822	7.663.055	<b>38.309.289</b>
	IEO	4,5	23,1	1,5	12,5	<b>10,8</b>
8420 – Stimulus to Public Policies of Solidarity Economy	LOA	1.364.797	0	0	0	<b>1.364.797</b>
	IEO	47,1	0	0	0	<b>47,1</b>
8274 – Stimulus for Cooperatives - Solid Waste	LOA	78.864.800	69.461.482	74.477.276	46.505.861	<b>269.309.419</b>
	IEO	49,5	13,3	13,0	7,5	<b>21,8</b>
<b>Total</b>	<b>LOA (R\$)</b>	<b>134.374.280</b>	<b>160.956.735</b>	<b>151.376.577</b>	<b>130.763.522</b>	<b>577.471.115</b>
	<b>IEO (%)</b>	<b>40,5</b>	<b>18,6</b>	<b>19,3</b>	<b>16,1</b>	<b>22,8</b>

**Source:** Brazil Budget - House of Representatives.

It is worth highlighting some information regarding the operational dynamics of these actions during the period. In 2012, the second Mapping of Solidarity Economy was still under preparation, with resources foreseen via project 2A84. This activity began at

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the end of 2009, and ended up extending more than expected, due to a series of problems in hiring regional entities (Gaiger, 2014; Silva 2017a; 2017b; 2017c).

At the institutional level, two activities were planned with a budget allocation only in 2012, aimed at articulating and aggregating political forces to advance the formalization of standards considered relevant. One example was the approval of the Labor Cooperative Law (Law no. 12.690/2012), from a coordination promoted by Senaes among several interest groups (Pereira and Silva). Other important actions were: i) the participative formulation of a decree that disposes about the social cooperatives and institutes the National Program of Fomentation to the Social Cooperatives (Pronacoop Social); ii) the National System of Fair Trade (SNCF) (Antunes and Conti, 2019); and iii) the elaboration, in the scope of the CNES, of a draft law of the National Politics of Solidary Economy (Law Project no 4.685/2012) (Silva and Silva, 2015).

In terms of direct support to experiences of solidarity economy, two activities are specifically linked to the promotion and advising of associative enterprises. One refers to the work of technological incubators of cooperatives (code 4850) in institutions of higher education (Perissé et al, 2017). The second deals with the work of "development agents" (8078), which was already part of the previous PPA. Senaes also maintained an activity focused on promoting solidarity finance (8056), to support local financial management experiences, such as credit cooperatives, community banks and revolving funds (Silva, 2017b).

In the case of the Solid Waste Program (2067), the action to promote the organization and development of cooperatives operating with solid waste (8274) was placed under the responsibility of Senaes. This action entered the agenda of the PPA especially after the approval of the National Policy for Solid Waste (PNRS), with Law No. 12,305/2010, which officially recognizes the collectors of recyclable material as priority agents in solid waste management systems in Brazil (Silva, Goes and Alvarez, 2013). With the launch of the PBSM in 2011, they were included as one of the priority publics. This allocation, as already highlighted, resulted in a significant increase in the Senaes budget, representing 46.1% of its entire budget allocation in the period 2012-2015. In terms of execution, the result was not very satisfactory, ending the period with 21.8%.

Due to the relative importance of this activity in terms of resources, some additional considerations can be made here. The guideline for the definition of projects was the formation of associative enterprises of recyclable materials collectors. However,

the partnerships occurred under different paces. Among the reasons for this mismatch was the fact that municipal elections were held at the time scheduled for the preparatory activities, which led to the postponement of many projects (Anze et al., 2018). According to one of the officials interviewed, "the electoral exchanges reset the memory of the projects and put in check the agreements, which is in reality a voluntary partnership in which there is no way to force its execution". Still, even in the scenario of difficulties or lack of interest in executing them, "no city hall wants to return the money, so we say that they need to do something that makes sense according to the object that is in the contract".

