

Circe  
Interreg Europe Project  
Slovenia  
**ACTION PLAN**  
Association of Municipalities and Towns of Slovenia

Signed by:

Jasmina Vidmar,  
Secretary General of SOS

Place, date:

dr. Aleksander Jevšek  
President of SOS

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### Action Plan Appendices:

- A1 Circular Economy in Terms of Public Procurement and a Diffused Hotel
- A3 Endorsement Letter of the Ministry of Economic Development and Technology

# 1 GENERAL INFORMATION

Project: CircE

Partner organisation: Association of Municipalities and Towns of Slovenia

Country: Slovenia

NUTS2 statistical regions: Eastern and Western Slovenia Cohesion Regions

Contact person: Saša Kek

E-mail: [sasa.kek@skupnostobcin.si](mailto:sasa.kek@skupnostobcin.si)

Telephone number: +386 (0)2 234 15 00

## 1.1 CircE Project Consortium and Sphere of Action of the Association of Municipalities and Towns of Slovenia within the Consortium

The “CircE – European Regions toward Circular Economy” involves 8 partners at regional and local levels as well as representatives of various European social and economic scenarios. Project partners include: the Region of Lombardy, the Government of Catalonia, the Lower Silesia Marshal Office, the Province of Gelderland, the London Waste and Recycling Board (LWARB), the Creation Development EcoEnterprises (CD2E), the Municipality of Sofia and the Association of Municipalities and Towns of Slovenia (SOS).

The SOS began its activities in the international consortium for the implementation of the project in January 2017. We are focusing our activities in Slovenia on circular tourism.

After identifying the sectors in which project partners have participated, the SOS decided to focus on tourism. The reason for this is the already achieved international recognition of Slovenia as a green tourist destination and the national strategic orientation into the sustainable development of tourism supported by the documents of the main national players. Tourism is also an area in which the powers conferred on the municipalities that participate in the Association of Municipalities and Towns of Slovenia allow us to influence the realisation of the set goals. We gear project activities towards upgrading the existing sustainable orientation with so-called circular tourism or by setting up good practices of circular tourism.

Overview of the sectors on which the activities of the CircE project partners are focused:

- ★ Region of Lombardy – waste, plastics, textile;
- ★ Government of Catalonia – textile, beverages;
- ★ Lower Silesia Marshal Office – raw materials;
- ★ Province of Gelderland – food, textile;
- ★ Municipality of Sofia – waste;
- ★ Association of Municipalities and Towns of Slovenia (SOS) – tourism, food;
- ★ London Waste and Recycling Board (LWARB) – buildings, food;
- ★ Creation Development EcoEnterprises (CD2E) – textile.

At the end of Phase I of the CircE project, which lasts until 30 June 2019, each partner shall have prepared an action plan for the transfer of experience obtained in the inter-regional exchange and in collaboration with stakeholders into their own political instruments in compliance with priority options and highlighted obstacles.

In this action plan, the SOS presents the identified options, obstacles and recommendations for the tourism sector or for establishing circular economy models.

This Action Plan for Circular Tourism which follows Phase I of the project thus contains a compilation of recommendations for:

- ★ lawmakers for which obstacles have been identified;
- ★ Strategic Development Innovation Partnerships (SDIP) operating under the auspices of the Service of the Government of the Republic of Slovenia for Development and European Cohesion Policy have been identified as entities whose activities can contribute to positive effects on circular tourism;
- ★ municipalities whose calls for tenders aimed at the promotion of local development and policies can directly contribute to the introduction of circular economy.

Logically, the measures proposed also involve other stakeholders from the EU level to project partners.

During Phase II of the CircE project between 1 July 2019 and 30 June 2021, the SOS will directly involve political levels and thus integrate the main findings into selected policy instruments or use them to amend or reformulate policies. The effectiveness of action plan implementation will be monitored during this phase.

## **1.2 Circular Tourism: Key Elements, Stakeholders and Priorities**

The transition from a linear to a circular economy is one of the priority policies of the EU that is related to Global Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development adopted on 25 September 2015 by the General Assembly of the UN. Worth mentioning among the 17 universal and global SDGs in terms of establishing the circular economy (CE) is that our awareness of limited planet resources should lead to responsible consumption and production, which includes sustainable natural resources management, the reduction of food waste, the reduction of waste in general and the explicit goal of developing mechanisms for the monitoring of the impacts of sustainable development on the development of sustainable tourism which creates jobs and promotes local culture and products.

Both in terms of the CE concept and circular tourism in general we want to establish closed-loop material flows on various levels, which constitute the circulation of materials during the life cycle of products, and also bring together the various processes for the building of ties between stakeholders. At this point, the SOS wants to emphasise the importance of developing and designing products and services because it is essential for the circularity principles to be observed starting in the planning stage.

In terms of tourism, we think of a similar consumption of resources and materials and generation of waste similar to those in households but taking into consideration that this type of consumption of resources involves a complete and comprehensive infrastructure and integrated services which bring together various offers with different environmental footprints which are differently integrated into local loops and which have various options of transitioning towards operations in compliance with a CE.

