

Environmental Evaluation: Basis for the Fiscal Control Focus

“There is no doubt that we still live with two opposing realities.

All players seem to agree that the current style has been exhausted and is unsustainable, not only in economic and environmental terms, but particularly as regards social justice. On the other hand, the key measures for the transformation of the economic and social institutions that resulted in the current style are not being adopted.

At most, the notion of sustainability is used to introduce what amounts to environmental restriction in the process of accumulation, without addressing the political and institutional processes that regulate the property of, access to and use of natural resources and environmental services. Neither are key actions introduced to change consumption patterns in the industrialized countries which determine the internationalization of the style.”

(Roberto Guimarães, Tierra de Sombras: Desafíos de la sustentabilidad y del Desarrollo Territorial y Local ante la Globalización)

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Worldwide, it is increasingly considered important to attribute monetary value to natural resources and the environment, a process led by the more industrialized nations, whose growth affected the environment due to excessive and inadequate use of these resources. This new look follows a shift in perception: from free assets, the environment and natural resources became economic assets, whose conditions presuppose accepted techniques that include biological, social, cultural, environmental aspects, etc., for their integration into the laws of the market.

However, the assessment of the implications that the economy has on the environment and natural resources was conceived with gaps and mistakes that do not allow their identification, nor the identification of the expenditures carried out to manage and protect the natural resources, often making it impossible to quantify the impacts generated by economic activity.

There is unquestionable pressure on the environment caused by any economic activity, or human activity in general, and damages resulting from exceeding the environment's renewal or assimilation capacity. In terms of national accounts, in order to review environment policies, apart from good will, there is only incipient environmental auditing, and little it done to quantify the impact of economic activity on this.

Furthermore, expenditures from the administration, management and protection of the environment are not considered equally in their economic evaluation, rather they are subject to the interpretation of whoever evaluates (the State, companies, families) and are often included without taking into account other production costs.

In view of the above, in the macroeconomic sphere, a national audit adjustment was considered, or its completion through satellites audits. The theoretical and practical difficulties of carrying out an adjustment of national audits led countries, in general, to chose to complement it with satellite environment and natural assets audits, aimed at calculating the internal expenses of management and protection (control) that any damages presumably aggregate.

Consolidating a damage aggregate to the environment with a view to sustainable development requires, in the first place, collecting objective information on the environment, composed of statistics, indicators and indices (United Nations proposal, 1990) allowing the definition of environmental objectives and accounts both for planning and monitoring, and from the point of view of the Supreme Auditing Institutions - SAIs, whose role is to oversee the management of public resources. By including environmental policies with indicators based on statistics and formulation indices, the indispensable elements are met for the construction and action of the State, constituting valid objects of control to identify progress or hindrances in their implementation.

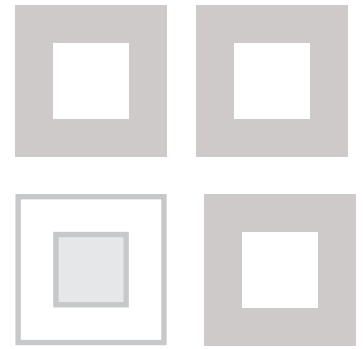
This more complex view, inherent to the environment, both in policy design and compliance, also requires a correspondence in the territorial and institutional scope, whose approach has traditionally been numerical-legal and does not allow recognition and claim of the natural assets as part of the public assets.

Therefore, one of the tasks of SAIs is to include under their scope of action the environment and natural resources, determining, for ethical and practical reasons, that sustainable development is an essential goal of public administration, as important as enforcing legal principles and effective, efficient, economical and equitable use of resources

Thus, the review and evaluation of environmental policies cannot be limited to verifying their compliance with the wider national policies, without the necessary statistics and indicators that evidence the current situation and the stimulation of a resource or the characteristics of the environment, with qualitative measurement instruments that allow the SAIs to play their role as policy advisors and support the work of the executive and legislative.

In the control of and support to policy design, the evaluation must become a tool that allows the identification of the environment and the natural resources as elements that add value to the management and economic activity of a country and that require the reduction of the impacts produced on them.

