

Positive Externalities, and Economy to the Treasury: Pro-activities of the Social Observatory in Maringá

*Externalidades Positivas e Economicidades ao Erário:
Proatividades do Observatório Social de Maringá*

Marcelo Torres Pinheiro¹

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Abstract: In economics, positive externalities express benefits generated to people who do not participate in the original action of the activity or work that generated them. The mission of the Social Observatories is to carry out social control activities related to the use of the public fund. But how to evaluate if the economic impact generated by the Social Observatory's work provided the economy to the Treasury? This research analyzed the work developed by the Social Observatory in Maringá (SOM) over a ten-year period starting in 2007, to better understand the economic contribution its activities provided to the local society. Through collected data, sought to describe and explain the qualitative attributes of the work carried out and to quantify the significance of the monitoring of municipal public expenditures in the various modalities of purchases and acquisitions. The irregularities were listed, as well as the amounts of economic income generated to the municipal coffers. It can be observed that the amounts recovered have a small nominal representation, but great economic relevance. Considering that the functional costing of the activity performed by the SOM is low, since a large part of its staff consists of volunteers, it can be concluded that, given the results achieved, the SOM is a generator of positive externalities.

Keywords: Positive Externality; Economy to the Treasury; Social Control; Social Observatory of Maringá.

¹ Centro Universitário Unicesumar – E-mail: martopin@gmail.com.

Resumo: Em economia as externalidades positivas expressam benefícios gerados às pessoas que não participam da ação original da atividade ou trabalho que as geraram. Os Observatórios Sociais têm por missão realizarem atividades de controle social relacionadas ao emprego do orçamento público. Porém, como avaliar se o impacto econômico gerado pela atuação do Observatório Social proporcionou economicidades ao erário? Esta pesquisa analisou o trabalho desenvolvido pelo Observatório Social de Maringá (OSM) ao longo de dez anos a partir de 2007, para melhor compreender a contribuição econômica que suas atividades proporcionaram à sociedade local. Por meio de dados levantados, buscou-se descrever e explicar os atributos qualitativos do trabalho exercido e quantificar a significância do acompanhamento dos gastos públicos municipais nas diversas modalidades de compras e aquisições. As irregularidades foram relacionadas, assim como os montantes de proveitos econômicos gerados ao cofre municipal. Constatou-se que os valores recuperados possuem pequena representatividade nominal, mas grande relevância econômica. Considerando que o custeio funcional da atividade exercida pelo OSM é baixo, uma vez que grande parte de seu quadro de colaboradores é formado por voluntários, conclui-se que diante dos resultados alcançados, o OSM enquadra-se como gerador de externalidades positivas.

Palavras-chave: Externalidade Positiva; Economicidade ao Erário; Controle Social; Observatório Social de Maringá.

1. Introduction

The literature that deals with externalities distinguishes them in two polarities and considers them as problems arising from economic activities with markets that are not yet properly structured. When several damages are generated to those who are not directly involved in the activities, such as harmful byproducts to humans and the environment, they are classified as negative externalities. On the other hand, when individuals or the environment benefit from the action of other people in the exercise of a particular productive activity, such advantages are characterized as positive externalities.

When considering that social development encompasses the notion of belonging to a place or community and the understanding of the word citizenship, through the enjoyment of full democratic rights, we come to understand the important task of social control. Although it is present in the 1988 Constitution, it has a slow but positive evolution.

The Ethically Responsible Society (ERS) was established in 2004 in the city of Maringá/PR, as a non-profit civil society with administrative and financial autonomy, whose mission is to promote the active participation of society in the Control of Public Management. In 2006, it received the denomination of Social Observatory of Maringá

(SOM), incorporating itself to the national network of observatories that share the purpose of awakening the spirit of Tax Citizenship in the organized society, by means of locally social awareness.

One of the main lines of action of the Social Observatories, including SOM, is directly related to the search for economy in public administration, since it acts preventively in the processes of acquisition of goods and services, aiming objectively at management efficiency through social surveillance of budget implementation.