It was also possible for the Senaes managers to identify a blatant deficiency in the use of legal instruments for the socioeconomic insertion of the collectors. Furthermore, the existing structures for waste selection, sorting and processing activities are insufficient to include the new waste pickers identified in the projects, and there are operational difficulties related to the feasibility of their projects, such as: low availability of land for the implementation of new structures; absence of solid waste management plans; and fragility to deal with administrative aspects (Silva and Schiochet, 2013).

In this sense, experience has shown that projects with such a specificity as the beneficiary public and the object of intervention require a temporality for the implementation and consolidation of their instruments normally greater than the deadlines foreseen in the initial planning.

### *3.3. Fase III - Paradigm Crisis*

The PPA 2016-2019 brought new methodological changes, consisting of a total of 54 thematic programs, each of them related to specific actions connected to a set of predetermined objectives, goals and initiatives. Among these programs was "2071 - Decent Work and Solidarity Economy", based on four structuring themes, each linked to an objective. The actions for which Senaes was responsible were in the objective "1091 - Promotion of Solidarity Economy and its Various Forms of Organization".

Unlike the previous ones, in the PPA 2016-2019 there is no budget allocation for each planned activity, which obstructs a more detailed analysis of the policy's programmatic conduct. The action to support cooperatives of recyclable material collectors (8274) remained under the management of Senaes, included in the objectives of the Environmental Quality Program (2083). The numbers of the budget cycle of the solidarity economy actions are shown in table 4.



**Table 4:** *Budget allocation and execution: 2016-2019*

Projetos/PPA		2016	2017	2018	2019	Total
Promotion	and LOA	49.224.756	41.709.768	14.581.012	35.800.736	<b>141.316.272</b>
Strengthening	of IEO	26,7	7,7	24,5	3,8	<b>15,0</b>
Solidarity Economy						
Promotion	for LOA	13.330.730	9.937.461	5.179.313	6.080.000	<b>34.527.504</b>
Cooperatives - Solid	IEO	30,9	18,7	5,5	0	<b>18,1</b>
Waste						
<b>Total</b>	<b>LOA (R\$)</b>	<b>62.555.486</b>	<b>51.647.229</b>	<b>19.760.325</b>	<b>41.880.736</b>	<b>175.843.776</b>
	<b>IEO (%)</b>	<b>27,6</b>	<b>9,8</b>	<b>19,6</b>	<b>3,2</b>	<b>15,6</b>

Source: Brazil Budget - House of Representatives.

The total budget allocation for Senaes shares decreased sharply compared to the previous PPA. Considering the total approved by the LOA in 2016, there is a 52.2% decrease compared to 2015. In 2019, the last year of the series, the drop is even greater, 67.9%. Taking into account only the resources of action 8274, the sum of the entire period represented 74.2% of the 2015 budget, which in turn was already falling compared to previous years. This decrease in the total budget of the policy resulted in a drastic limitation of the capacity to meet the goals projected in the PPA 2016-2019.

In terms of budget execution, the downward trend remained in relation to the previous PPA. The average IEO for the period was 15.6%, which demonstrates a substantial decrease in both the values approved and the values actually executed by the National Solidarity Economy Policy in Brazil, further deepening the scenario that had already been observed.

In 2019, the total executed was the lowest value of the whole series since 2004. The IEO for the goal 1091 was only 3.8%, while that for the goal 8274 was zero, that is, there was no execution of the budgeted resources. The combination of these two results led to an IEO of 3.2% this year.

In general, the operational difficulties listed above also fit into the evaluation of the execution of the budget foreseen in the LOA since the beginning of the PPA 2016-2019. However, other factors also directly influenced the analyzed budget performance. One of them refers to the political and administrative crisis that the elected president Dilma Rousseff's management faced from 2015 onwards and which culminated in an impeachment process in early 2016. In the midst of this turbulence, several areas of public

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policy went through instabilities that reflected in their ability to implement. At the same time, the country entered a strong economic recession, with a drop of almost 8% in GDP between 2015 and 2016, resulting in an abrupt reduction in tax revenues and increasing pressure on subsequent budget limits. The weak recovery capacity of the economy in the following years was another justification for the budget drop.