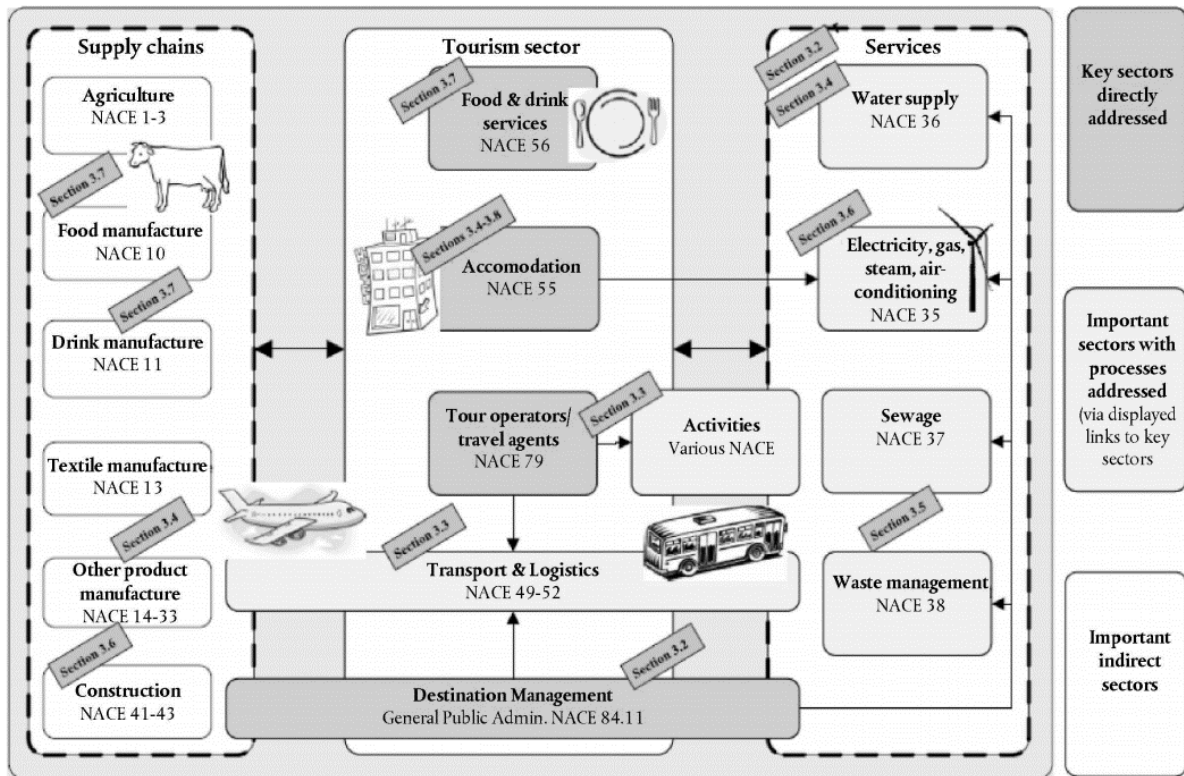


Figure 1: Overview of the added value chain in the tourism sector

Source: EC <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016D0611&from=SL>

The management of resources is assessed by taking into consideration that the consumption and the possibilities for closing material loops in tourism are affected by the diverse elements of the tourist destination, various groups of stakeholders, multi-faceted integration of the tourism activity into infrastructure and horizontal support in the environment.

To put it in a simplified way, key elements of a destination are what every tourist needs:

- ★ accommodation;
- ★ food;
- ★ mobility;
- ★ attractions and experiences or reasons for their visit.

The key groups of stakeholders in the tourism sector operation processes are:

- ★ tourists;
- ★ tourism industry (direct and indirect providers of goods and services);
- ★ public sector, including municipalities and decision-makers;
- ★ local population, including NGOs.

Resources, infrastructure and other horizontal support:

- ★ energy;
- ★ water;
- ★ waste;
- ★ built environment;
- ★ people/local community;
- ★ natural and cultural heritage;
- ★ information, communication;
- ★ corporate environment.

By taking into consideration the elements, stakeholders and infrastructure and by respecting the possible role of municipalities (powers of local communities) and Tourism 4.0 trends facilitating increasingly personalised trips, the integration of travel ecosystems, corporate operation innovation, increased safety and the like through digitalisation, circular tourism model opportunities are sought especially in connection with:

- ★ sustainable mobility (diverse environmentallyfriendly types of transport, sharing economy);
- ★ food (locally produced food, short food supply chains, community gardens);
- ★ community and other innovative types of tourist accommodation (diffused hotels);
- ★ re-use of items/objects (re-use centres, social entrepreneurship).

Circular tourism opportunities are also associated with Slovenia's intention to become a green reference country in a digitalised Europe.

### 1.3 SECTOR PRIORITIES – Circular Tourism

<b>1.</b>	<b>Mobility: sustainable forms and sharing economy</b>	<b>Digitalisation and new tech - Tourism 4.0</b>	<b>Role of municipalities</b>
<b>2.</b>	<b>Food reduction of food waste and short food-supply chains</b>		
<b>3.</b>	<b>Accommodation: efficient consumption of resources, energy and space, other types of consumption, diffused hotel</b>		
<b>4.</b>	<b>Waste: re-use of items/objects/equipment, new business models (rent-a-service, re-use centres)</b>		

### 1.4 Opportunities with Proposed Measures

In collaboration with stakeholders and project partners, the SOS has identified the following priority circular tourism opportunities:

- ★ mobility: sustainable forms and sharing economy;
- ★ food: locally produced food, short food-supply chains and waste reduction;
- ★ accommodation: efficient consumption of resources, energy and space, other types of consumption, community forms of diffused hotels;
- ★ waste: re-use of items/objects/equipment, new business models (rent-a-service, re-use centres);
- ★ other areas potentially associated with the closing of material loops in tourism.

As far as opportunities are concerned, the SOS wants to draw attention to the development of community and other types of diffused hotels which – being the focal points of the tourism offer – can also develop their responsible, sustainable and circular tourism offer by taking advantage of mobility, food and waste opportunities.