In this sense, it is important to assume that the efforts undertaken by this type of civil society, mostly composed of volunteers, promote positive externalities for the benefit of society as a whole, characterized by their proactivity and commitment in their actions, favoring, among the benefits, possible savings to the public funds. Such savings allow the use of scarce budget resources to be expanded by simply increasing their availability, given a better and optimized use.

The understanding of the contributions of positive externalities has been expanding, and can be observed in several areas of knowledge, such as: sports, mobility, culture, education, health, recycling, sanitation, environment/legal reserve, shared management, biofuels, public policies for investments in infrastructure and social development.

This article uses descriptive and explanatory research in a case study that aims to investigate whether the performance of the SOM can be classified as a positive externality, due to its operating characteristics and the results obtained. It was chosen to conduct a broad general analysis (2007 to 2016) and in a more detailed manner for the years 2015 and 2016.

The Social Observatory of Maringá, headquartered in the city of Maringá, state of Paraná, is a non-profit civil society organization, of indefinite duration, with administrative and financial autonomy. It is registered with CNPJ No. 06.161.227/0001-03; Municipal Public Utility - Law 8.483/09; State Public Utility - Law 16.613/10; Federal Public Utility - Ordinance 2.090/12.

Among other research objectives, considered secondary, is to identify the profile of the most recurrent errors committed by the municipal public administration in relation to bidding processes for purchases and acquisitions, as well as to estimate, for the period, the contribution of the SOM's performance to the economy of the Treasury of the Municipality of Maringá.

A mixed semi-structured questionnaire was used to obtain specific answers about SOM's activities, since both the Observatory and the Municipality have websites with a variety of public information. This is essentially a qualitative research work, but with some data receiving quantitative treatment, in order to favor a better analytical understanding.

2. Theoretical Framework

Public administration is conducted by means of constitutional norms, laws, and codes that establish procedures that delimit the actions of public agents. The reforms undertaken in the public sector since the end of the last century have modernized management and the mechanisms of control and accountability. The increased power of citizens over public administration represents a significant advance, with emphasis on accountability.

In a broader view, accountability translates into the responsibility of the government (i.e., career civil servants, contractors, and those holding elected office) to meet management objectives and be accountable to the public for their actions. For the United Nations, according to Armstrong (2005, p. 4) the concepts of integrity, transparency and accountability have been identified as founding principles of modern public administration. Integrity refers to the "honesty" or "trustworthiness" of the public official to perform official duties, and is therefore an antithesis of "corruption" or "abuse of office." Transparency refers to unrestricted public access to timely and reliable information. While accountability is the obligation on the part of officials to provide information pertinent to the use of public resources and accountability for failing to meet stated performance objectives.

The literature deals with some interpretative forms of the mechanism, scope and dimension of accountability. These include: the vertical, the horizontal and the social. O'Donnell (1998) points out the characteristics of two perspectives of accountability: the vertical format refers to the democratic use of the vote in choosing or not choosing representatives, while the horizontal format concerns the institutional mechanisms of evaluation and inspection of the public agent's conduct - relevant to the purpose of public agencies specifically created for the purpose of control and inspection.

Peruzzotti and Smulovitz (2002, p. 7) say that social accountability is a sum of interests of civil society and the media in favor of providing control over the government

and, in certain situations, compensating for some deficits of the public power towards society. They act by providing an external monitoring of the acts of the public administration and, when necessary, trigger the legal channels (official agents of horizontal accountability) of control.

According to Abrucio and Loureiro (2005, apud Schommer and Moraes, 2010, p. 4), Social Observatories do not have the power to exercise a direct sanction on managers; however, their action can mobilize and influence other accountability mechanisms, such as judicial, parliamentary or administrative controls or even influence elections and intertemporal state rules.

However, it is not enough to monitor public administrative procedures without a purpose that supports the efforts of several people. The 1988 constitution incorporated the principle of efficiency to the public administration, being, therefore, one of the goals to be pursued by public managers. This principle is directly related to results-based management, characterized by the delivery of value to society.

From the perspective of accountability for results, Barrados and Mayne (2003, p. 4) state that it is necessary to establish accountability for the results of public administration, with accountability being a relationship based on obligations to demonstrate, review, and assume commitment for the performance achieved - based on expectations and the means used.

