### Cost-Effectiveness

**Description**
Cost-effectiveness analysis takes a predetermined objective and seeks ways to accomplish it as inexpensively as possible. Unlike cost-benefit analysis, the level of the benefit is treated as an external given, and the objective of the analysis is to minimize the costs associated with the achievement of this specified objective.

**Appropriate Use**
Cost-effectiveness on the adaptation side might be used when, under different climate change scenarios, a required minimum level of a public good or service (e.g., flood protection) is specified and the option to deliver this good at the lowest cost is sought. Also particularly applicable to those cases where the analyst may be unwilling or unable to monetize the most important policy impact. Cost-effectiveness is generally more applicable for individual project decisions that are applying decision rules or procedures which have already been determined in policy, strategic, or program decisions.

**Scope**
All regions. Can be difficult to apply to those sectors where the market does not apply a satisfactory measure of value for costs.

**Key Output**
Ranking of alternatives relative according to cost-effectiveness.

**Key Input**
Cost data for a specified level of policy outcome.

**Ease of Use**
Can be a significant undertaking. Valuing nonmarket goods can require knowledge of specialized techniques.

**Training Required**
Knowledge of economics as well as training in estimating the monetary values of costs, especially nonmarket values.

**Training Available**
Contact Stratus Consulting for more information (see Contacts below).

**Computer Requirements**
Personal computer.

**Documentation**

**Applications**
Analysis of pathways to stabilization. See also UKCIP and APF frameworks in Chapter 2.

**Contacts for Framework, Documentation, Technical Assistance**
Bob Raucher, Stratus Consulting, P.O. Box 4059, Boulder CO 80306; Tel: +1.303.381.8000; e-mail: braucher@stratusconsulting.com

**Cost**
Method can entail a high cost in terms of time for an economic analyst.

**References**
