

# "CircE - European regions toward Circular Economy"

## INTERREG Europe Project



### Priority Opportunities

### Project Partner 8 - SOS

### Skupnost občin Slovenije

## Association of Municipalities and Towns of Slovenia

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## 1. Executive summary

Having in mind SOS is association of municipalities an important role is given to their competences beside the tourism sector, which SOS is focusing on within Circe project, through the process were final opportunities were prioritised as follows:

PRIORITY	TITLE OF OPPORTUNITY	HORIZONTAL		COMMENTS
1.	Mobility PP8_S5_03	Digitization PP8_S5_08 + Tourism 4.0	The role of municipalities PP8_S5_05	/
2.	Food system PP8_S5_09 + PP8_S5_01 + PP8_S5_07			* GATHERED THREE OPPORTUNITES: - Agricultural cooperatives - Self-sufficiency - Robinfood
3.	Diffused hotel PP8_S5_04			/
4.	Re-use centers PP8_S5_06			/
	Forest wood chains PP8_S5_02			* not connected to tourism and municipalities, therefore eliminated

## 2. Prioritization

### How we used the Criteria tree

The general structure of the criteria tree was shared among the partnership on the meeting in Nederland, between 13<sup>th</sup> and 15<sup>th</sup> of June 2018. After the meeting some adaptations according to project partners input were made. The criteria tree was finalized in July 2018.

SOS decided to use the Criteria tree in several stages, all with involvement of stakeholders:

1. Definition of weights – done at stakeholder meeting
2. Priority ranking – done with stakeholders online
3. Discussion about final ranking of opportunities- done at stakeholder meeting

### How we defined the weights

The Circe projects stakeholders met in Ljubljana on June 28<sup>th</sup> 2018 with the aim of defining the weights of the criteria tree.

Various opportunities for a more efficient transition from a linear to a circular economy have been identified till this point in the project, and these identified opportunities had to be ranked according

to priorities. In order to avoid just a subjective or objective judgment, the project consortium has opted for a common methodology covering both. For mathematical calculus, stakeholders used pairwise comparison of detailed weights based on the hierarchical tree. The common ration scale adopted ranges from 1 (criteria are perceived as equal) to 9 (the first criterion is considered extremely more important than the second one).

Stakeholders discussed the importance of each pairwise comparison. Where they came to a common understanding regarding the score of the weight, a figure was put in the prepared tool. Where no common understanding was possible, we decided to write downs each score and ask the technical assistance to consider the average value when calculating the final weights.

The final weights ranking is reported in Annex 1.

### How we got the final priority ranking

After communication with the lead partner of Circe project, stakeholders were invited to score identified priorities with help of an online tool. The invitation was sent to stakeholders by e-mail on 21. 09. 2018, with the link to the tool (partly in Slovenian: [tool to assess priorities](#)) and instructions on how to do the assessment of priorities (in Slovenian: [instructions](#)). The stakeholders had to score each opportunity with a value from 1 to 9 (1 the least promising and 9 the most promising opportunity) and were provided with the description of each opportunity (including the tackled sustainable development goals) and the weights.

On September 27<sup>th</sup> 2018 at the headquarters of SOS, the 4<sup>th</sup> meeting of stakeholders of the CirceE project took place, where the scores gathered by stakeholders were discussed. The scoring of priorities was as follows:

Opportunity name	Description	Average	Priority ranking
<b>Mobility</b> PP8_S5_01	Transition to clean energy products, car sharing, soft mobility in tourism;	7,95	1.
<b>Forest-wood chains</b> PP8_S5_02	Development of forest-wood chains as sustainable development drivers and designers of green jobs;	6,66	2.
<b>Digitalization</b> PP8_S5_08	Digitization of entrepreneurship and industry, smart cities, e-commerce, e-skills, e-inclusion, cyber security, other developmental areas of digital society; HORIZONTAL	6,48	3.

<b>Agricultural cooperatives</b> PP8_S5_09	Promoting organic production and processing of produce, linking with vulnerable groups, integrating into short supply chains and catering - tourist purposes;	6,30	4.
<b>Self-sufficiency</b> PP8_S5_01	Model of cooperation with local providers towards the realization of joint orders - short supply chains for catering tourist establishments and public institutions;	6,10	5.
<b>Re-use centers</b> PP8_S5_06	Reparation of used products for re-use, sale of renovated products at a good price, fitting out catering and tourist facilities;	6,08	6.
<b>Roobinfood</b> PP8_S5_07	Preventing food waste - food that is close to the end of the expiration date because of the changed packaging, excess production or other similar problems, which cannot be sold, shouldn't end up as waste. (sales in the store, processing of products in meals or new products)	5,88	7.
<b>Diffused hotel</b> PP8_S5_04	Form of business cooperation of many individuals (owners or managers of real estate) who together manage a dispersed hotel within the tourist cooperative (room accommodation, tourist accommodation, other programs in tourism). It has a common reception and marketing; the accommodation is diffused across different locations. In the forefront is the integration in all areas that touch the stay of a tourist in the local environment.	5,12	8.
<b>The role of municipalities</b> PP8_S5_05	Municipalities play an extremely important role in circular economy, as they represent support to their locality, they connect in partnerships at various levels and at the same time they are centers of development. The circular economy is a key factor in smart and competitive cities, as changes in today's world are inevitable and the adaptation and response to it is crucial. This must be innovative, smart and sustainable, as we want to preserve economic, environmental and social stability with it. HORIZONTAL	5,02	9.