The sum of these factors resulted not only in a fall in the budget allocation assigned by law to the policy of solidarity economy, but also in the capacity to execute, as shown in Table 4. Based on these results, the issue, as a paradigm of public policy, began to face a moment of operational crisis, both in terms of available resources and execution capacity.

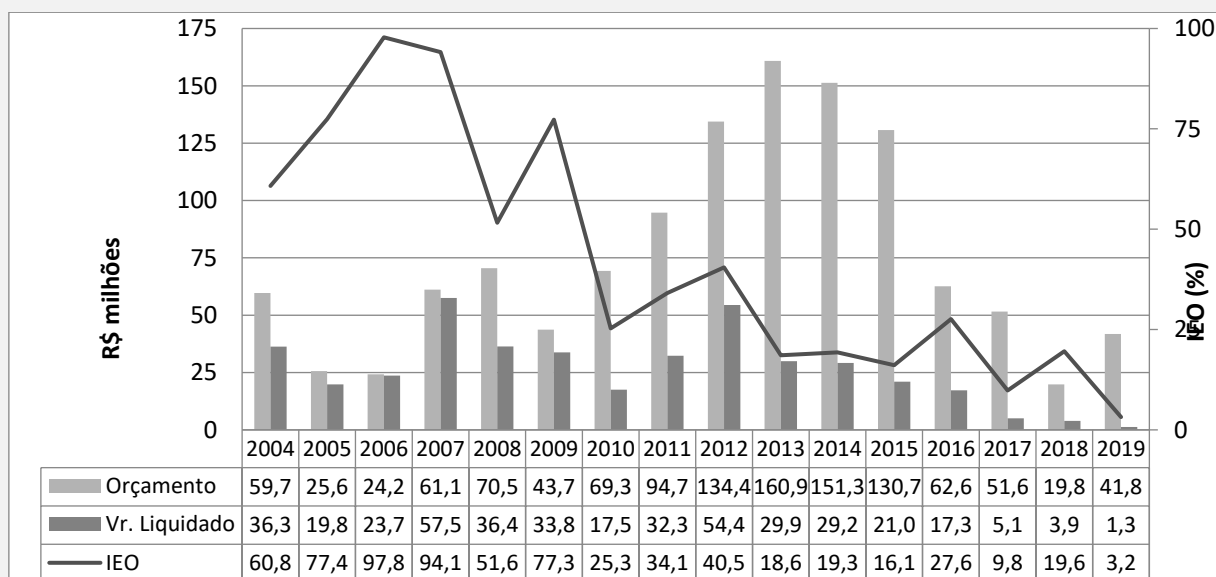
The table 5 and the figure 1 summarize the information taking into account the whole trajectory of the solidarity economy policy in the budget cycle of the Brazilian federal government. As observed, the subject closed the period of analysis immersed in a moment of unequivocal "paradigm crisis" in the government agenda, since both its budget allocation and its percentage of execution suffered significant reductions over the years. This trend continued with the new management of the federal government that took office in 2019, when the issue was practically banned from the agenda set for the PPA 2020-2023.

**Table 5:** Annual averages of budget indicators by PPA (2004–2019)

	Insertion and consolidation		Incomplete expansion	Paradigm crisis
	2004-2007	2008-2011	2012-2015	2016-2019
Budget allocation (R\$ millions)	42,7	69,6	144,3	43,9
Liquidated value (R\$ millions)	34,3	30,1	33,7	6,8
IEO (%)	80,5	43,2	23,6	15,4

**Source:** Brazil Budget - House of Representatives.

**Figure 1:** Evolution of budget and budget execution (2004-2019)



Source: Brazil Budget - House of Representatives.