In addition to identified opportunities, the text below presents selected cases of good practice in Slovenia and potential inspiration for recognising and developing further local environment-specific opportunities.

### 1.4.1 MOBILITY: Sustainable Forms and Sharing Economy

*Incentives for the models of a sharing economy in sustainable mobility*

#### **BACKGROUND**

In the beginning of the CircE project implementation, the mobility sector was often mentioned, within the scope of the partnership, as the sector with potential for circular economy development. After selecting the tourism sector, the SOS often faced mobility challenges and opportunities in meetings with stakeholders that took place in the first phase of the project. As part of the participatory process of identifying sector priorities, mobility in its sustainable form and including the sharing economy ranked the highest. Taking into account the role of municipalities and the greater concentration of tourists in towns or cities required by economies of scale, the Integrated Territorial Investments mechanism was recognised as a measure that would address the measures for sustainable mobility within the scope of OP 2014–2020.

#### **NATURE OF THE MEASURE**

Using its call for tenders entitled Sustainable Mobility in Cities, the SOS encourages municipalities to introduce measures that will ensure new forms of mobility for tourists and local residents and which incorporate sharing economy principles as an integral part of a CE. Projects that enable tourists and residents to rent various forms of mobility devices and which put in place a support environment for tracking, payment, exchange, reservation, information and the like.

#### **STAKEHOLDER INVOLVMENT:**

SOS, city municipalities

#### **TIMEFRAME**

2 years

#### **PERFORMANCE CRITERION – DESIRED OBJECTIVE**

This measure will be deemed successful if, within a period of 2 years, we will have implemented sustainable mobility projects that incorporate sharing economy principles in five city municipalities.

- ↻ **strengthening sustainable mobility within a tourist destination: establishing and implementing a sustainable mobility plan in the municipality; incentives for environmentally friendly public transport: electric, methane- or gas-powered buses, incentives for the use of electric cars and other means of transport;**
- ↻ **rental of bicycles (including electric) and development of cycling infrastructure: from cycling paths to charging points, accessibility and provision of information, collection and management of data, etc.;**
- ↻ **promotion of soft mobility and sharing economy: car sharing;**
- ↻ **developing an incentivising support environment for the development of electric mobility, including the introduction of uniform EU standards for charging stations for electric cars, assurance of data that are open and interoperable and guidelines for effective management of charging infrastructure.**



**SOME GOOD PRACTICE CASES** which can be integrated in collaboration with other stakeholders into new or upgraded sustainable tourism projects and result in circular tourism projects:

- ★ International Alpine Pearls Route, BLED and BOHINJ destinations: Holidays in Eco- Motion promotes access to destinations in the Alps by providing environmentally-friendly choices: [www.alpine-pearls.com/en/mobility-guarantee/](http://www.alpine-pearls.com/en/mobility-guarantee/)
- ★ BOHINJ destination / Sustainable mobility in the Alps through intelligent transport systems containing information on parking occupancy, public transport, natural asset experience programmes and a mobility card (subject to a fee) for guests which includes free-of-charge parking, transport and visits of natural and cultural sights in Bohinj and discounts elsewhere in Slovenia; [www.bohinj.si/mehka-mobilnost/](http://www.bohinj.si/mehka-mobilnost/)
- ★ The new urban and interurban KOLESCA bicycle rental system and CELEBUS electric public transport which goes beyond local borders and establishes both regional mobility and inclusion in the NextBike network through a uniform contactless user card for public bicycle rental and transport systems; <https://bikes.nomago.si/>
- ★ Cycling destination development manual: <https://skupnostobcin.si/wp-content/uploads/2016/06/5.pdf>
- ★ Car sharing: Avant2GO car sharing; <https://avant2go.com/>; introduction of electric car sharing: case study Koper as part of the Edison – eKoper project
- ★ Co-mobility – established Slovenian platform prevoz.org (<https://prevoz.org/>), online tool and mobile application for individuals travelling a similar route by car.
- ★ Possibly, also expected projects as part of the signed Memorandum of Understanding on Cross-Border Collaboration in the Development and Testing of Electric, Connected and Autonomous Mobility Services between Slovenia, Austria and Hungary and similar collaborations



**INSPIRATION for integrating sustainable mobility routes into circular tourism projects:**

- ★ What kind of resource loop is being established by tourism providers and providers of more responsible forms of mobility at destination entry points and to a specific accommodation? Do we promote the use of public transport or rely on the use of individual means of transport?
- ★ Is the accommodation accessible in such a way as to prevent unnecessary consumption of resources and funds? Are there alternative mobility solutions available for accessing attractions, experiences, events?
- ★ Are rental services of environmentally-friendly forms of mobility accessible via smart technological solutions?
- ★ Are more appropriate forms of mobility in circular tourism being promoted?
- ★ Can responsible tourists monitor the consumption of resources caused by their selected mobility?



## 1.4.2 SUSTAINABLE AND CIRCULAR CHALLENGES FOR DIFFUSED HOTELS IN ASSOCIATION WITH PROVIDERS OF MORE RESPONSIBLE MOBILITY SOLUTIONS:

- ★ Do we promote more responsible types of arrival to a destination?
- ★ What are our choices or recommendations for mobility from the usually central reception desk to diffused accommodation and recommended catering establishments, tourist attracts and other points of recommended or available experiences?
- ★ Do we increase the quantity of conveyances (which are stationary most of the time) to and at the location in the belief that guests are provided with better mobility solutions or do we manage the optimum quantity of conveyances and their access for both visitors and locals at the location through new digital solutions and smart technological means?
- ★ Do mobility solutions focus solely on tourists and are season-based or are they integrated into the circulation of resources and funds in the local community?
- ★ Can an electrically-mobile tourist from any EU country quickly and easily plan a route with stops to charge their vehicles, with the prior knowledge of the conditions of charging in transit and at the final destination (the price, any required contractual arrangements, technical specifications, booking options, the charging time)?