But result orientation will never exempt human beings from making mistakes and errors, given the competition and influence of several intrinsic and extrinsic factors to individuals and organizations. This aspect reinforces the importance of social control, which, despite being insufficient, is representatively relevant to the necessary morality of the agent - public servant, and of expressive significance with regard to the efficient and effective use of scarce treasury resources.

Barrados and Mayne (2003, p. 11) further ask about the values that a public organization should exhibit to "embrace mistakes" and extract lasting learning. In this context, they suggest that for active learning based on the errors revealed, one should consider: a search for explanations of the error; accept and discuss the facts discovered with integrity, problem orientation, and transparency; and, adopt new approaches as a result (accountability).

Social observatories are part of the set of institutions that have the characteristic of occupying the organizational and social space called the third sector. Normanha Filho

(2006, p. 129) adopts the conceptualization of the term third sector as being that which gathers organizations constituted and regulated by the legislation in force, structured, managed and sustained by private initiative, but of public interest, namely of a social nature and that aim to overcome the absence or deficiency of the state.

The creation of the Social Observatory of Brazil occurred through the transformation in 2010 of the already existing Tax Citizenship Institute, headquartered in the city of Maringá – state of Paraná / Brazil, but with a broader scope of action from the mission of "awakening the spirit of Tax Citizenship in the organized society, making it proactive, through its own Social Observatory, exercising social surveillance in its community, integrating the Social Observatory System of Brazil" (OSB, 2019).

Assis and Godoy (2012, p. 7) put that the SOM presents a new form of social control and that its main characteristic is the strengthening of local governance by the effort of making the bidding process more transparent, acting in a preventive and effective way, differently from the corrective process of the Courts of Account and Legislative Power. According to Grau (2000, apud Assis and Godoy, 2012, p. 2) social control occurs when it forces the state to be more transparent and provide information about its actions and decisions to society, thus providing the opportunity to measure the consequences and evaluate whether social interests are being respected.

The local public administration has, among its duties, that of seeking to promote local development. For Buarque (1999, p. 10), the promotion of local development results from a favorable political and social environment, through an important convergence of interests of the social players or community in favor of certain priorities and basic guidelines.

The Permanent Bidding Commission - PBC is a body created by the public entity, supported by the Federal Law 8.666/93, which is responsible for receiving, examining, and judging the documents and procedures related to public bids in the modalities: competition, price taking, and invitation. It is through the performance of the PBC that the procedures of purchasing and contracting goods and services by the public administration are carried out.

In most organizational environments, full of processes, deadlines and shared responsibilities, failures and mistakes are more common than one can imagine. Bidding processes require the straight conduct of legal procedures, organized sequentially with the perspective of avoiding errors that can contribute to making them unviable.

In the case of vices and irregularities observed in bidding, the "Court of Audit of the Union" (2013) lists the most common problems observed, such as: missing or insufficient preliminary technical studies; members of the bidding committee not exercising their responsibilities; unsubstantiated indication of brand; poor preparation of the object description in the work plan or terms of reference; and, price research not performed or performed improperly. Among the frauds, the following stand out: overpricing or overbilling; cartel agreements or ties between stakeholders; and, fractionation.

Edmondson (2014, p. 8) addresses the challenges of seeking to avoid errors, since emotional and cognitive factors act against the will and interest in conducting a clean conduct. In this sense, the importance of analyzing the causes of errors is added to the relevant role played by leadership. For when a failure is detected, it is essential to go beyond the obvious and superficial causes, where one must seek to understand the root cause of the problem. This requires discipline and enthusiasm, as well as the use of sophisticated analysis to ensure that the right lessons are learned and the right solutions are adopted.

Errors can be sorted in various ways. Here we will consider the terms reprehensible and not reprehensible. Condemnable errors stem from voluntary deviations from rules and ethical conduct, while non-condemnable errors have a wider range of classification, from simple lack of attention to situations that require extreme skills and knowledge. Edmondson (2014, p. 3) presents a spectrum of reasons for making mistakes, where it is noted that mistakes may not be solely the responsibility of the employee, as issues concerning the object of the activity and the environment sometimes actively interfere.

