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Project full title: **Digital Education Modules 4 Participatory Planning**

OPT-T12: THE ECONOMICS OF PARTICIPATORY PLANNING

1. Short description

Economic considerations are a key aspect of successfully implementing participatory democracy within planning processes. Effectively assessing the financial implications of public participation is essential for ensuring cost-efficiency, accountability, and the long-term viability of planning initiatives. These evaluations help decision-makers select the most suitable participation methods, and activities, and organize them to maximize public benefit. This includes accounting for direct costs like organizing meetings, communication, and administrative support, as well as indirect costs such as participants' time and effort. Transparent financial oversight also builds trust among stakeholders, encouraging ongoing support from funders, policymakers, and the public. Without robust financial evaluation, participation initiatives risk inefficiency, poor management, and reduced overall impact. Yet, few training programs in formal and informal education address the issue when teaching subjects related to planning and public administration, particularly when the legal aspects are taken to the front at the expense of the economic ones.

The Module provides a general overview of the economic principles of participatory planning and introduces some tools that have been successfully used by public authorities in Europe and beyond to this end. It aims to (i) familiarize students and learners with the economic aspect of the participatory planning process, (ii) discuss how the resources invested in participatory planning compare to the potential benefits, and (iii) suggest strategies to balance effectively costs and benefits in PPL. The training content focuses on the economic costs of participatory planning regarding resources, time, and finance; on the benefits of participatory planning such as enhanced stakeholder satisfaction and implementation support; on the methods for

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evaluating costs and benefits as well as the participatory value evaluation (PVE) concept.

2. Keywords

Costs; Benefits; Cost-Befit Analysis; Resources; Evaluation Of Participatory Value

3. Content

3.1. Economic Costs of Participatory Planning

Participatory planning, in practical terms, is an administrative process involving activities that must be carried out within a defined timeline. To achieve this, the initiating entities must allocate and dedicate specific resources. In these frameworks, governments and political bodies aim not only to gain support and legitimacy for their decisions but also to tap into the specific expertise of citizens regarding their concerns. Today, numerous informal and voluntary forms of participation have emerged, particularly at the local level but also within other public institutions, with various degrees of participation and accordingly effectiveness about planning process (Grohs, 2021).

In formal participatory processes initiated by public administrations and mandated by legal provisions, these resources are provided by governments and drawn from public budgets. Conversely, informal participatory processes led by citizens and their organizations are financed through private funds or community-based crowdsourcing efforts, including donations. In any case, the economic costs of the participatory process are at the expense of collective community funds (whether gathered through taxes or voluntary donations) and need to be used efficiently to provide the desired positive impact on the planning processes.

Resources for participatory planning refer to the various means or assets - tools, materials, and supports - needed to effectively engage stakeholders in the planning processes. These resources can be tangible (physical) and intangible (intellectual). They are used in different combinations and extent also based on the desired impact and level of citizen involvement. At one end of the spectrum, some participatory formats are primarily informational and largely one-sided (e.g., citizens' assemblies and other informational events with minimal opportunities for questioning proposals from public institutions) (Grohs, 2021). These formats are less resource-intensive. On the other hand, more dialogue-driven approaches include tools like citizen forums (e.g., round tables, citizens' conferences, and workshops), planning cells (randomly selected groups collaborate within a set timeframe to develop proposals while drawing on citizens' expertise), and mediation processes aimed at resolving escalating conflicts (Grohs, 2021; Grant Thornton, 2017; OECD, 2020). These participation forms require more resources for organisation and management.

Accordingly, depending on the format, time frame, and stage at which a participatory process is initiated, different types of resources need to be considered. Still, the most general ones refer to the main categories:

- *Financial resources*

refer to the budgets allocated for organising the different forms do participatory processes and for covering all costs related to them. Adequate funding is to ensure that participatory planning processes are inclusive, effective, and accessible to all stakeholders (OECD, 2020).