## 1.4.3 FOOD: Locally Produced Food and Food Waste Reduction

- ↻ reduction of waste food and packaging waste, particularly single-use plastics; larger number of well-marked waste separation containers in public areas (importance of provision of information and education);
- ↻ prevention of food waste: seeking solutions which would prevent food that cannot be sold in light of its imminent expiry date, in light of excess production, changes to its packaging and other reasons which do not reduce the edibility of food, to be thrown into the trash (alternative sales channels, processing, new products) – integration with tourism providers, joint purchasing, delivery of sufficient quantities;
- ↻ adjustment of short supply chains of organic local food for tourism providers or inclusion of tourism and catering in short supply chains;
- ↻ development of joint purchasing: establishment of a public digital platform that brings together local food producers who more easily provide reliable deliveries to the tourism industry by joining forces;
- ↻ development of joint ordering: establishment of autonomous models of collaboration with local providers for the realisation of joint orders (associated with short supply chains and subject to sufficient incentives for green public procurement proceedings)
- ↻ in collaboration with cooperatives, the promotion of organic production and processing of food and bringing together this activity and vulnerable groups.



SOME GOOD PRACTICE CASES which can be integrated in collaboration with other stakeholders into new or upgraded sustainable tourism projects and result in circular tourism projects:

- ★ Soplaya is an information and logistics tool that creates a direct link between producers and restaurants, hotels, bars, delicatessens, schools and farm stays: each day they deliver hundreds

of fresh, authentic and seasonal ingredients to Friuli-Venezia Giulia, Veneto and Trentino-Alto Adige: <https://www.soplaya.com/index.html>;

- ★ selection of providers of locally produced food: green supply chains: Ljubljana Project: Increasing the Share of Locally Produced Food in Hotels and Restaurants in Central Slovenia: [www.ljubljana.si/sl/moja-ljubljana/podezelje/samooskrba-v-ljubljani/kratke-prehranske-verige/](http://www.ljubljana.si/sl/moja-ljubljana/podezelje/samooskrba-v-ljubljani/kratke-prehranske-verige/);
- ★ involvement in partner agriculture and harvest purchasing projects (one of the increasing number of cases: <http://www.zlate-misli.si/>), purchasing of pre-ordered winter supplies (for example: [www.moja-biodezela.com/](http://www.moja-biodezela.com/)), deliveries via community ordering systems (such as: <http://zeleni-zabojcek.si/za/>), etc.;
- ★ inclusion of food production into the tourism offer: from your own garden (at a tourist location) to your plate (in your own restaurant): [www.gardenvillagebled.com/si/kulinarika/vrtnarija.html](http://www.gardenvillagebled.com/si/kulinarika/vrtnarija.html);
- ★ choosing food without packaging: such as the first Slovenian grocery shop without plastic packaging <https://rifuzl.si/>;
- ★ zero waste stores selling various products without packaging <https://manjjevec.si/karta-trgovin/>;
- ★ recommendations for Zero Waste Tourism in Slovenia: zero waste events and accommodation and the first Slovenian zero waste hotel; <https://ebm.si/zw/turizem/>; <https://ebm.si/zw/o/2018/hotel-ribno-zelen-zgled-na-poti-do-druzbe-brez-odpadkov/>;
- ★ innovative use of food waste: example: Brodka – Slovenian liquor made from excess bread <https://samsemal.si/en/izdelki/brodka-gift/>; <https://agrobiznis.finance.si/8933532/>;
- ★ reduction of municipal waste in Slovenian municipalities: the Zero Waste Municipality network brings together 9 municipalities or 17% of the Slovenian population (<https://ebm.si/zw/obcine>)
- ★ and a closed-loop material flow of carton packaging for milk and juices in the Municipality of Novo Mesto (<https://www.komunala-nm.si/Novice/ArtMID/0/ArticleID//Obele%C%BEili-smo-tri-leta-prvega-komunalnega-snovnega-kroga-v-lokalni-skupnosti>);
- ★ food donations: amended legislation (Agriculture Act) facilitates the donation of food and specifies technical food distribution conditions; Slovene Philanthropy (Slovenska filantropija) has been carrying out the “Excess Food” project [www.filantropija.org/prostovoljcem/viski-hrane-obrok-ljudem-ne-smetem](http://www.filantropija.org/prostovoljcem/viski-hrane-obrok-ljudem-ne-smetem);
- ★ Pantheon farming – farms of the future <https://www.data-lab.ch/sl/>;
- ★ Futourist project – sustainable food: <https://www.futouris.org/en/projects/sustainable-food/>.



### **INSPIRATION for integrating sustainable food approaches into circular tourism projects:**

- ★ How can (connected) tourism providers promote forging links between local food suppliers? Can joint orders be established and can we enter projects engaged in partnership agriculture and other alternative forms of providing high-quality locally produced food?
- ★ How can excess food be handled in a more responsible manner? Are we involved in any food donation opportunities? Are we able to obtain locally produced compost? Do we decide not only to separate waste and ensure disposal of household organic waste but also separate various useful substances (such as coffee grinds which are used for making compost with a local food supplier)?
- ★ Do we establish or participate in short supply chains? Are we familiar with green ordering standards which apply in public procurement proceedings but whose recommendations can be used to guide our ordering/procurement choices?