Mankiw (2014) says that externalities represent the impacts of the actions of one person or organization on the welfare of others who are not directly or indirectly related to the action. In this case, when they are harmed, they are subjected to negative externality, and when they are benefited, they are subjected to positive externality.

Externalities (negative and positive) are treated by the microeconomic literature as market failures. It assumes that the market economy is the ideal mechanism for the efficient allocation of resources. But, there are situations where inefficiencies are observed. Economic studies, in general, show a prevalence of negative impacts, where production costs do not reflect the indirect costs caused to the potential harmed by the

manufacture of a certain product and/or its by-products. It is then up to the state to establish sanctions or compensation. This approach can be better understood in the works of Arthur C. Pigou (*Welfare Economics* - 1932), Ronald Coase (*The Social Cost Problem* - 1960) and Edgar K. Browning (*External Diseconomies, Compensation and Measurement of Damages* - 1977).

Simpson (2007, p. 124) explains and exemplifies the concept of positive externality: when a person is not involved in the production or consumption of a good or service and receives a benefit for which he has not paid he is said to be the recipient of a positive externality. An example is the immunization of individuals not involved in the vaccination who benefit without paying for someone else's initiative. He benefits because the more people get immunized, the less likely it is that individuals not directly involved will be exposed to infection, and consequently fewer people will contract the disease.

In general, positive externalities are less present in our daily lives than negative externalities, which according to Simpson (2007, p. 125) is due to the non-payment by external beneficiaries. Therefore, these beneficiaries of positive externalities do not provide incentives for more positive situations to occur.

In the concept implicit in the relationship between public administration and society, according to Andrade (2004), the externality has always been relevant in economic regulation focused on education issues, where social costs and benefits are at stake. Ortiz and Ferreira (2004), in turn, relate public authorities to environmental issues, and emphasize that when the social benefit is greater than the private benefit, it can be considered representative of a positive externality.

In this theoretical conception, the positive externality relationship in education grants representative gains not only for the individual but for the entire society. Amorim and Neto (2012, p. 6) note that if a higher educational level makes the population skilled at a more technical level, then the entire society is benefiting (and indirectly the state itself). According to McMahan (2018, p. 4) external benefits include the direct benefits of education for the development of civic institutions that slowly, over long periods of time, contribute to the rule of law, democracy, human rights, and political stability.

Returning to the basic principle of efficiency in public administration, which considers the adoption of legal and moral criteria necessary to achieve the best use of public resources in order to avoid waste and provide the highest social return, Mazza (2016) notes that among the values embedded in the principle of efficiency are: economy,

quality, speed, and productivity. Therefore, it is inferred that it is a duty of the public administration to seek for its achievement to thus deliver the best results to society.

As stated by Bruno (2008, p. 69, apud Araújo e Rodrigues, 2012, p. 48), the principle of economy is related to the cost-benefit analysis that ensures no waste of public resources. There is a close relationship between efficiency and economy, but, as Araújo and Rodrigues (2012, p. 49) note, in matters of public procurement, meeting only the requirement of low costs does not imply full compliance with economy, since efficiency standards are also required to configure an economically satisfactory action.

The website of the Social Observatory of Brazil (<https://osbrasil.org.br/>) reports on several initiatives from various observatories that report "estimated or obtained savings" through control actions with public administrations.

The OSB Code of Conduct (2018, p. 13) records that the work developed has the preventive character, with a focus on the efficiency of public management and without issuing value judgment. Thus, it reinforces the fundamental principles involving the responsibility to promote transparency, the exercise of citizenship, and the efficiency of public management.

3. Methodological Procedures

This research has a qualitative purpose, with descriptive and explanatory characteristics, seeking to provide comprehensive support for the impact of positive externalities arising from the activities performed by social observatories with respect to the contribution to the economy of the Brazilian municipal government's public funds.

Gergen and Gergen (2006, p. 367) state that "the field of qualitative research provides some of the richest and most rewarding explorations available in contemporary social science".

Therefore, a bibliographic research about the profile of the social observatories organized by the SOB System (*Observatório Social do Brasil*), which is present in 150 cities and 17 Brazilian states, was undertaken. As a non-governmental and nonprofit institution, SOB disseminates a standardized methodology that is implemented throughout its network.