### 3. Opportunities ranking

At the stakeholder meeting of 12. December 2018 SOS team presented the priority ranking, considering the identified stakeholders' priorities through the mathematical model and discussed

about weaknesses of the AHP mathematical model, given the real needs in the field and the priority sector - tourism.

The discussion showed that some opportunities are globally perceived as extremely important for the development of a circular economy in Slovenia, but they have a relatively small impact on the development of circular tourism, at which the Association of Municipalities and Towns of Slovenia is focused at the project.

For example, the opportunity for the "Forest Wood Chains" on the priority scale through the mathematical model is perceived as the second most important opportunity, but in view of the development of circular tourism, it has a much smaller, almost zero effect. Also, according to the mathematical model, the opportunity for the development of the "Diffused Hotel" is surprisingly low, which, according to the stakeholders' judgment, is on the priority scale much higher because it contains all elements of other opportunities in its core and can be an example of the integrated introduction of circular models in tourism. The opportunity, which SOS team has called the "Role of Municipalities", including the Green Public Procurement Tool, is ranked on the priority scale at the last, 9th place, but according to the stakeholders' assessment, does not belong at the bottom, as it has an horizontal impact as well as the opportunity "digitization", which makes it stand side by side with each opportunity and not at the bottom of the scale.

As a lot of time has passed since the identification of opportunities for prioritization, in the meanwhile new opportunities have been identified. The most important one that was discussed at the meeting was Tourism 4.0, which is based on both horizontal opportunities, namely digitization and the role of municipalities.

In accordance with the discussion at the stakeholders' meeting, the Association of Municipalities and Towns of Slovenia prepared these Report on opportunities ranking and, based on this, will approach to the creation of an action plan to help and guide the realization of the most promising opportunities for the development of a circular model in the tourism sector.

According to the discussion of strengths and weaknesses of the method used and expressed relevance to the sector, the stakeholders and SOS Team came to the following opportunity ranking, gathered in the following table:

PRIORITY	TITLE OF OPPORTUNITY	HORIZONTAL		COMMENTS
1.	Mobility PP8_S5_03	Digitization PP8_S5_08 + Tourism 4.0 <sup>1</sup>	The role of municipalities PP8_S5_05	/
2.	Food system PP8_S5_09 + PP8_S5_01 + PP8_S5_07			* GATHERED THREE OPPORTUNITES: - Agricultural cooperatives - Self-sufficiency - Robinfood
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As can be seen from the table also after assessment of relevance for the sector, the opportunity Mobility holds its place as the most important opportunity - transition to clean energy products, car sharing and soft mobility in tourism is in line with national strategies as well as the efforts of local communities in the field of infrastructure investments, and also coincides with the emergence of alternative models of entrepreneurship in Slovenia, also in the sector tourism. Therefore, it is seen as an opportunity with no big berries to overcome. Common inventory joined database and the continuation of the construction of an appropriate national and local infrastructure (which is both in implementation) will lead to upgrade of usability.

The second place of priority ranking is summarized with the term Food system and is consisting of three similar identified opportunities, namely the opportunities Agricultural cooperatives, Self-sufficiency and Robinfood. All opportunities under this summarized term are being currently country wide implemented in small-scale but could be scaled-up. The opportunity faces smaller barriers as the lack of a common database on available land, lack of data on required food orders (long-term planning for farmers), lack of available short-supply chains for the hospitality sector and some administrative barriers in the area of re-use of food products. Nevertheless, production of food

<sup>1</sup> Tourism 4.0 is a new emerged opportunity. It's a name for the current trend of big data processing collected from a vast number of travelers, to create personalized traveling experience. It is based on variety of modern high-tech computer technologies. Term originates from new paradigm in industry, known as Industry 4.0. It enables travel experiences to be more efficient, safer, greener and less hassle while optimizing journey times, and minimizing costs for travelers. Moreover, it has long term objective as it aims to connect private and public sector as well as tourist in collaborative innovation process, which is the fastest way of creating a product that is in demand and user friendly.

\* newly added opportunity (not scored with criteria tree)

and food processing in Slovenia employs 90700 people. By raising self-sufficiency by 1%, up to 1000 new jobs could be created.