## SUSTAINABILITY AND CE CHALLENGES FOR DIFFUSED HOTELS IN ASSOCIATION WITH CLOSING THE LOOPS OF MATERIAL FLOWS OF FOOD

- ★ Are our guests provided with food from local sources and short supply chain? Is the food source traceable, verifiable, perhaps even accessible for experiences and tours of local food production facilities where food for our guests is obtained?
- ★ Do we encourage our guests to become familiar with local food? Do we ensure food access/serving methods which prevent unnecessary consumption of resources and funds? Do we facilitate the use of sustainable packaging for our foods?
- ★ Do we include in our menu or do we guide our guests to select food characterised by a special responsibility (such as the use of excess foods for innovative new dietary products)?
- ★ How do we responsibly manage any excess food and organic waste generated during the preparation of food? How are we integrated into the material flow of foods and food waste in the local environment? Are we in charge of the entire flow from the acquisition of food to its preparation and disposal of waste?
- ★ Do we collaborate with local suppliers in a way that prevents any unnecessary transportation and packaging? Do we use technologically advanced digital tools that facilitate connections and ensure proper deliveries in terms of their quantity and delivery times and proper disposal of excess food, waste, etc.?
- ★ Is our accommodation connected to a cropping area? Do we have our own garden or field or a partner food producer in our immediate vicinity? Do we compost organic waste in situ, at least in part?

### 1.4.4 ACCOMMODATION: Diffused Hotels, Efficient Energy Use, Renewable Energy Sources, IoT

- ↻ diffused hotels can act as hotels that bring together local providers; they also facilitate the valuation of the available built environment of natural persons; they promote a multi-purpose use of buildings; they form part of the emerging sharing economy;
- ↻ development of IoT (internet of things) and introduction of sensors for the monitoring of the consumption of resources (water, electricity), automatic and remote control of devices (shut-down of all devices, activation of heating/AC, etc.) can contribute significantly to the efficient use of individual accommodation units (room, apartment, etc.), generate resource savings which can be reflected in advantages for guests (local crypto currency);
- ↻ development of new technologies and their introduction into the operations of SMEs that offer accommodation to guests, whereby the load is taken off the main resource (in tourism at least), i.e. human resources. Therefore we need to monitor development and promote the introduction of innovation into SME operations (document scanning and data reporting, guest satisfaction monitoring devices);
- ↻ it is necessary to encourage the acquisition of equipment from re-use centres, products from secondary raw materials and locally produced and processes products (furniture (wood, CPU), textile (table cloths, towels, bed linen, floor covering, curtains, etc.).



SOME CASES that can be examined in collaboration with other stakeholders as examples of approaches to creating circular tourism projects;

- ★ CircE good practice: Ornica diffused hotel <https://www.interregeurope.eu/policylearning/good-practices/item/2569/a-scattered-hotel-in-the-orobic-alps-the-ornica-hamlet-bergamo-province-italy/>;
- ★ Initiatives to establish rural cooperative diffused hotels: living resource community management projects – a manual on how to establish a merged rural diffused hotel – <http://dovoljazavse.si/kako-v-sloveniji-vzpostaviti-zadruzni-razprseni-hotel-in-urediti-skupnostni-vrt/>;
- ★ Robidišče diffused hotel: rural management system: <https://skvor-holidayhouse.com/>;  
<http://www.etana.si/traven/index.php/dediscina/ekonomika/item/-razprseni-hotel/>;
- ★ Konjice diffused hotel: business collaboration between 5 natural persons and 5 companies (legal entities); <https://razprsenihotel.si/o-nas/>;
- ★ Blatna Brezovica diffused hotel - including restored rural architectural heritage; [http://blatna-brezovica.si/wordpress/?page\\_id=44](http://blatna-brezovica.si/wordpress/?page_id=44);
- ★ Padna diffused hotel - public-private partnership: <https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina?urlurid=20171825>; <https://skupnostobcin.si/novica/obcina-piran-objavila-razpis-za-razprseni-hotel-padna/>;
- ★ Vinarium diffused hotel: <https://hotelvinarium.si/>;
- ★ Other/themed Slovenian cases of centralised management of diffused accommodation: Tourism in vineyard cottages [www.kompas-nm.si/turizem-v-zidanicah.html](http://www.kompas-nm.si/turizem-v-zidanicah.html);
- ★ Houses with a tradition [www.hisestradijco.com/sl](http://www.hisestradijco.com/sl) and various centralised cases of management of private-owned accommodation <https://partners.direct-booker.com/si/>;
- ★ Hotel Water Measurement Initiative (HWMI) is a methodology and a tool enabling hotels to consistently measure and report water consumption. HWMI is free and may be used by any hotel anywhere around the world, from small inns to 5-star establishments:  
[https://www.tourismpartnership.org/wp-content/uploads/2017/09/HWMI-v1-0\\_update-13-Sep-2016.zip](https://www.tourismpartnership.org/wp-content/uploads/2017/09/HWMI-v1-0_update-13-Sep-2016.zip).
- ★ The Hotel Carbon Measurement Initiative (HCMI) is a methodology and a tool enabling hotels to consistently measure and report carbon emissions. HCMI is free and may be used by any hotel anywhere around the world, from small inns to 5-star establishments. More than 24,000 hotels around the world use the HCMI. <https://www.tourismpartnership.org/wp-content/uploads/2017/09/HCMlv3.zip>
- ★ Good practice example: [https://ec.europa.eu/environment/efe/themes/industry-and-technology/award-winning-ladybird-farm-shows-how-fun-can-stay-sustainable\\_en](https://ec.europa.eu/environment/efe/themes/industry-and-technology/award-winning-ladybird-farm-shows-how-fun-can-stay-sustainable_en)



