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THE MARKET FOR EVALUATION OF SUSTAINABILITY - TRENDS AND INSTITUTIONALISATION

In the last 25 years Sustainable Development has evolved from a political vision into an essential part of international and national policy and politics. The resulting request to integrate environmental, economic and social goals makes the goal-setting-task of policy makers more complex. Ascertaining the consistency of policy signals and the monitoring of goal-attainment are becoming an integral element of implementation. The tasks mentioned can be assisted significantly by evaluation.

A move in environmental policy from the sectoral and problem-oriented application of command-and-control instruments to incentive-based instruments can be observed. From this new style of policy making stems the necessity to choose instruments with the intention to further the co-operation of the different actors and to provide incentives for innovation at a decentralised level.

This new combination of the vision of sustainability and a new style of policy warrants the creation of a market for evaluation analyses of sustainability. During a period where rising institutional demand at all levels is being established, the theory and practice of evaluating sustainable development has still not been fully understood: the academic discourse is split between many different disciplines. Quality control, institutionalisation and dialogue about the methods of evaluation hardly provide a guide in this expanding area. Based on a survey of evaluation reports from Germany, Austria and Switzerland, this paper will discuss the driving factors of the market, trends and institutionalisation of the evaluation of sustainabililty.

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The demand side – increasing need but little experience

Driving factor 1 – Establishing a Sustainability Policy

The gradual establishment of the model "sustainable development" can be understood by the following milestones:

1987 ***„Our Common Future"*** – The „Brundtland Report" of the World Commission on Environment and Development (WCED) establishes sustainable developemnt as a new model for long-term environmental, economic and social policy making. The challenge, to balance the needs of the people of today without restricting the possibilities of future generations, has from now on been accepted as a principle; an appeal to the awareness of responsibility and inter-generational justice was clearly made. Until now there have been a lot of definitional and operational investigations which have emphasised different issues.

1992 **International Conference for the Environment and Development *(Rio-Conference)*** – The targets of Brundtland Report are set in the real political context of global development (climate convention, convention about biological variety, the Rio declaration about the common responsibility of states for the environment of the planet, Agenda 21)

1997 The **Amsterdam Treaty** declared „sustainability" within the EU as an overarching goal. The basis of sustainable development was adopted in the preamble and in the goals of the EU treaty as well as in Article 2 of EG-Treaty; on the same level as economic growth and social solidarity. This may result in the need for evaluation and for a concrete practical realisation of these aims. In addition, the new article 6 in the main chapter of the Treaty takes over the clauses concerning the inclusion of environmental protection. Indicators for monitoring and assessments of achievement are to be developed. This alone can result in an increase of demand for evaluation analyses of sustainability and therefore an established methodolgy. Article 12 further requires that projects and programmes funded by the EU-structural funds make a contribution to the protection and improvement of the environment. This rule implies an implicit obligation to evaluate with respect to sustainability.

2001 At the Council of Göteborg the EU **Sustainability Strategy** was presented, which contains premises for the monitoring, evaluation and development of national sustainability strategies. Within the sixth environmental action program the integration of environmental law into other political areas represents a new focus. Accelerated implementation of environmental law in the member states as well as the participation and information of citizens of Europe constitutes a natural national follow-up to take into account.

2002 From the **Johannesburg Summit** a stronger impulse for global and regional sustainability is expected.

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Driving factor 2 – Programmes as an instrument of a new political style

The second driving factor is a move in environmental policy from the sectoral and problem-oriented application of command-and-control to incentive-based instruments which aim to develop integrated solutions. Numerous actors and political fields address these problems and strive for an integrated solution. From this new style of policy making stems the necessity to choose instruments with the intention to further the co-operation of the various actors and to provide incentives for innovation at a decentralised level. While the environmental policy for European states (and in particular the German speaking areas) in the last 20 years has been based on command and control, with the resulting flood of environmental laws, along with a performance deficit and high co-ordination expenditure, the last few years have seen a gain in importance of the market-conforming and incentive-oriented instruments of environmental policy. Coming from the Anglo-American countries, these well-tested, straightforward programmes for the promotion and practical realisation of voluntary environmental protection measures have resulted in a rapid diffusion at different levels of environmental policy.