As an explanatory resource for the confrontation of the formulated general objective - to verify whether Maringá's Social Observatory is a generator of positive externalities to society - a case study was employed. The data collected was by means of

a semi-structured questionnaire and documents concerning the organization's management reports for the years 2007 to 2016.

For Gil (2007), when using the case study, it is advisable to use explanatory research, also known as causal, because it aims to identify, under the reason of the events observed, the factors that contribute to the contextualization of a given phenomenon. According to Yin (2005, p. 32), "the case study is an empirical investigation that investigates a contemporary phenomenon within its real-life context [...]".

4. Data Analysis and Discussion

The Data was made available by members of the Management Committee of Maringá's Social Observatory by means of a mixed questionnaire (open and closed questions), in addition to the forwarding of official data files processed by the SOM for the purpose of accountability for the years under analysis.

The Social Observatory of Maringá has promoted, since 2008, the accountability of its activities to society, making the public dissemination of its work in social meetings and specific events. The data are available on the "Supervision" tab on its website (www.observatoriosocialmaringa.org.br), under the title: SOM Reports.

Among the works of dissemination of SOM's activities are "Education for Citizenship" and "Monitoring Public Spending". According to SOM, the aim is to awaken in society the interest in monitoring the use of public resources, as well as to make the population aware of its importance. The data, based on technical, substantiating, and legal criteria, are presented biannually and reported annually for information dissemination.

4.1. Education for Citizenship

The premises of this action are: the understanding of the social function of the tax and the inspection for the correct application of public money.

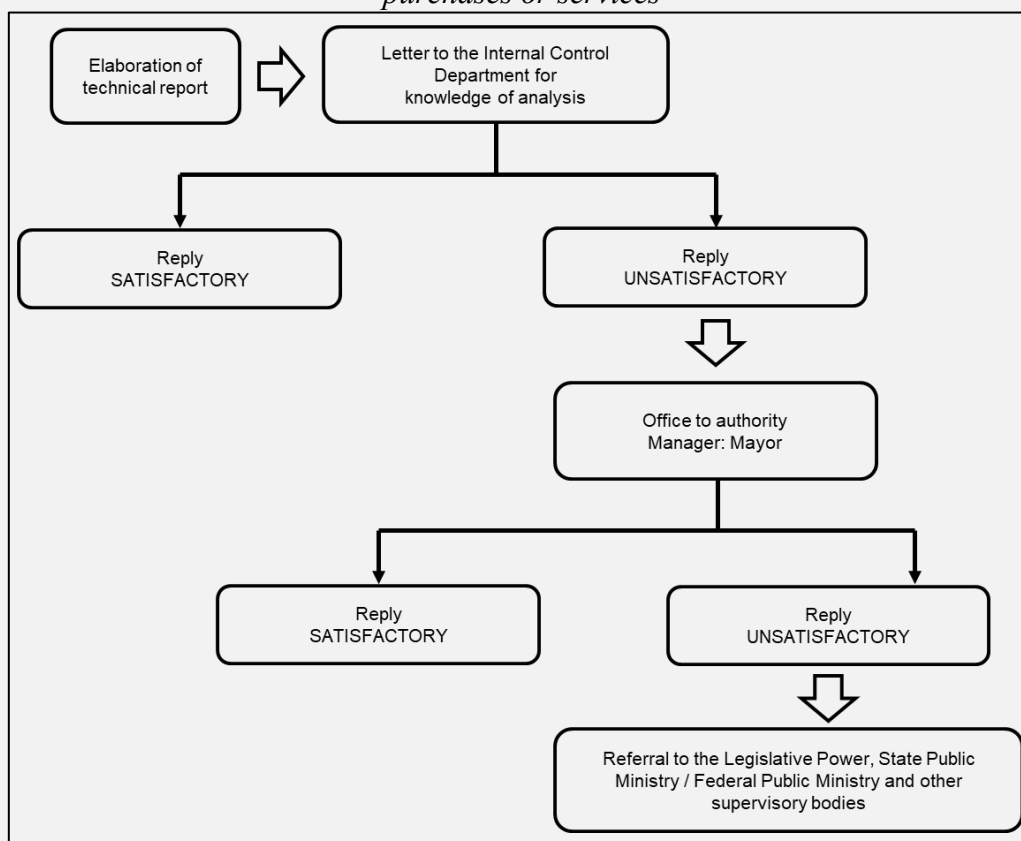
As for the awareness of fiscal citizenship, the following issues stand out: the existence of a social observatory that acts effectively in inspection, which is only feasible through society's awareness of the importance of social control; a proactive attitude towards what is public; the perception that the tax burden is high and that there is inefficiency in public spending - thus the need to monitor the correct application of taxes collected.