- *Human resources*

refer to the staff members, freelance experts, or volunteers - such as planners, facilitators, mediators, data analysts and others - who organize, manage, and guide the participatory process to ensure effective participation and valorisation of the results thereof. The civic and community knowledge and expertise that is sought after in the participation processes also fall in this category.

- *Technological and informational resources*

refer to the information bearers and variety of modern tools that are used to enhance engagement, communication and decision-making with larger audiences. Examples include online discussion fora, idea-generation platforms, surveys, document-sharing tools, GIS-mapping and many others. Their purpose is to prepare the audience for the quality participation and ensure transparency and accountability in large scale within limited financial and time frames.

- *Physical resources*

refer to the facilities that are needed to conduct the participation processes - such as offices, equipment, meeting premises, and conference facilitates. In general, these refer to the premises where the government and civic-society organisations function.

For the purposes of economic analysis, the public participation processes can be easily presented as sets of interconnected activities, implemented within certain time-frames. Table 1 highlights the key elements of participatory planning that must be considered together when evaluating the economic efficiency of these processes. Similar to the general evaluation of economic efficiency, the primary question to address is whether the desired participatory planning objective can be achieved within a defined timeframe, using specific resources, and at what cost. Based on this log the economic value of different participatory activities and processes may be compared.

Table 1: Participatory Planning Process Log (source: own elaboration)

	Objective	Expected result	Activity	Necessary Resources	Duration	Cost	Target Audience
1	Public consensus with a plan/strategy	Local community that is aware of the specific features of the plan	Information campaign	Human Technological Physical	3 months	XXX Euro	200 000 people
	…	…	…	…	…		…
	…	…	…	…	…		…

The monetary values (prices or expenses) required to acquire the necessary resources, services, and activities to achieve the objectives outlined in the log are also referred to as ***costs.*** In terms of participatory process and planning, these may denote the salaries and remunerations for the persons, engaged in the process, depreciation of the utilized equipment, room and faculty rents, digital tool subscriptions and so on. Costs can be *direct* - directly associated with the particular process and which would not be incurred if the process were not performed, and *indirect* - that are not directly linked to a specific activity, are incurred by institutions on a regular mode but are necessary to support the overall participatory process (such as electricity supply, telecommunications, and so on). Accurately estimating and categorizing costs is essential for effective financial planning, ensuring that resources are allocated appropriately and that the participatory process remains within the allocated budget

The cost per target audience unit for which planning objective was reached defined the ***value for money*** for the participatory process. The structured presentation of the monetary costs for the resources used in a public participation process, aligned with the sources of funding these costs is also referred to as a ***budget***.

A participatory process budget is the financial plan that outlines the costs and resources required to implement a participatory planning process as presented in Table 2. It provides a detailed breakdown of the expenses associated with engaging stakeholders, facilitating public consultations, etc., and ensuring that the process runs efficiently from start to finish. This budget typically includes costs related to personnel, communication, outreach activities, event organization, technology, and administrative support. An important component of the budget is identifying the sources of funding, which outlines how the planned expenses will be covered. These funding sources may include government allocations, grants from international organizations, private sector contributions, or community fundraising efforts. Clearly specifying funding sources ensures the sustainability of the participatory process and reduces the risk of interruptions due to financial shortfalls. Additionally, having a well-defined budget helps to ensure accountability, transparency, and efficient use of resources, ultimately contributing to the success of the participatory planning process.

Table 2: Budget for a Participatory Process (source: own elaboration)

	Resource Item	Cost Category	Amount	Source of Funding		
				Government budget	*Purpose-specific grant*	*Donations/* *Crowdsource*
1	Human - Campaign manager - Mediator - Content developer - ….	Salaries	XXX Euro	XXX Euro	XXX Euro	XXX Euro
2	Technical - Computers - Software - ….	Depreciation Subscription fees	…	…	…	…
3	Physical - Campaign offices - Conference rooms - …	Rent of Premises…	…	…	…	…
4	…	…	…	…	…	…

Finally, ***time*** is a critical resource in planning and participation, influencing both the process and outcomes thereof. It cannot be directly monetized in the budget, but it frames any process. Processes and budgets are time-limited per se. It is an important dimension in analysing the economic structure of the budgetary processes and their impacts as both planning and participation are bound to occur within certain (unusually predefined as in the case of formal participation processes) time frames. Aligning the timelines with the selection of participatory processes ensures that participatory planning is both efficient and effective.