- On the ***European level*** there are, above all, the structural funds, the framework programmes of research and technical development as well as the implementation of the EMAS regulations and the accompanying pilot projects. Present examples of evaluation of sustainability at the EU-level are the compulsory evaluation of the structural funds´ programmes, the newly developed Sustainability Impact Assessment (SIA) and the Strategic Environmental Assessment (SEA) of plans, projects and programmes as well as the discussion about evaluation in the development of the sixth environmental action programme and in the implementation of the EU sustainability strategy.
- On the ***national level*** national sustainability strategies are developed, numerous funds and subsidies as well as voluntary agreements are implemented (e.g. “Umweltpakt Bayern”). Most of the examples on the national level are evaluations of subsidies and funding-programmes (e.g. renewable energy sources, ecologically oriented agriculture, development aid).
- On a ***regional and communal level*** numerous programmes are to be found which are initiated by established regional actors (for example industry and chambers of commerce, research and technology centres).[1] Furthermore the evaluation of Local Agenda 21 projects is becoming more and more important.

[1] Selected cases of such programs are:

- The „EcoProfit-Programm“ (ÖKOPROFIT): After considerable sucess in Austria is now spreading rapidly to Germany and other European countries. Many variants of the original concept are now beeing considerated and implemented (e.g. EcoProfit –Tourisn in Graz and Vorarlberg; EcoBusinessPlan Vienna, Environmental Program “Linz lebt Umwelt”). Up to the recent past more than 1000 companies at more than 50 locations have participated in the EcoProfot-Programme all over Europe.
- „The-Natural-Step“-Programme developed in Sweden is oriented to the priciples of Sustainable Development. More than 100 companies and more than 50 municipalities have participated in this training- and consulting-programme.
- Various subsidy-programmes to support the diffusion of EcoManagementSystems such as EMAS have been implemented. These contain also elements of group-consultations (z.B. EcoPartnership Munich) and additionally image-effects by public statements of politicians (e.g. „50 EMAS-companies for Frankfurt“, „ Trierer EG-Eco-Audit Model“).

As a result sustainability policy concentrates on goal-setting and leaves the application of instruments and funds to decentralised agents. On the one hand, the use of public funds creates a need for public accountability and legitimisation, which results in increased demand for evaluation. On the other hand, the success of these new instruments of environmental policy depends to a much higher extent on individual decisions taken by those affected (for example the decision if a company should join EMAS or not) so that evaluations can be used to optimise projects, support organised learning and disseminate and share implementation experience. Evaluation can be used as a feedback-loop for conception and implementation of sustainability policy. Therefore a significant increase of demand for evaluation projects is to be expected within the next few years.

Driving factor 3 – clients lack experience

Most of the out-contractors of evaluation projects are international organisations or public authorities at federal, regional and communal levels. Private clients (associations, companies) have until now only rarely demanded evaluation services and these predominantely as ecological or economic expertises of selected aspects.

Many clients have only little experience in contracting out such projects. They rarely have the methodological knowledge required to choose the best evaluation concept and they typically have no overview of the present market of evaluators as well as different methodological approaches, their advantages and disadvantages. Since standards for evaluation (developed in the US) are not commonly used in Europe, a minimum quality standard is not guaranteed. Evaluating projects are therefore typically commissioned under circumstances of great uncertainty and without objective criteria. As long as there are no corresponding standards of quality control or the form of inquiries are unknown, there is a fear that the increase of demand will lead to a deterioration of quality. Therefore it is especially important that potential clients actively participate in the development of evaluation standards and in the institutionalisation of quality control. Moreover, professional training of and networking between clients of evaluations are necessary.

The supply side – poor institutionalisation and hardly any interdisciplinary exchanges

Above all it is the public or private research institutes who are commissioned to perform the evaluations. In any case, in the states of the European community, there is not as yet ***any clear differentiated professional image of evaluators***. Since the use of the title of "evaluator" is not protected and there are no established "brands", entering the market requires little investment in terms of both capital and personnel. This entails the risk that evaluations not reflecting the state of the art may ruin the reputation of the whole profession.