Therefore, it can be said from an overview of the entire analyzed trajectory that the insertion of the solidarity economy in the federal government's agenda has been announced as a challenging act for the public administration, in the search for a strategy to combat unemployment and foster collective practices of local development. The policy was designed according to the assumptions that work is not restricted to subordinate employment, and that the effectiveness of state action in generating income and local development implies a perspective of transversal and participatory action. However, the tensions, contradictions and difficulties in the process of implementing programs and projects have, over time, been directly reflected in both the endowment and budget execution capacity, which in turn have served as indicators of the presence and evolution (or reversal) of the issue on the government agenda.

#### 4. Final considerations

As discussed throughout this text, the public budget consists of a management instrument in which the expectations of the flow of financial resources and the parameters for their application by the state power in a given period of time are formally recorded. To the extent that it represents the most visible and objective expression of the public fund, it becomes a field of political dispute in which the direction of spending and its respective sources of financing reflect the correlations of forces in society and the

interests involved in controlling existing resources. Therefore, the study on the composition of the budget and its effective execution is of great importance to understand the dynamics of social policies, especially when it comes to innovative programs on the government agenda.

From this perspective, the debate presented here aimed at problematizing the experience of planning and budget execution based on a specific theme of social policy in Brazil, the solidarity economy, bringing important elements of reflection when analyzing its trajectory and respective operational conditionalities. As it was possible to observe, the National Policy of Solidarity Economy went through different moments in the government agenda, which could be characterized based on the conjugation of the allocation and budget execution indicators calculated for this purpose.

The first moment was insertion and consolidation, covering two PPAs (2004-2007 and 2008-2011). The rise of the subject on the government agenda, with the structuring of Senaes and the launch of the PESD in the 2004-2007 PPA, providing it with its own resources, made it possible to launch an initial platform of actions to stimulate and strengthen the solidarity economy in Brazil. The PPA 2008-2011 confirmed its consolidation, not only by maintaining the structure in the state apparatus, but also by increasing the annual budget average in relation to the previous quadrennium. However, in the final two years, a significant drop in execution capacity was already apparent, with the effective value of spending remaining basically stable.

The second moment, of incomplete expansion (PPA 2012-2015), was marked by the deepening of the gap between the appropriations approved by the LOA and the amounts actually executed. This is precisely the character of incompleteness identified, since the policy of solidarity-based economy has survived throughout this PPA, on the one hand, with an increase in the annual budget allocation, but on the other, with a sharp drop in its percentage of execution, so that the increase in the allocation did not imply an effective increase in spending on the planned actions.

In the third moment, called the paradigm crisis (PPA 2016-2019), the tendency to reduce the annual budget volumes approved for the programs managed by Senaes has deepened. As the IEO remained low, there was a sharp retraction in the amount actually spent, representing less than one-third of the average annual values of the previous moments. This double relationship of decline highlights the paradigmatic crisis character of the solidarity economy as a domain of public policy, as pointed out in this study, since

the budgetary space for its actions has become increasingly residual in the set of social policies on the federal government's agenda.

Another highlight is that, since the policy of solidarity economy does not constitute a constitutionally foreseen action, like other policies of the public employment system such as unemployment insurance and salary bonuses (Silva, 2018d), its budgetary resources have always been subject to cuts or contingencies according to the priorities in the conduct of fiscal policy. This is one of the aspects that illustrate the logic reversal of the budget planning process in Brazil, as described in section 2, which affects the predictability of available resources for much of the social policies and compromises the achievement of its goals over the years.

Finally, the study also sought to survey, albeit preliminarily, the institutional and implementation infrastructure conditionalities that influenced its execution capacity, among which the following should be highlighted: *i)* fiscal policy decisions; *ii)* hiring and convenience rules; *iii)* technical-bureaucratic capacity; and *iv)* interfederative coordination difficulties. Such points, also present in the operational dynamics of other social policy areas, do not exhaust the debate on difficulties in budget execution of solidarity economy policy, but indicate possible paths to be deepened in future researches, since this study is part of a broader research program on the trajectory, challenges and perspectives for the solidarity economy issue in the government agenda.

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