3.2. Benefits of Participatory Planning

Participatory planning serves as a key mechanism to enhance the legitimacy of policy and decision-making by fostering local ownership and respecting the rights of citizens and property owners. A transparent decision-making process ensures that all citizens understand the rationale behind decisions. Stakeholder engagement facilitates the exchange of knowledge and information, improving the planning processes. It also helps build consensus among stakeholders and garner broader support for policies. Mature spatial planning systems incorporate structured procedures to involve stakeholders at every stage of policymaking, typically offering avenues for participation, consultation, representation, and appeal (Hassan, El Hefnawi, & El Refaie, 2011). In any case, the benefits of participatory planning are difficult to monetise, particularly in the short time dimensions:

- Short-term perspective

The immediate results of participatory planning are usually associated with enhanced stakeholder commitment to the planning results, improved decision-making and improved relationships between policy-makers, planners and citizens (Eriksson, Fredriksson, & Syssner, 2021; Hakiman & Sheely, 2023). Further, participatory planning is considered to entail improving economic welfare and access to public goods as well as social impacts. The participatory processes - particularly the ones that involve more intensified dialogue among policy-makers, planners and citizens - are resource and time-consuming, while the desired outcomes and results may not be visible in the short run and the value-for money delivered in the process might be considered low. such as strengthening democracy, building community connections, and promoting fairness, are less clear and inconsistent (Hakiman & Sheely, 2023). Many experts are sceptical about its ability to bring social change, as its success often depends on specific conditions that are usually missing in practice. This highlights a key limitation in how it works in real life (Hakiman & Sheely, 2023).

- Long-term perspective

Although the economic costs of participatory planning can be considerable, they are often counterbalanced by long-term advantages, including enhanced community support, decreased conflicts, outcomes that better reflect stakeholder needs, and finally social cohesion and resilience. Effective management of these costs involves meticulous planning, clear budgeting, and the strategic use of existing resources (Grant Thornton, 2017; Hassan, El Hefnawi, & El Refaie, 2011).

Further, engaging the public in decision-making is essential as it upholds the principles of participatory democracy, enhances the planning process and the quality of its outcomes, and strengthens the legitimacy of political decisions. Involving people in decisions that affect their lives fosters empowerment and enables them to shape the future of their communities. Active public participation in discussions about the built environment and urban culture is vital for creating vibrant cities and fostering a strong civic identity (Cilliers & Timmermans, 2014).

A general comparison of the financial value of the most common types of public participation processes, along with their objectives and purposes as presented in

Table 23.3, can guide the decisions of participation initiators when launching the process. This comparison is particularly useful when considering value-for-money thinking:

Table 3: Citizen participation methods: Comparing key characteristics (source: adapted from (OECD, 2020))

Participation method	Considerations	Costs (on a scale from € to €€€)
Access to Information and Data	It is the very minimum that can be done. Should be used in situations where there is no room for citizens to have a say.	Depending on the channels used to disseminate the information but can usually be done with existing resources. €
Open Meetings /Town Hall Meetings	Allows for an exchange between public authorities and the public. Does not yield representative judgement or well-informed solutions.	Depending on the scope but can usually be done with existing resources. €
Public Consultations	Adaptable to the needs - can be done in a range of different methods, from surveys, digital platforms, to in-person discussions. Not statistically representative of the population Can be difficult to process the inputs received.	Depending on the method chosen and the scope of the consultation. It usually requires developing an adapted methodology or technical interface. If in person, participants will need a space and facilitators. € - €€
Open Innovation, crowdsourcing, hackathons,	Requires certain conditions and necessary resources for citizens and stakeholders to work on and develop solutions to public problems. Usually requires certain expertise from participants	Depending on the method chosen and the scope of the process. It usually requires a technical interface, some communication efforts, and a physical space for hackathons. € - €€
Citizen Science	Suited for scientific endeavours rather than policy questions and dilemmas. Adaptable to the needs - covers a range of participation opportunities in science	Depending on the method chosen and the scope of the process. It usually requires a technical interface, some communication efforts, could require a physical space for meetings, can require specific technical equipment (for example, air quality sensors to be made available for citizens for data