Practice has shown that evaluators can assume three types of roles:

- ***„Evaluator as technical expert":*** Evaluation is exclusively understood as measurement of effects and serves above all the legitimation of political decisions. Most of these evaluations are conducted ex-post. The expertise of the evaluator determines the rationality of the client, the decision about the evaluandum is in the centre of the analysis. The dominant perception is of ‚right and wrong'. Important examples are projects which result from excessive public expenditures.
- ***„Evaluator as moderator":*** Evaluation is used as ex ante comparison between several alternatives and also serves as a solution of conflicts in contested projects. Neutrality and competence in process moderation determines the rationality of the contract. The dominant perception is ‚finding a solution together'. Important examples are projects characterised by intensive societal conflicts.
- ***„Evaluator as coach":*** Evaluation accompanies the practical realisation of an organised process of learning. This role serves the continuous improvement of the evaluandum and the exchange of know-how between all actors involved. Orientation of supervision, degree of innovation and procedural knowledge determines the rationality of the contract. The dominant perception is ‚What can we do better'. Important examples are projects with a high degree of innovation.

In Europe ***the degree of institutionalisation among evaluators is still very low.*** Although associations of practitioners of evaluation exist in several European states (e.g. DeGEval, SEval, EEA etc.), there are no professional representatives and supervisory institutions yet, which could guarantee a minimum quality standard. In particular, in the field of the environment, the participation of the practising evaluators and clients in the newly founded Evaluation Associations is currently very low. Taking this into account, these associations' ability to take over the function of quality control still requires considerable efforts.

A further deficit is in relation to the scientific development of evaluation concepts and methods. There still is a lack of interdisciplinary working groups, specialised research institutions, publication media and other platforms of information exchange as well as an integration of different scientific disciplines. An analysis of evaluation reports and research projects shows that ***a multitude of different disciplines, approaches and methods are used,*** but none of them can, individually, cover the complete task of evaluating sustainable development policy. The following disciplines or sub disciplines work on particular aspects of the Evaluation of Sustainability:

Discipline	Current State of Discussion	Contribution to the evaluation of Sustainable Development
Instruments of Environmental Policies and Environmental Economics	The scientific discussion about the use of instruments of environmental policy and environmental economics has a long tradition. However, until now little knowledge has been gained about the compatibility of incentives of different policies (consistency evaluation) and the specific reactions of stakeholders to the signals of environmental policies.	The increased use of market and incentive- based instruments increases the decision-making power of decentralised agents (companies, households, communities, regions). The measurement of the impacts of environmental actions must therefore be complemented with detailed knowledge about the effects of the instruments of environmental policy.
Indicators of Sustainable Development	Broad scientific debate about indicators (for example area-based versus mass- based indicators, multitude of individual indicators versus integration of indicators into indices). Until now, no standard set of sustainability indicators has been established. The central issue is how indicators can be better integrated into political decision-making processes.	On the one hand, indicators provide the factual basis which makes the impacts of policies, programmes and projects measurable and easier to demonstrate. On the other hand, indicators rarely give explanations as to *why* the effects or developments observed have occurred.
Assessment methods (CBA, MCA)	Cost benefit analyses (CBA) and multi criteria analyses (MCA) are used to aggregate multidimensional data to decide between various alternatives. Present knowledge in this area is largely quantitative.	Especially for the evaluation of Sustainable Development, the integration of data from different descriptive domains is necessary. CBA and MCA are mainly used in the preparation of decisions and ex-ante evaluations of large projects.
Evaluations by Social Sciences	The most important methods of social sciences used in evaluations are interviews and opinion surveys. For this purpose, researchers can fall back on detailed methodological knowledge. Methods of qualitative social research (for example narrative interviews) could provide explanations for the effects observed, but are rarely used in evaluations because the results are not representative.	Phenomena observed by social sciences (like attitudes, value judgements, opinions, decision-making bases, problem-solving capacity) are central factors determining the progress made on the way towards Sustainable development. The consideration of these phenomena is the second important data source for the evaluation of Sustainable Development, complementing indicator-based technical and (natural) science data. Furthermore, the methods of qualitative social research could give an insight into the causes of developments and effects. Also, the further development and operationalisation of the concept of Social Sustainability is a necessary prerequisite for the evaluation of Sustainable Development as a whole.
Public Administration	Evaluations always take place in a political context (through the awarding of the evaluation contract, the results of evaluations and the recommendations based on them). Know-how from political sciences is mainly used in the evaluation of policies. In sciences of public administration, the use of business principles is discussed within the framework of New Public Management.	Taking the political context into account, the (natural) science-based approach to evaluations of Sustainable Development is complemented with the context of practical applications and the micro-political strategies of the stakeholders involved. The know-how of new public management is particularly necessary for the development of better policy recommendations in order to increase the efficiency of policies, programmes and projects.
Regional and communal development	In communal development (visions for development, land use management) as well as in regional planning (transport routes and other infrastructure planning), evaluations already have a long tradition.	The compulsory evaluation of the Sustainability of EU structural funds programmes and the application of the Strategic Environmental Assessment (SEA) both increase the importance of this area of research for the evaluation of Sustainable Development. Also Local Agenda 21 projects create additional demand for evaluation.
Participation, Moderation, Mediation	Environmental Protection has a long tradition of conflict (mainly through disputes about atomic power stations and large projects). As a result, some methods of conflict resolution and involvement of stakeholders have been developed.	Sustainable Development is only possible through participation of those affected. As mentioned earlier, methods of participatory evaluation have to be developed.
Environmental Management Systems	Setting up an environmental management system requires an assessment of environmental impacts, the formulation of environmental policies and the declaration of an environmental programme. External evaluators assess the system and its implementation.	The external assessment of environmental management systems is an established part of corporate environmental evaluation and evaluations of Sustainable development can draw on this experience. Moreover, corporate controlling systems share many functions with evaluations (measuring performance against objectives, identification of weak spots, feedback). The experience thus gained can be used for other evaluation projects.
Standards and Guidelines for Evaluation	Originating from the U.S., the establishment of standards and guidelines for the evaluation of Sustainable Development is now also being discussed in Europe. Scientists expect this to lead to minimum quality standards, professional representation of and image protection for evaluators and higher credibility with clients.	Most of the standards are independent of the evaluandum and therefore process-oriented. Their application can lead to a better image and relationship with commissioning agencies.
Meta Analysis and comparative analysis of methods	In contrast to the U.S., only few meta analyses and meta evaluations have been done in Europe. Systematic comparative analysis shows the methods used, the state of the art in evaluations and the strengths and weaknesses of the methods used. Meta analyses can be used to integrate the results of individual projects into a common framework.	The evaluation of Sustainable Development should not be confined to isolated projects, but should exploit the full strategic benefits of evaluations. This can be achieved by integrating evaluations already when designing policies, programmes and projects and by coordinating the implementation of individual evaluation projects.

