

WORKING PAPER

Preliminary approach for quantifying socioeconomic project outcomes, based on experiences from carbon markets (October 2019)

Research on outcome-based evaluation - learning from carbon markets

Evaluation of project results should be transparent and comprehensive, focusing on achievements (outcomes and impacts) rather than just activities (inputs and outputs). This is crucial not only for communication, but also for ensuring sustainability. A high degree of standardized quantification can help make outcomes comparable between different projects. Carbon markets represent a good example for such standardization: Emission reductions are measured in tons of CO₂ equivalents and are thus globally comparable; monitoring and verification occur ex-post and periodically. Standardizing socioeconomic outcomes is much more complex, but transparency and comprehensibility are not less im-

portant here. With support of an independent research project¹, FairClimateFund currently aims at defining a set of pre-defined indicators for standardized socioeconomic outcome quantification that are applicable to FairClimateFund's project portfolio. The mentioned research project plans to build a theoretical grounding for this; with funding of Andrea von Braun Stiftung, Dr. Robert Müller is developing an analytical framework, as a basis to decide if, why and up to which degree outcomes belonging to different SDGs could and should be standardized. Among others, a large range of existing experiences covering all the thematic breadth of the SDGs are analysed. This working paper presents preliminary results for further discussion.

Preliminary quality criteria for a sound quantification of socioeconomic outcomes

In analogy to the so-called environmental integrity² under the CDM, we suggest:

- Standardized units: Outcomes shall be measured with well-defined and standardized units.
- Clear attribution: Outcomes shall be clearly attributable to the intervention that claiming them.
- Verification in retrospect: Quantification shall occur periodically after outcomes have been verified and with reference to a specified period of time.
- Specificity and simplicity: Quantified outcomes should be specific and self-explaining, allowing local partners, donors and a broader public to easily comprehend what has been achieved.
- Centered around people: Socioeconomic outcomes should be quantified in a way that allows to measure how they affect the well-being of people.
- Awareness of the limitations and risks: When communicating quantified socioeconomic outcomes, the limitations of the approach should be clearly mentioned.

Moreover, for an application of these quality criteria, we make the following practical suggestions:

- Preferably definition of yes/no (dichotomous) indicators.
- Definition of standardized units by one person benefiting for one year.
- Definition of baselines by selecting specific target groups, such as households without access to a specific service or living below poverty level.
- Monitoring based on statistically sound sampling.
- Inclusion of qualitative monitoring for non-quantifiable outcomes.

¹ Title of the study funded by AvB Stiftung: Standardized outcomes and result-based finance for socioeconomic and environmental projects – an interdisciplinary study with lessons from climate change mitigation. Concepts presented here were also partly defined in a research by Bridge Builders for FCF in 2015/16.

² Principle under the CDM, requires certified emission reductions to be *real, permanent, additional and verified*

WORKING PAPER

Preliminary examples for standardized outcome indicators

Only a limited number of socioeconomic outcome types can be quantified in accordance with these quality criteria and practical suggestions. An indicative selection is presented in the table below – aware of the need of

refining definitions and risks related to over-simplification. But CDM also shows that balancing accuracy against simplicity is important for feasibility and transparency.

	Indicator	Standardized unit and minimum requirements	Target group (defines the baseline)
Improved livelihood (SDGs 1 & 8)	Increased income	1 person gaining additional income by > 10% of a country-specific living wage for 1 year, through money savings or income generation as a direct consequence of a project.	People living in poor communities
	Time savings	1 person saving at least 2 hours per week for 1 year as a direct consequence of a project.	Defined specifically
	Sustainable microbusinesses created	1 person being self-employed from an activity promoted by the project for 1 year	People living in poor communities
Basic needs (SDGs 6&7)	Access to clean water	1 person benefitting from access to clean water for 1 year.	Person without access
	Access to light	1 person benefitting from access to clean and bright light at her/his home for 1 year.	Person without access
	Access to electricity	1 person benefitting from access to electricity incl. light at her/his home for 1 year	Person without access

The main difference to common approaches is that outcomes are only claimed after periodic ex-post verifications and for a certain amount of time.

Outlook and limitations

Important types of outcomes are difficult to measure in a quantitative manner, for example, results related to education, health or gender. The independent research project analyses possibilities to make a broader range of outcomes quantifiable while maintaining high quality criteria. But nonquantifiable results will always be among the most important achievements of interventions. Outcome assessments should therefore aim at drawing a complete picture of the different effects of an intervention, and communication should be clear about limitations, risks or ethical problems of quantification. And of course, safeguarding against potential negative effects is essential – but not subject of the research presented here.

FairClimateFund, Bridge Builders and the Andrea von Braun Stiftung

FairClimateFund finances projects which both reduce carbon emissions and offer a better future to the most vulnerable, with a special focus on the fairtrade principles. Bridge Builders is a consultancy firm with the aim to enrich and strengthen efforts of decentralized development and poverty alleviation while mitigating climate change. The Andrea von Braun Stiftung supports interdisciplinary cooperation and mutual fertilization among different areas of knowledge and expertise. It funds the independent research of Dr. Robert Müller, but is not responsible for the contents presented here.

Contact:

Bridge Builders: robert@bridge-builders.de - www.bridge-builders.de

FairClimateFund: geest@fairclimatefund.nl, crielaard@fairclimatefund.nl - www.fairclimatefund.nl

Andrea von Braun Stiftung: www.avbstiftung.de