Participation method	Considerations	Costs (on a scale from € to €€€)
		collection purposes). € - €€€
Civic Monitoring	It is an ongoing process which requires sustained participation. It is geared towards receiving feedback from individuals during or after implementation. It requires certain level of commitment from public authorities to take into account feedback to improve services or policies.	Depending on the method chosen, but it usually requires developing an adapted methodology or technical interface. € - €€
Participatory Budgeting	Creates conditions for the public to participate in decisions linked to public spending. Can yield either an aggregation of participants individual preferences (if takes the form of a voting), or their collective judgements (if it has a deliberative element)	Depending on the scale and scope of the process. It usually requires intensive communication, human resources, developing an adapted methodology, and a technical interface. €€ - €€€
Representative Deliberative Processes	Helpful when tackling complex, long-term policy issues. Can take place in different models ranging from shorter and smaller Citizens' Panels/Juries to larger scale, longer Citizens' Assemblies, or even permanent bodies.	Depending on the scale of the process. It usually requires intensive communication, human resources, an adapted methodology, a physical space to deliberate, skilled facilitation, and compensation for participants' time. €€ - €€€

3.3. Cost-Benefit Analysis - Methods for Evaluating Costs and Benefits

Cost-Benefit Analysis (CBA) is an economic method is a method to weigh the benefits and costs of a project, process or activity. The purpose of CBA is to assess various options for carrying out specific activities to determine the most effective and beneficial approach. First conceptualized by Jules Dupuit and Alfred Marshall and later refined by the U.S. Corps of Engineers in the 1930s, CBA involves examining all current and future costs and benefits, both tangible and intangible (Hayes, 2024).
Nowadays CBA is widely seen as the best method for helping governments make decisions and in many countries, it is required to get national funding for large

infrastructural projects, as well as in decisions about environmental, health, safety, energy and water management issues (Mouter, Koster, & Dekker, 2019).