### INSPIRATION for sustainable approaches to diffused hotels

- ★ Can the provision of tourist accommodation in various buildings in a specific area contribute to resolving challenges such as the use of empty apartments or reinvigoration of cultural heritage buildings?
- ★ Can centralised or uniformly managed services improve the quality of accommodation while reducing the consumption of resources and funds?
- ★ Which diffused hotel business models improve the quality of services and life of the local community in the area of the diffused hotel?
- ★ The development of which services and innovative experiences can be promoted by diffused hotels in a specific area (subject to the specific features of the given location)?
- ★ How can diffused hotels be integrated into smart city and village concepts?



## **SUSTAINABILITY AND CE CHALLENGES FOR DIFFUSED HOTELS IN ASSOCIATION WITH CLOSING THE LOOPS OF MATERIAL FLOWS IN COLLABORATION WITH PARTNERS FROM OTHER INDUSTRIES AND SECTORS**

- ★ In what ways do diffused hotels which operate in compliance with the principles of circular tourism differ from other diffused hotels? How do they promote their distinguishing features?
- ★ Do the principles of circular tourism address other target groups of guests than if circular principles hadn't been in place?
- ★ What kind of business model facilitates the introduction of circular tourism principles? How prepared are our partners for a different business model? How many partners are involved and how have they committed to comply with circular tourism principles?
- ★ Which local services can be brought together by circular diffused hotels and what kind of role do various types of offers, services, experiences play in closing the loops of material flows in the region where we operate?
- ★ Which kinds of links required for closing loops of material flows can be implemented promptly in a specific local area?
- ★ Are we creating an integrated tourism product which does not only include accommodation but perhaps also already accessible forms of sustainable mobility, local food supply, object/item re-use, etc.?

### **1.4.5 WASTE: Re-Use of Items/Objects – Re-Use Centres**

Operations in compliance with a CE or circular tourism principles in accommodation and catering establishments can be co-facilitated by:

- ↻ **creating centralised eco-laundrettes for accommodation providers (such as temporary accommodation providers);**
- ↻ **selecting equipment on the basis of re-use: second-hand equipment, restored in re-use centres, most of which are social enterprises;**
- ↻ **systematically forging links between providers of green services and environmentally-friendly products;**
- ↻ **selecting new hotel industry models (such as rental instead of 'purchase' of beds, purchasing lighting service instead of the traditional purchase of lights and light bulbs);**
- ↻ **using upgraded waste separation models for waste generated in accommodation or catering establishments.**

### **1.4.6 IMPORTANT ENCOURAGEMENT: PARTNERSHIPS WITH SOCIAL ENTERPRISES AND PROVIDERS OF GREEN PRODUCTS AND SERVICES**

Solutions for circular tourism in Slovenia will be designed by taking into account potential partnerships with existing re-use centres:

- ★ Slovenian Network of Re-Use Centres: [www.cpu-reuse.com/centri-ponovne-uporabe](http://www.cpu-reuse.com/centri-ponovne-uporabe).

The basic principle associated with the principles of a CE is to prevent the generation of waste. Tourism providers can close the loop of the material flow of at least one part of their equipment by

committing to dispose of their second-hand equipment in re-use centres and to give preference to purchasing equipment in re-use centres where restored useful items are sold at a so-called green price in addition to offering services to extend the life cycle of various items. Design plays a very important role as this part needs to involve representatives of creative industries.

Subject to the type of tourism activity and green products on offer in the local environment, the following types of partnerships can serve an important added value to tourism services:

- ↻ **use of local organic washing agents either in in-house laundrettes or selected partner laundrettes; in addition to numerous environmentally-friendly manual car washing facilities, there is also an increasing number of providers of environmentally-friendly cleaning services for business premises;**
- ↻ **with the assistance of established local providers of products that we need in the tourism industry, we can introduce innovative types of collaboration (primarily if we include joint purchases, for example in the case of providers of temporary accommodation connected in a diffused hotel) or introduce new green products to our equipment (for example special organic waste bins which facilitate at least partial fermentation of waste at their origin, i.e. their collection point).**

#### 1.4.7 OTHER IDENTIFIED OPPORTUNITIES:

The following opportunities have also been found to close loops of material flows:

- ↻ **to establish local business models;**
- ↻ **to promote circular tourism;**
- ↻ **to build on the Green Scheme of Slovenian Tourism and other certification systems;**
- ↻ **to ensure global expert tourism collaboration;**
- ↻ **to strengthen the integration of tourism into the development of a digital society.**

##### *Establishing local business models*

Increasing the circulation of value at the tourist destination by introducing new business models, green local cards or local currencies (eventually also in digital form).