"Apart from theoretical discussions on the evaluation methodologies, which, however, must be known by the auditing institutions – the SAIs must clarify specific criteria on evaluations and tracking the progress towards sustainable development"



The justification, used so far in face of the high costs of the technical evaluations of the impacts on the environment and natural resources and their reduction, hindering their generalized use, requires that the institutions responsible for the management of the natural resources and the environment look for homogeneous and general methodological mechanisms that constitute technical and practical approaches to generate the monetary identification, which is a result of the management and protection of the environment and the natural resources. Technical options are still presented that have no link with the other existing elements of jurisprudence in each region, and they are still removed from the search for the integral values derived from their application.

In this sense, in the opinion of the CGR of Colombia, although it is right to advance in the construction of methodological evaluation tools, it is also necessary, when reviewing the environmental policies launched by the SAIs, to observe guidelines such as those set by the INTOSAI (International Organization of Supreme Auditing Institutions), in view of the role that it plays towards the sustainable development of each country.

Definitively, in the analysis carried out, the auditing entities should stand out in the adoption of the appropriate corrective and preventive measures in relation to any weaknesses observed in the linkages of the environmental policies, with a view to cutting across all sectors of the country. The environment and the natural resources are affected by the actions of society and by the development of the activities of the different sectors of the economy, therefore they have to be identified and operationally incorporated at the sectoral level.

This weakness, reflected at the financial, legal, budgetary and management levels, hinders the coherence of the environmental policy at the different levels of regional implementation, and generates pulverization of resources, duplicity of efforts and lack of coordination among the different actions, supposedly hindering the achievement of results and making it difficult to identify the funds allocated to the management, conservation and protection of the natural resources and the environment; moreover, without elements to assess our natural assets and the different impacts on them, it is even more difficult to establish the costs that must be added to the execution of programs and projects of the established policies.

In this field, it is recommended that the SAIs work jointly with the different institutions in each country responsible for the elaboration of the necessary environmental information to develop the environmental audit programs, the environmental indicators and the environmental management, taking into account the variables and limitations of this type of work and making use of technical tools for the development of the audits.

It is only through sufficient knowledge on natural resources and the environment of each country, that the SAIs will be able to know to what extent the management, protection and conservation follow the sustainability planning of the country, and will be able to advise, in partnership with the political control exercised by the parliament, on the legal, financial or other types of requirements that must be taken into account.

With regard to the so called micro control, referring to the control exercised by the auditors over an institution or specific activity, this also lacks sufficient elements for the complex auditing of natural resources and the environment. The lack of evaluation of management and protection can distort the planning and implementation tools, making it difficult to prioritize objectives and influencing the results of the control.

Thus, in the scope of environmental fiscal control, the auditor is not able to quantify the environmental damage, which is a key element in a process of fiscal responsibility with a view to compensation. Generally, legal gaps prevent the compensation.

Generally, the legal inconveniences in the region are related to the political, social and economic reality, which are aspects that define priorities other than the environment and privilege the urgent short term issues rather than medium and long term decisions; the traditional structures of the law must be adapted to address a theme as complex as the environment; environmental normatization is profuse and diffuse in some cases. In this sense, it must incorporate elements that render it effective and efficient; the role played by judges and auditors in environmental and sustainable development issues deserves to be supported and taken into account within a structure of interdisciplinary and cross-sectoral analysis.

When there is no compensation resulting from a law suit, the role played by judges and auditors should be reinforced with the inclusion of control of an efficient environmental management and the coordination of the efforts of the judiciary and the executive; furthermore, the environmental decisions must be based on economic and technical criteria, as well as political will.

As approbatory and required elements in a legal suit, given the characteristics of the environmental theme, it is necessary to consider the constitution of specialized forums, and to take into consideration, in the legal suits, both the methodologies of evaluation of the environment and natural resources and the cost of its degradation, as well as assuring the participation of the technical sector and of civil society in the resolution of environmental conflicts; all this without leaving aside the analysis of the high approbatory cost and the costs of the environmental suit, as well as the difficulty in enforcing the environmental sentences.

These issues must allow dialogue both within the SAIs and between partnerships, allowing the proposal and review of the legal and technical elements to bridge the technical gaps and weaknesses in the processes, including the environmental factor, with increased awareness on the theme both by auditors and judges .