The target audiences for this action are elementary and high schools, universities, service clubs, businessmen, and public agencies in general. To deal with this theme, scenic, ludic, and didactic resources are used, such as: theater plays; songs and poetry that talk about citizenship; practical workshops; essay, article, and monograph contests about fiscal citizenship; lectures, seminars, and training courses.

4.2. Monitoring of Public Expenditures

The SOM uses a methodology based on the city of Maringá's Organic Law (Art. 11 §10 and Art. 78) to challenge the city government's acts. Figure 1 shows the flow chart of the applied method.

Figure 1: *Flowchart of the methodology for monitoring public expenditures related to purchases or services*



Source: adapted from the OSM (2019).

In the years 2015 and 2016, 244 administrative processes were analyzed by sampling in the amount of BRL 258,390,663.09. These represented 5.3% of the processes in execution in the period, amounting to around 21% of the expenses incurred by the Municipality of Maringá. Table 1 shows the quantities of processes according to the bidding modality and their participation in values.

Table 1:

Statement by category / value of processes evaluated by the SOM in 2015/16

Modality	Participation %	Nominal Value (BRL)	Participation %
Auction	62	106.069.583,51	41,06
No-bid acquisition	13	2.437.892,81	0,94
Competition	11	132.034.144,20	51,10
Sole-source	6	10.860.313,32	4,20
No-bid contract	4	4.816.600,00	1,86
Solicitation of price	4	2.028.249,25	0,78
Invitation	0,4	143.880,00	0,06
Representation	100	258.390.663,09	100,00

Source: adapted from activities developed in 2015-2016, OSM (2019).

The Federal Audit Court and the State Audit Court classify the types of errors in bidding processes into defects or irregularities, which may occur due to mistakes and inattention, and the deviations are considered intentional frauds.

From the set of 244 processes analyzed in 2015/16, 35 processes with irregularities classified as of direct economic benefit were separated. In these processes SOM detected 13 types of errors that are listed in Table 2. It is noted that sometimes more than one error is found in the same process.

Table 2:

Statement of procedural errors in public procurement analyzed in 2015/16

Typology of Irregularity	Participation %
Payment made without performing the service	27
Targeted bidding	11
Maintenance priced higher than new equipment	11
Bid amount without justification	9
Absence of unit price	9
Limitation of competition	6
Official publication missing information	6
Existing bid with lower price	6
Overprice	3
Bidding method	3

Quantities without justification	3
Irregular Additives	3
Error in official publication	3
Representation	100

Source: adapted from activities developed in 2015-2016 OSM (2019).

When the SOM detects an irregularity and receives a satisfactory response from the municipal authority, the following steps are normally taken: return to the public coffers of the amount of the irregularity observed; bid corrected and republished with adjustments (value and/or quantity); bid revoked, cancelled or nullified.

In the absence of satisfactory answers to the letters of clarification sent to the City Hall or in the absence of adjustments and corrections, when the irregularities are confirmed, complaints are reported, according to the characteristics of the case under analysis, to several higher official instances, including accounting controls.

4.3. Tax Activities of SOM

The Frame 1 was structured based on the questionnaire answered by the SOM Management Committee in September 2019 and is intended to better understand its organizational, physical and operational cost structure.

Frame 1: SOM human resources framework

General Structural Aspects of SOM			
Gender	Masculine	Feminine	
The amount	33	25	
Age range	20 to 78	18 to 65	
Staff	Employees	6	10,3%
	Volunteers	48	82,8%
	Others (for example: interns)	4	6,9%
	Total	58	100%
Training areas	Law	15	25,9%
	Accounting	10	17,2%
	Management	8	13,8%
	Economy	5	8,6%
	Others: teachers; agricultural engineer; students; healthcare professionals, consultants.	20	34,5%

Source: own elaboration.