Conclusions - weak points and challenges

Since 1999 the research focus “Managing Sustainability” at Vienna University of Economics and Business Administration has collected and assessed over 60 evaluation reports from Germany, Austria and Switzerland according to two criteria:

1. Do the evaluation reports treat all aspects of Sustainable Development (e.g. integrated approach to the three dimensions of sustainability, emphasis on the long run, participation) ?
2. Do the evaluation reports satisfy the standards for evaluation (so far can be answered through documentary analysis) ?

As a result of this meta-evaluation the following weak-points and challenges for the Evaluation of Sustainability policy have been worked out:

- implicit understanding of Sustainable Development determines the study design and the results
- weak theoretical models backing many evaluations
- insufficient consideration of system boundaries (hardly any attention to indirect effects)
- not many inter-disciplinary evaluation teams
- most reports only measure consequences and only very rarely are causal models applied
- insufficient data availability, bad timing
- faulty causal attribution and self-promotion as biasing factors are often neglected
- evaluation reports only seldom published
- legitimation stands in the foreground, organised learning process is neglected.
- neutrality postulate for evaluators are neglected
- lack of participation concepts as an integral part of evaluations

To cope with the expected strong increase of demand, Evaluation of Sustainability as a political and societal feedback–function is to be established and the weak points detailed above can be remedied quickly, in the opinion of the author, by the following necessary steps.:

- **Setting up qualified training possibilities and further education for evaluators**
  University curricula are to be created at least at some European universities. EASY-ECO at the moment still seems to be the best educational option available.
- **Professional training of clients**
  Sensitising for basic assumptions and paradigms underlying evaluation projects and their consequences for the evaluation of Sustainable Development, training in evaluation project-management.
- **Transparency of evaluation results**
  Publication of all evaluation reports, realisation of surveys and meta-evaluation to promote the increase of market transparency and quality control, exchange of experiences between evaluation projects, evaluators and locations.
- **Establishment of evaluation as a societal feedback process**
  Creation of a climate of learning, openness and trust in evaluation, use of knowhow from controlling and organisational development to build up Sustainability-Management-Systems.