However, apart from the need to undertake consolidation work, it is necessary to observe parallel methods for immediate application of more effective enforcement, since not knowing a technically established value for the natural resources and the environmental services (identifying its present and future possibilities) does not prevent guiding the efficient use of the natural resources and the environment, nor the reduction of its degradation and destruction.

The sense of precaution required for the exercise of fiscal control on the management of natural resources and the environment must generate as an auditing tool, in the first place, the technical-conceptual approach of the evaluation methodologies (in such a way that the auditor does not lose sight of this tool in his work and confers the proper importance to the people in charge of its administration). More than just the evaluation, the SAIs must make use of tools that allow the auditor to identify the methodological concepts and their spirit, so that they can be a reference for the exercise of the auditor's functions. To be unaware of this draws out a numerical-legal control that does not address the complexity of the relationship between man and nature and therefore cannot assure good use and management of the public resources.

The traditional legal schemes based solely on quantification as a determining element of the sanctions or convictions, do not allow, in most countries, the consideration of alternative penalties that would only be submitted to judges and auditors, who would be qualified to understand the actual dimension of the environmental issue.

In this sense, some positive experiences could be considered, such as the sentence pronounced for the offense of resistance to the environmental authority, compelling the author to work in the dissemination of the characteristics of the forests, their rational exploitation, the native species and the dangers of illegal or abusive extraction, in the schools close to the author's domicile and at the place where the offense took place (Cordoba Police, Argentina), or alternative penalties might be considered for environmental offenses, such as the care of animals in environmental protection reserves. (Brazil).

The environmental qualification of auditors and judges, as well as the participation of the technical sector in these processes, can induce the consideration of environmental protection as above economic factors and the study of its impacts, reducing the costs of the process.

A basic element in the consolidation of the environmental element as determining the progress of sustainable development, to which we are committed as countries and in which, as SAIs, we have an important role to play, is to rely on the citizens, whether organized or not, ensuring the opportunity and quality of participation and previous specific education, without rejecting their knowledge, presented with a view to learning, warning or commenting on the negative or positive environmental impacts of a project or action.

As INTOSAI stresses, although most SAIs cannot establish policies, and must limit their work to review, not implementation, and since they are subject to the definition of sustainable development that the country follows, in their control functions, developing the fiscal control of the environment in general, its management, preservation and control, they must never move away from the technical elements required in an audit process.

This distinction is necessary if, as found in a survey of audits carried out by SAIs on natural resources and the environment, most of them were limited to environmental diagnosis, exercises of evaluation of an activity or resources, assignments of a philosophical duty, among others, or descriptions of legal and financial compliance that does not take into account the complexity and the processes of planning, collection of evidence or execution, analysis and reports required in a technical audit.

Thus, with regard to citizen participation in environmental issues, the work of civil society in the Colombian case deserves to be highlighted, for promoting public hearings and actions that evidenced different environmental problems and their social and economic repercussions, which became tools for the audit process. The evaluations in these cases are directly linked to the different effects pointed out by the communities and they are the ones who establish the priority of the variables to be evaluated.

In short, it is necessary to define, in the environmental fiscal control, technical elements that, when applied in an audit process, allow the timely establishment of the participation of the SAIs with the construction of an indispensable criterion within the auditing agencies, regarding the implications of sustainable development, as well as the minimum tools necessary to review its articulation with the affected economic sectors.

Apart from theoretical discussions on the evaluation methodologies, which, however, must be known by the auditing institutions - the SAIs must clarify specific criteria on evaluations and tracking the progress towards sustainable development, undertaken by each country, not only for compliance, but also to review its sufficiency, based on the indicators established by the different governments, so that the necessary redefinitions and reorientations can be developed.

This important task, which is supported by the theoretical and technical elements provided by INTOSAI and other organizations such as the United Nations, can be carried out jointly in the region, especially in view of the fact that an important step has already been taken with the preparation of a common methodological proposal for the development of environmental fiscal control (a contribution of the SAIs of the countries in the region), with a view to achieving a State such as that defined by Guimarães, “regulator, facilitator, associativist and strategist, capable of providing quality and coverage of public services, and that offers the institutional and strategic foundations for growth with more equitable bases than in the past” ■

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