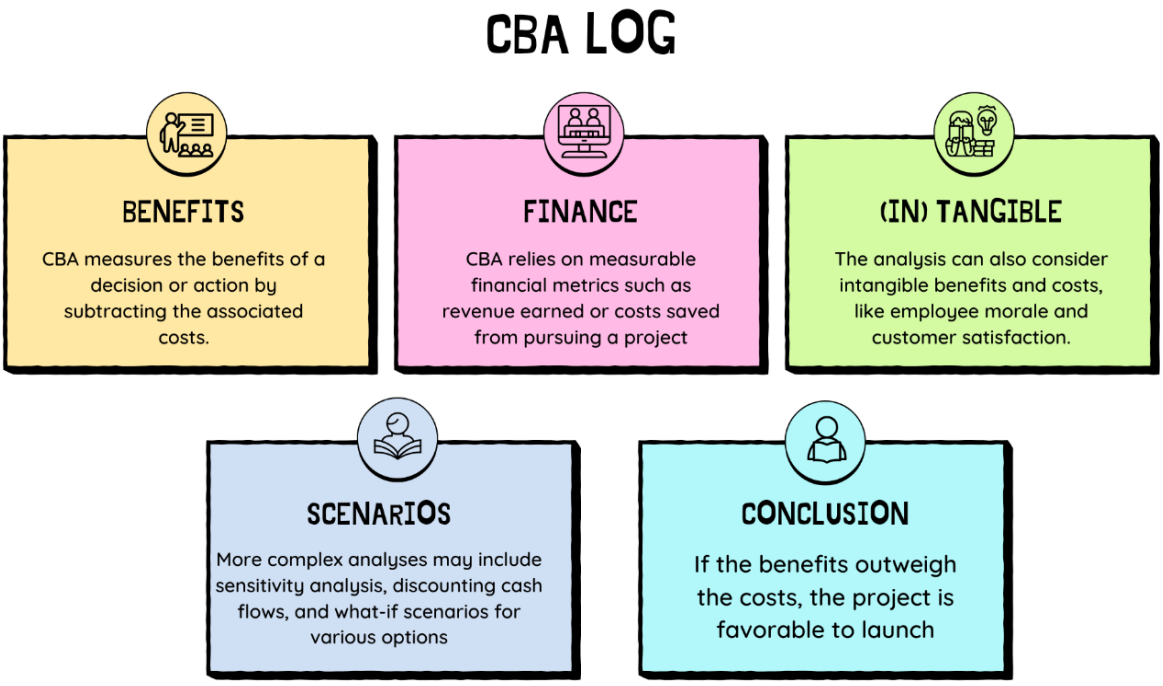

Figure 1: Features of Cost-Benefit Analysis (CBA) (source: adapted from (Hayes, 2024))

When CBA is integrated into a participatory process with communities, it becomes a highly effective tool. It encourages both community members and program staff to carefully evaluate the costs and benefits of various program options. This collaborative approach ensures that resources are allocated more strategically, focusing on achieving meaningful and long-term outcomes rather than simply delivering immediate outputs. By involving communities in this process, CBA promotes better decision-making and ensures that initiatives align closely with local needs and priorities (Chadburn & Anderson, 2013).

Cost-benefit analysis does not always rely on exact numbers or measurements. Analysts or consultants, for instance, can develop models to assign monetary values to intangible factors, such as the advantages and drawbacks of living in a specific town (Hayes, 2024). Many CBA models also incorporate opportunity cost, which reflects the benefits a business foregoes by choosing one option over another. By accounting for the value of the next best alternative, opportunity cost highlights trade-offs and makes the decision-making process more thorough and effective (Hayes, 2024).

When considering the CBA of community and participatory planning project, the following measuring tools are vital (Chadburn & Anderson, 2013):

- ***Benefit to cost ratio (BCR)***

The BCR measures the amount of benefit generated for every 1 Euro of cost. A ratio above one suggests the project is financially viable, while a ratio below one indicates a negative return on investment (Chadburn & Anderson, 2013).

- ***Net present value (NPV)***

NPV calculates the yearly net benefit (benefits minus costs) of a project or activity and adjusts these amounts to their present-day value. A positive NPV indicates that the benefits exceed the costs, with higher values strengthening the financial case for undertaking the project (Chadburn & Anderson, 2013).

- ***Discount rate***

It is used to adjust the value of future costs and benefits. Since people generally prefer receiving things now rather than later, a euro today is considered more valuable than the same euro in the future. The discount rate reflects the return you could earn if you invested the same amount of money in another project. It helps compare how much future benefits or costs are worth today, allowing for better decision-making when evaluating long-term projects (Chadburn & Anderson, 2013). The logic of using discount rates is similar to the one of interest rates.

- ***Social return on investment (SROI)***

Social Return on Investment (SROI) is a method used to assess the inputs, outputs, outcomes, and impacts that stakeholders receive from a project or individual activity. It assigns a monetary value on the social, economic and environmental benefits and costs generated by the project or activity. The outcomes is presented as a ratio - the SROI - which is the same as the BCR. SROI is based on seven principles 1) engage stakeholders; 2) identify the changes that occur; 3) value what truly matters; 4) include only relevant factors; 5) avoid exaggerating claims; 6) ensure transparency; and 7) verify the results. (Chadburn & Anderson, 2013). In other words, SROI considers the social return in the form of general community welfare and well-being, while BCR calculates only financial or cash-flow equivalents.