**SOME CASES** or examples which can be integrated into potential new circular tourism projects in collaboration with other stakeholders:

- ★ **Mercato Metropolitano (MM)**, which we visited with the stakeholders of the **CircE project in London**, is the first sustainable and inclusive community market. MM is a movement that encourages craftspeople, helps small producers grow and thus creates a new business model that is related to sustainability, traditional values, good taste and health. MM is a community of art, fun, music and education, it is a food hub with the attractiveness of a farmers' market and a positive social impact – <https://www.mercatometropolitano.com/>.
- ★ Iceland has introduced a new scheme for the reduction of the quantity of plastic waste generated by tourists on the island by offering them a luxury brand of tap water. The **Kranavatn** brand which means "tap water" is available at the Iceland airport, bars, restaurants and hotels – it is marketed as a luxury beverage aimed at encouraging responsible tourism without plastic – <https://www.euronews.com/living/2019/06/07/iceland-gives-tap-water-luxury-branding-in-plastic-free-tourism-push>.

- ★ Cooperative cashless exchange of goods – for natural persons and legal entities: Koper Abundance Centre – “vajb” currency (also in digital form) <http://www.eksperiment-obilja.org/lani.html>; <https://www.primorske.si/primorska/istra/v-center-obilja-kar-brez-denarja>.
- ★ Examples of past projects: pilot uses of a local exchange currency: Trbovlje (<https://www.zon.si/se-lahko-placate-s-trboveljsko-lipo/>), Ilirska Bistrica (<https://www.delo.si/novice/slovenija/s-ficniki-k-mesarju-ali-na-kozarec-v-gostilno.html>), Kidričevo (<http://spodnjepodravje.si/kidricevo-z-lokalno-valuto-sterthal/>).
- ★ Examples of community exchange economy: “The Library of Things” - <https://www.knjiznicareci.si/>; LETS Zasavje (Central Sava Valley) exchange system - <http://lets-zasavje.blogspot.com/>.
- ★ Use of tokens and similar means of payment at events.
- ★ Local cards of green choices, discounts, mobility.



### **INSPIRATION for establishing and integrating local currency, payment, exchange models into circular tourism**

- ★ Can a local payment system promote the selection of interconnected offers in the material flow by tourists?
- ★ Can a local exchange system reward users for their contributions to circular tourism? (For example, for bringing their own towels, for separating waste in a responsible way, for choosing sustainable mobility access options, etc.)
- ★ Example: a digital account for guests (mobile application) with a specific pre-topped amount of funds which can be spent at connected providers and provide enrichment for responsible conduct).

#### **1.4.8 Communicating the Conscious Selection of Circular Tourism**

- ↻ **JOINT CIRCE MEASURE: AWARENESS-BUILDING AND CAPACITY BUILDING**
- ↻ **facilitating the selection of all key elements for tourists by observing circular principles and ensuring traceability.**
- ↻ **involving tourists and providers in a conscious selection of responsible conduct, including by having them sign codes of ethics and pledges.**
- ↻ **promotion of responsible circular conduct in tourism.**



SOME CASES which can be examined in collaboration with other stakeholders as examples of approaches promoting ethical, sustainable and circular choices of both providers and guests, for example for a declaratory, personalised and prior pledge to respect circular principles at the circular tourism location:

- ★ The Global Code of Ethics for Tourism – recommendations for a responsible and sustainable development of global tourism adopted by the Members of the World Tourism Organisation [www.turisticna-zveza.si/Misel//Eticni.doc](http://www.turisticna-zveza.si/Misel//Eticni.doc)
- ★ Code of Conduct in Nature (Examples: Triglav National Park - <https://www.tnp.si/sl/obiscite/o-parku/bonton/>; Sečovlje Salina Natura Park - <http://www.kpss.si/obiskovanje/pravila-obnasanja>)
- ★ Call for responsible conduct of tourists during their visit to Iceland or the Icelandic Pledge <https://www.inspiredbyiceland.com/icelandicpledge>



## INSPIRATION for the pledges of providers and guests

- ★ What do providers who swear by circular tourism believe in? What kind of behaviour do we promote in guests who select our products? Can jointly applicable values and conduct recommendations be developed in the form of a circular pledge of responsible tourism?
- ★ How do we demonstrate the traceability of everything entering our material flow? How can visitors follow our material flow?
- ★ Can these pledges be carried out in the form of souvenirs or as a means of spreading circular principles in tourism?
- ★ Can the fulfilment of pledges be traceable, for example through a simple digital application which awards providers and guests alike for their responsible conduct as soon as a certain number of pledges are fulfilled?

### 1.4.9 Building on the Green Scheme of Slovenian Tourism and Other Certification Systems

Amending the Green Scheme of Slovenian Tourism and, eventually, other sustainability certifications in Slovenian and global tourism by integrating circular tourism principles.

A digital upgrade of the Green Scheme through the integration of circular economy indicators and with an emphasis on resource management.

The managers of the national Slovenia Green Destination programme (Slovenian Tourist Board, the Slovenia Green Consortium and GoodPlace Sustainable Tourism Factory as a partner institute) should not only digitally upgrade the Green Scheme of Slovenian Tourism, but also enable destinations that opt to certify their sustainable tourism practices to be subject to assessments and improvements also through CE principles. Partially pre-completed questionnaires including public and accessible data shall include circular tourism content and shall be available via an appropriate digital tool.

#### 1.4.9.1 BACKGROUND:

The Green Scheme is a programme which brings together all national efforts aimed at the sustainable development of tourism in Slovenia.

In order to be awarded the SLOVENIA GREEN DESTINATION label, destinations need to follow eleven steps (appoint a green coordinator, appoint a green team, raise awareness, sign a Green Policy, conduct a survey, collect data, submit an audit report and request, prepare an action plan of measures, define the local nature and USP (unique selling proposition), submit a request for an in situ inspection, implementation of measures and, after a period of three years, another audit) graded on a scale from 1 to 10. At the beginning of 2019, this label had already been awarded to about 50 municipalities or destinations.