The Management Committee was questioned about the average time of the processes it analyzes and the number of people involved in each process. In response, the organization's management informed that the average time it takes to analyze a process depends on its object and other factors that may contribute to the period it is active, but on average it takes two months, and there are cases in which the execution of the contract is followed up, reaching up to a year; on average, 10 people are directly involved in the analysis of a process, but other people occasionally contribute indirectly or sporadically.

According to the Management Committee, the processes to be analyzed are selected taking into account the history and the total amounts involved.

As for the SOM operational costs involved in the analysis of a single process, the Management Committee estimated the amount of BRL 550.00 per month. This amount is related to expenses with office supplies, vehicle costs and general expenses with the physical space used (energy, water, cleaning, and others). According to the organization, the cost of maintaining the SOM is approximately BRL 35,000.00 per month of expenses (salaries, charges, general administrative expenses, etc.).

Considering the pioneering work of the SOM and its years of experience, the question was asked about which initiatives adopted by the Municipality of Maringá, in particular the Permanent Bidding Commission, were fostered by the work of the SOM. According to the organization: the bidding rooms became computerized, with recording/transmission of the bidding sessions in real time (any citizen can watch the sessions through the internet) and automatic protocol was implemented, as before it was manual. The minutes, which previously did not contain the Social Security Number and the National Register of Legal Entities numbers of the entrepreneurs, are now informed in all the documents of the processes.

4.4. Economic Income Generated from Public Safes

In addition to the work performed with the Municipality of Maringá - PMM, SOM also acts in the social control of public spending with the City Council of Maringá - CMM and the State University of Maringá - UEM, which is a public institution of higher education based in the city and maintained by the Government of the State of Paraná.

Table 3 presents the amount of economic benefit generated by the SOM between 2007 and 2016 with the three public agencies (PMM-CMM-UEM).

Table 3: *Values calculated from economic income between 2007 and 2016*

Year	Economic Benefit (BRL)	Value Corrected by IGP-M* (BRL)
2007	8.210.201,85	16.667.525,39
2008	3.902.207,25	7.214.816,37
2009	14.377.103,75	27.044.379,56
2010	6.611.197,19	11.171.526,73
2011	3.299.154,00	5.304.856,18
2012	7.225.313,43	10.776.275,14
2013	9.625.026,18	13.604.391,36
2014	12.883.968,40	17.565.205,02
2015	3.878.710,23	4.783.596,66
2016	13.115.662,04	15.090.483,85
Total	83.128.544,32	129.223.056,40

* IGP-M (General Price Index – Market) of September 2019.

Source: economic income of agencies monitored by the OSM (2019).

With reference to the economic benefits generated specifically by the actions of inspection and monitoring of municipal purchases of the Municipality of Maringá, Table 4 shows the values for the years 2015 and 2016. It should be noted that the calculation of the economic benefit, according to the SOM Management Committee, is performed using the value of the municipality's budget execution in the year, subtracting the values of personnel expenses.

Table 4: *Analyzed City Hall of Maringá processes and generated economic benefits*

Year	Processes Analyzed	Total Values (BRL)	Irregular Processes	Economic Income (BRL)	Economic Income (BRL) Corrected by IGP-M
2015	120	67.645.159,07	11	3.500.308,64	3.869.392,08
2016	124	180.169.767,80	21	5.799.575,25	6.216605,31
Total	244	247.814.926,87	32	9.299.883,89	10.085.997,39

Source: Own elaboration based on data on the amount of economic benefit arising from irregular processes of the City Hall of Maringá (OSM, 2019).

It should be noted that Maringá City Hall maintains various data and information already processed in the form of tables and graphs on its website (<http://www2.maringa.pr.gov.br/>), including the Transparency Portal with tab options and links, where it is possible to access various documents from the year 2014.