3.4. Participatory Value Evaluation (PVE)

Participatory Value Evaluation (PVE) is an innovative approach, elaborated by the Delft University of Technology (TU Delft) in the Netherlands, with the aim to evaluate policy options and facilitate the participation of large groups of citizens in the decision-making processes.

The PVE was tested in a real-case experiment in the Netherlands, where 2900 participants were asked to advise policymakers on how to allocate a limited public budget across different projects about flood-risk mitigation. The participants could suggest not funding any of the proposed projects and instead shifting the remaining budget to the next year. The experiment included two formats: in the "fixed budget PVE" format, participants simply recommend how to spend the fixed budget. In the "flexible budget PVE" format, participants can adjust the overall public budget by changing taxes, which also impacts after-tax income. This allowed participants to propose lowering taxes and increasing private income instead of funding any government projects. The flexible format offered more freedom for participants to express their preferences regarding government spending and taxation (Mouter, Koster, & Dekker, 2019). The outcomes of the experiments were highly praised by both the participants and the policy-makers.

The PVE has been presented as an on-line simulation that allows citizens to take the role of policy- and government-decision makers in solving different policy and government problems. The core idea of PVE is to allow citizens to provide input on government decisions in a simple and accessible way. It's as if they are placed in the government's decision-making role. In an online setting, citizens can view the choices

the government must make, understand the specific advantages and disadvantages (or effects) of each option, and be aware of any constraints, such as a limited budget or mandatory objectives. The cumulative results of the citizens' opinions and choices allow decision-makers to align their policies better with the community preferences. Due to virtual functionality, the PVE method gathers a practically unlimited number of inputs (based on informed choices) from the citizens and ensures a true representation of the results (TUDelft, n.d.).

The PVE landing site - https://www.tudelft.nl/en/tpm/pve - contains tutorials, case-studies, education resources as well as many other resources that facilitate the utilisation of the method. Researchers and students are contributing to the upgrade and further refinement of the platform tools and methodology.

3.5. Strategies for Effective Participatory Planning

Effective participatory planning, particularly in the context of economic considerations, requires strategies that balance the aspirations and needs of the community with the practical constraints of available resources, budgets, and long-term sustainability. As the benefits of participatory planning might not be easy to evaluate in monetary form, the policy and decision-makers need to combine different tools and strategies to produce equitable options. Based on the approaches suggested by both academia and practitioners (Chadburn & Anderson, 2013; Grant Thornton, 2017; Chadburn & Anderson, 2013) a few mainstream strategies are taken out:

- ***Transparent Communication***

The stakeholders need to be aware of the economic aspects and financial constraints of a participatory processes in order to be motivated to add value to the process. Transparency builds trust, decreases power distance and encourages civic actors to be more active in the planning processes while contributing to problem-solving. Presenting clear economic data such as cost estimates, expected revenues, and financial risks empowers participants to make informed decisions. Digital tools, such as PVE, can be particularly useful in this regards.

- ***Involving Stakeholders Early and Continuously***

Civic knowledge can be an asset in the planning process when mobilized and utilised at the right time. Local communities, businesses, and economic stakeholders may have valuable insights into resource needs and cost-effective solutions that might influence a project's economic strategy. Early inclusion ensures a project remains aligned with the community priorities, avoiding additional public expenditure at later stages in case of contradiction and opposition against the top-down measures.

- ***Utilisation of Economic Metrics***

The economic evaluation tools such as CBA and SROI are instrumental when analysing the efficiency if the different participatory planning processes and guide on the selection of the best value-for-money alternative. In addition, the SROI allows planners to assign monetary value to intangible benefits, such as social and environmental impacts, which might otherwise be overlooked in the CBA. Considering

the economic efficiency of the different participatory processes is particularly significant when the processes are initiated by the civil society (civic society organisation, volunteers, community champions, etc.) - in this case the funds for the campaigns need to be gathered via donations and crowdsourcing which is associated with even more meticulous monitoring of the economic soundness of the participation.