As the third priority the model of Diffused hotels were identified. Diffused hotel is a form of business cooperation of many individuals (owners or managers of real estate) who together manage a diffused hotel within the tourist cooperative. It has a common reception and marketing, while accommodation, the offer of food and tourist programs is diffused across different locations. As the tourist usually needs every commodity that he uses at home, the opportunity is cross-cutting and tackles many areas and sectors as spatial management and planning, mobility, re-use of furniture, short food supply chains, new business models, environmental protection and sustainable development or new technologies (etc), so it is seen as the most holistic – therefore the most desirable concept of tourism. As it is also the most complicated concept it faces some barriers as competition with business as usual, difficult legal framework, lack of internalization of external effects, additional transaction costs, difficult access to appropriate green technology, as well as lack of skills and competences in this field in Slovenia. Therefore, more effort must be done in realizing this opportunity, also in terms of appropriate policy options on national and local level.

The reparation of used products for re-use, sale of renovated products for out-fitting catering and tourist facilities is summarized under the opportunity name Re-use centers and was voted as the fourth priority opportunity. It is an opportunity that is already being implemented in Slovenia for a few years, but its development is being hampered by the underdeveloped market of secondary raw materials, the values and the attitude of consumers, and low profits.

Since in Slovenia there is legislation in place, which promotes separate collection of bulk waste and household appliances, the potential to realize the opportunity is significantly less inhibited. The stakeholders from this field expressed that most support for their sector would be needed in the form of (state or local) subsidies, allowances for paying VAT (tax exemptions) and higher public awareness.

The opportunity called Tourism 4.0 is a new one, that wasn't elaborated through the mathematical method and is set up alongside Digitization. It's a name for the current trend of big data processing collected from a vast number of travelers, to create personalized traveling experience. It is based on variety of modern high-tech computer technologies. It enables travel experiences to be more efficient, safer, greener and with less hassle while optimizing journey times, and minimizing costs for travelers. Moreover, it has long term objective as it aims to connect private and public sector as well as tourist in collaborative innovation process, which is the fastest way of creating a product that is in demand and user friendly. The barrier that is encountered in this field is primarily the low level of competence of both the public sector and the private sector in terms of usability and potential benefits.

The opportunities called Digitalization and The role of Municipalities are also treated as horizontal opportunities, meaning, that they are included in each of the above mentioned opportunities as a tool to eliminate barriers, as well as an opportunity for the development of circular economy in itself. Therefore, the stakeholders and SOS team decided that they will not get a prioritization number but must be considered in each opportunity as equally important.

Digitization is an important factor in the development of mobility, short supply chains of food, self-sufficiency, re-use of food, the establishment of diffused hotels and re-use centers. By collecting and capturing data on traffic fluidity, available alternative resources, availability of available or excess foods, available land and use smart technology, more efficient use of natural resources can be created. Through these savings are created and material loops are closed.

The role of municipalities in each of the opportunities is exceptional. Not only that local communities are those in which a conducive environment for the implementation of each opportunity is created, local communities themselves are those who co-design and autonomously formulate local legislation. With available resources, both natural and financial, they encourage their development and create calls for local economy. Therefore, we will also pay attention to them in the future action plan that will encourage local governments to develop such strategies and calls that will promote the development of the above-mentioned priority opportunities in the tourism sector.

The opportunity forest - wood chains wasn't ranked at all. Although this opportunity has been recognized as one of the priorities of Slovenia in its Roadmap for circular economy, stakeholders and SOS team found that it does not have impact on the development of circular economy in the tourism sector. Therefore, it does not belong on the priority scale.

## 4. The Stakeholders

As described before the stakeholders took part in every step of the process for determining the list of priority opportunities. The interest of stakeholders was understandably lower during this process, since a lot of mathematical exercise and time input was required. Also, most of the stakeholders are public servants on local or national level and not much connection with the economy sector could be ensured. Therefore, the results for weights regarding the importance of profit must be read with a little distance. Nevertheless, through the discussions on stakeholder meetings new considerations emerged, which shaped the perspective on the future action plan and needed policy changes.



Annex 1

<u>Level 1</u>	Local weight	Global weights
Strategic	0,1507	0,1507
Economic	0,0773	0,0773
Social	0,0721	0,0721
Environmental	0,6999	0,6999
<u>Level 2</u>		
Replicability	0,1791	0,02699037
Time-scale	0,0895	0,01348765
Coherence with RIS3	0,0793	0,01195051
Contribution to the Local Eco-System Development	0,1767	0,02662869
Contribution to the legislation targets	0,4754	0,07164278
<u>Level 2</u>		
Profit	0,1074	0,00830202
Payback Time	0,8926	0,06899798
<u>Level 2</u>		
New Skills	0,3007	0,02168047
Public awareness	0,5015	0,03615815
Social Inclusion	0,0599	0,00431879
Job Creation	0,138	0,0099498
<u>Level 2</u>		
Emissions Saved	0,6611	0,46270389
Energy Efficiency	0,0697	0,04878303
Resource Efficiency	0,2692	0,18841308
<u>Level 3</u>		
Total Resource Volume Saved	0,8261	0,155648045
Strategic Resources Saved	0,1739	0,032765035