4.5. Evaluation and Analysis of Collected Data

- The initiatives and effective actions related to citizenship and fiscal education represent the most important long-lasting elements for sustaining the community's citizen awareness towards public money, and consequently, towards all public goods in general;
- The Social Observatory of Maringá has a robust and multifunctional team, which integrates youthful strength, enthusiasm, knowledge and maturity. The dedication to the public and social cause involves everyone, and 83% of the workforce is made up of volunteers;
- SOM's operating costs are low when compared to the economic and social income generated;
- The economic income generated in the years 2015/16 is significant in absolute values, but its relative share in the municipality's budget amount is not expressive, representing approximately one percent ($\approx 1\%$) of total expenses, or approximately five percent (5%) excluding civil service costs;
- The amount calculated for the years 2015/16 reaches the figure of 10 million BRL, which is equivalent to the budgets of many municipal departments, as shown in Table 5.

Table 5: *Expenses by City Hall of Maringá bodies in the years 2015/16*

Municipal Agency	Administrative and operating expenses - amounts paid in 2015 (BRL million)	Administrative and operating expenses - amounts paid in 2016 (BRL million)
Municipal Department of Planning and Urbanism	4,06	4,93
Municipal Secretariat for the Environment	3,35	3,64
Municipal Secretariat for Women	2,37	1,89
Municipal Secretariat of Basic Sanitation	0,62	0,63
Municipal Secretariat of Social Interest Housing	1,52	2,45

Source: Own elaboration, adapted from the City Hall of Maringá (OSM, 2019).

- Considering the value of 10 million BRL in economic gains generated to the public funds by the monitoring and evaluation actions of the SOM along with the

use of public resources, in accordance with the law, it is observed that it can be directed to various investments of social interest, such as:

- Construction of 10 Basic Health Units type I - UBS I, of 250m², in the unit value of approximately BRL 850,000.00, according to the spreadsheet of the National Confederation of Municipalities (CNM, 2017);
- Construction of 4 standard Full-Time School units for 1,500 students, in the unit value of approximately BRL 2,200,000.00, according to the National Confederation of Municipalities (CNM, 2017);
- Acquisition of 22,625 units of food baskets (according to the value ascertained of the basic food basket in Curitiba-PR in the months of July/August 2019 by the Intersindical Department of Statistics and Socioeconomic Studies (DIEESE, 2019).

5. Final Considerations

The characterization of the positive externality is not always objectively or directly measurable, since in some cases it is a long-term growth, such as investments in education and basic sanitation, the formation of local productive arrangements, and the tripod: research, development, and innovation.

As for the positive externalities, the first one that stands out due to SOM's performance is the education for fiscal citizenship, through the wide formative promotion for students, teachers and all the citizens of Maringá. The external control exercised by its integral members, either instituted or voluntary, is applied democratically with the primary purpose of watching over the money, which is public. The sagacious disposition for a fair response, which is not limited to merely pointing out legal improprieties or non-conformities, aims to see the scarce resource being applied with efficiency, efficacy, and effectiveness for the good of all citizens without any kind of discrimination.

In turn, the economy is continuously expanding, first by learning and improvement in the handling of public resources provided by the cycle: plan - execute - verify - learn. Second, by continued education and vigilance, aiming to provide the best use of scarce money and a competent use for the benefit of citizens. The amounts recovered, arising from procedural errors or omissions, whether reprehensible or not, show that there is still much to improve in local public management, which, without any reservations, can be extended to the entire Brazilian public organization.

The consideration of the performance of the Social Observatory in the generation of positive externalities is perceptible and relevant for bringing together all the characteristics required for its framework. This observation can be extended to all Brazilian social observatories that use similar methodologies and equivalent procedural conducts.

Considering that in economics, when an externality is identified and proven to be positive, there is a tendency for the government itself to confer recognition and incentives, given the extension of the nature of the benefit to the public. This line of reasoning, however, clashes with the basic premises of the "social observatory" entity, especially with regard to independence and autonomy. However, the merit of the contribution to society is in itself rewarding and motivating for the improvement of Brazilian public institutions and for society.

The expansion of the understanding and scope of positive externalities in economics is a finding that can favor and encourage the expansion of this line of study to many other social initiatives, still little explored in the literature of economics and public management.

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