- ***Balancing Long-Term and Short-Term Benefits***

Effective participatory planning should focus not only on short-term benefits but also on long-term sustainability. Balancing these perspectives requires careful consideration of long-term benefits versus the short-term costs of the participatory processes. In case of high short-term costs, decision-makers may opt for dividing the participatory processes into phases or again refer to the cost-efficient functionalities.

- ***Flexibility and Adaptation***

Economic assumptions and forecast made at the start of a project may need to be adjusted as new information arises or as conditions change. Additionally, adaptive strategies, such as revising project components or reallocating resources based on real-time financial data, can help mitigate risks and optimize economic outcomes.

- ***Addressing Opportunity Costs***

Addressing opportunity costs in selecting a participatory planning process involves carefully considering the trade-offs between different options and the potential benefits that might be forgone by choosing one path over another. This strategy is closely linked with the balancing of the short and long-term benefits of the different participatory processes.

4. Classroom discussion topics

- Discuss the varying resource needs of informational, one-sided formats (like citizens' assemblies) compared to more dialogue-driven approaches (like citizen forums, planning cells, and mediation processes). How do different types of resources (tangible and intangible) influence the effectiveness of participatory planning processes?

- How can Cost-Benefit Analysis (CBA) be effectively integrated into participatory planning processes to ensure that both tangible and intangible benefits are properly considered in decision-making? How can the concept of opportunity cost improve the decision-making process, and what are the limitations of using CBA in contexts where exact measurements or data are not available?

- How can decision-makers balance the resource-intensive nature of participatory processes with the need for tangible short-term outcomes? In what ways can the challenges of measuring social and democratic impacts be addressed, and how can stakeholders ensure that the long-term benefits of

participatory planning are achieved despite scepticism about its effectiveness in practice?

5. Summary of Learning

Q1: What is understood under resources for participatory planning processes?
A: Resources for participatory planning refer to the various means or assets - tools, materials, and supports - needed to effectively engage stakeholders in the planning processes.

Q2: How would you define the budget of a participatory planning process?
A: The budget of a participatory planning process is the structured presentation of the monetary value or costs of the resources used in that processes associated with the sources from which these costs are funded.

Q3: What does the cost-benefit analysis (CBA) measure?
A: The CBA measures the benefits a project, process or activity against the resources (costs) utilized in its implementation.

Q4: How does the social return on investment (SORI) differ from the cost-benefit analysis (CBA)?
A: CBA measures mainly the economic efficiency of a process or project, while SORI considers non-financial aspects such as social and environmental value.

Q5: What is the purpose of the approach of Participatory Value Evaluation (PVE)?
A: The PVE aims to engage large groups of citizens in the decision-making processes at the community level via engagement in real-life cases and when enabling the citizens to take on the role of decision-makers.

Quiz

Q1: What is one of the primary purposes of participatory planning even from an economic perspective?

a) To reduce governmental spending
b) To enhance governmental legitimacy and tap into citizens' expertise
c) To replace formal planning processes with informal ones
d) To minimize the duration of the planning process

A: b

Q2: Which of the following is an example of a resource categorized under "Technological and informational resources"?

a) Campaign offices
b) Mediators
c) Online discussion forums
d) Community volunteers

A: c

Q3: What factor most influences the economic structure and impact of participatory planning processes?

a) The political stability of the region
b) The size of the local community

c) The level of citizen participation
d) The time frame within which the process is conducted

A: d

Q4: Which of the following is a short-term benefit of participatory planning?
a) Strengthened community connections
b) Decreased conflicts over time
c) Improved decision-making and relationships between stakeholders
d) Enhanced social cohesion and resilience

A: c

Q5: Which of the following is a long-term benefit of participatory planning?
a) Immediate economic welfare improvements
b) Increased resource efficiency during planning
c) Enhanced community support and decreased conflicts
d) Shortened decision-making timelines

A: c

Q6: Which of the following best describes the Benefit-to-Cost Ratio (BCR)?
a) It measures yearly net benefits of a project adjusted to present-day value.
b) It assigns a monetary value to social, economic, and environmental benefits.
c) It calculates the amount of benefit generated for every 1 Euro of cost.
d) It adjusts the value of future costs and benefits for better comparison.

A: c

Q7: What is the role of the discount rate in CBA?
a) To adjust the value of future costs and benefits to their present-day worth
b) To calculate the ratio of social benefits to financial costs
c) To account for the value of the next best alternative
d) To determine the financial viability of a project based on past expenditure

A: a

Q8: How does Social Return on Investment (SROI) differ from Benefit-to-Cost Ratio (BCR)?
a) SROI focuses only on financial benefits, while BCR includes social impacts.
b) SROI calculates social, economic, and environmental returns, whereas BCR considers only financial equivalents.
c) SROI uses future costs, while BCR considers present-day costs.
d) SROI requires seven specific principles, while BCR does not.

A: b

Q9: (True or False) Cost-Benefit Analysis (CBA) always relies on precise numerical data to make decisions.

A: False

Q10: (True or False) The Social Return on Investment (SROI) method includes assessing community well-being and environmental benefits alongside financial costs.
A: True

Q11: Match the economic measure of a participatory planning process with the tool it belongs to using arrows:

Measure	Tool
a) Discount rate	A. CBA B. SORI
b) Social value	
c) Net present value	
d) Environmental value	
e) BCR	
f) Intangible benefits	

A: a-A ; b-B; c-A; d-B; e-A; f-A

Q12: (True or False) In the "fixed budget PVE" format, participants have the option to adjust taxes to increase or decrease the total budget.
A: False

Q13: (True or False) The PVE method allows citizens to provide input on government decisions in a way that simulates a policymaker's role.
A: True

Q14: What is a key feature of the "flexible budget PVE" format in Participatory Value Evaluation (PVE}?
a) Participants allocate a fixed public budget without adjusting taxes.
b) Participants can adjust the overall budget by changing taxes, impacting private income.
c) Participants are restricted to funding only preselected government projects.
d) Participants vote on policies without considering budget constraints.
A: b

Q15: Match the following terms with the correct definitions:

Term	Definition
a) Transparency	A. Using tools like CBA and SROI to evaluate the efficiency of participatory processes and identify the best value-for-money alternatives

b) Economic Metrics	B. Considering trade-offs and potential benefits forgone when selecting one participatory process over another.
c) Opportunity Costs	C. Adjusting strategies or forecasts based on new information or changing conditions to optimize outcomes..
d) Flexibility and Adaptation	D. Presenting clear economic data to build trust and encourage informed decision-making in participatory processes..
e) Balancing Long-Term and Short-Term Benefits	**E.** Focusing on immediate gains while ensuring sustainable long-term benefits for participatory projects.
f) Early Stakeholder Involvement	**F.** Engaging communities and stakeholders at the earliest stages to align projects with community priorities and avoid costly opposition later.

A: a-D; b-A; c-B; d-C; d-E; e-F

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7. Glossary

Formal participatory process: refers to structured, officially mandated procedures organized by public administrations to engage stakeholders in planning and decision-making. These processes are typically governed by legal provisions and use resources provided by governments, sourced from public budgets.

Informal participatory processes: are voluntary, community-driven initiatives that aim to engage citizens in decision-making or planning activities outside the framework of legally mandated procedures. These processes are typically organized by citizens, civic organizations, or community groups and are not bound by formal regulations.

Crowdsourcing: process of obtaining ideas, services, or funding from a large group of people, typically through an online platform or other decentralized means. It leverages the collective intelligence, skills, or financial contributions of a community to solve problems, create content, or fund projects.

Log: record or documentation of events, activities, or observations

Economic metrics: quantitative indicators used to assess the economic performance of an activity.

Monetization: process of converting something into a source of income or revenue. In a business context, it typically involves generating revenue from a product, service, or asset.