In order to be awarded the SLOVENIA GREEN ACCOMMODATION or SLOVENIA GREEN TRAVEL AGENCY label, the providers shall, as soon as they join the Green Scheme of Slovenian Tourism, provide proof of having one of six globally established labels recognised by the Green Scheme of Slovenian Tourism. In order to be awarded the SLOVENIA GREEN PARK label, parks shall provide proof of having one of two scheme-verified labels. At the beginning of 2019, the scheme included 25 accommodation providers, 4 parks and 2 tourist agencies.

Slovenia has already achieved green visibility through the Green Scheme of Slovenian Tourism and systematic communication of Slovenia as a green destination and recipients of several distinguished global sustainable tourism awards (such as World's Top 10 Sustainable Destinations, ITB Berlin 2018;



National Geographic Society Organization Award for Sustainable Development of Tourism, ITB Berlin 2018 - National Geographic World Legacy, etc.). As early as 2016, Slovenia was already the 5th Greenest Country in the World according to the Environmental Performance Index (EPI) and the World's First Green Country according to Global Green Destinations. Three years later, integration of CE criteria into responsible and sustainable Slovenian tourism can take us on another level: establishing and promoting circular tourism.

According to the current system of the Green Scheme of Slovenian Tourism, obtaining data during the initial assessment phases requires a lot of staff resources of destinations (in most cases, municipalities). Digital tools can significantly facilitate access thereto. Since, according to the Public Information Access Act (ZDIJZ), anyone can have free access and the right to use public information at the disposal of municipalities, national and other authorities, there are no major obstacles to destinations having the required data pre-collected in pre-completed questionnaires through a technologically advanced and user-friendly digital tool. This way, entry into the Green Scheme, achievement of the 100% Green Slovenia objective and (subject to appropriate integration of CE mechanisms) and promotion of closing loops of material flows at destinations would be facilitated.

The greatest tourism research project, Tourism 4.0 also focuses on digitalisation and new technologies that are recognised as a horizontal sector priority. Its mission is to unveil the innovation potential in the tourism sector and create a format of a dynamic and collaboration-oriented ecosystem in which the local community is regarded as the centre of tourism. In connection therewith, the needs for a more efficient use of material and non-material resources have already been recognised. This part can be integrated into a digital tool, otherwise it involves monitoring and planning assistance for entire local areas using a wide range of databases, which is already being developed.

A digital upgrade of the Green Scheme of Slovenian Tourism through the integration CE would promote the creativity and efficiency of HR, improve the use of data and contribute to the implementation of the objectives of the 2017–2021 Slovenian Tourism Sustainable Development Strategy. The most important objectives thereof include new 5-star boutique experiences. Through the excellence of tourism services which also includes criteria of closing loops of material flows in tourism, such experiences by all means gain additional value added.

By introducing CE principles and promoting circular tourism on the level of the Green Scheme of Slovenian Tourism, Slovenia can act as an example on how to promote and reward additional pledges of both destinations and accommodation providers so that they will ensure that the loop of the material flow of their services is closed. By integrating CE principles into sustainable tourism on the level of certification procedures, we can promote new responsible tourism or tourism experience products for seekers of more responsible tourism practices.

Their identification of responsible tourism practices is facilitated by labelling destinations and accommodation.

One of the guidelines of the 2017–2012 Slovenian Tourism Sustainable Growth Strategy is associated with amending categorisation systems (the already introduced Hotelstars system, formal recognition of glamping and other innovative forms of accommodation in nature as a type of accommodation. By promoting INNOVATIVE forms of association within circular tourism projects, a subordinate, additional or separate accommodation label indicating a pledge to establish CIRCULAR TOURISM, in some cases of new features, which are not included in the categorisation, replaces, complements or expands the categorisation of an accommodation and facilitates the choice of tourists looking for responsible types of tourism services.

#### *1.4.9.2 NATURE OF THE MEASURE:*

The elaboration of criteria is in the domain of the managers of the Green Scheme of Slovenian Tourism, however, initially the criteria for an additional, subordinate or separate award can be explicitly connected to the elaboration of criteria included in the Circular Tourism Potential criterion for calls for tenders (proposed MEASURE 1) or it can be based on letters of intent of collaboration with local compatible providers who are closing the loops of specific material flows and at periodic reviews of the implemented collaborations.

Cases of collaborations can include emerging practices in compliance with CE principles (such as zero waste accommodation, zero waste events - which are both promoted and managed by the “Ecologists Without Borders” NGO or the Zero Waste Slovenia Network, which is a member of Zero Waste Europe, short or green supply chains, participation in green public procurement, cases of sustainable mobility, etc.) or own approaches to collaboration among partners in the local area who are closing loops of material flows (such as collaboration with re-use centres in replacement of equipment at accommodation capacities, local food and own or reverse organic waste management, connecting with local providers of services using smart technological solutions), etc.

A circular tourism label contributes to raising the awareness of providers about their responsibility for their own material flows, engages stakeholders from various industries in the development of tourism services and facilitates responsible choices for tourists.

The initial criterion for obtaining proof of efforts to establish circular tourism can be based on, for example, a standardised letter of intent of collaboration in the areas of mobility, waste, food, experiences and other elements in a limited regional environment and periodic verification of the fulfilment of such intent.

One part of establishing circular tourism can also consist of other digital tools or smart technological solutions which, for example, reduce the frequency of waste disposal or replacement of textiles in accommodation, facilitate the selection of sustainable forms of mobility and similar, and simplify collaboration among users or partners in closing loops of material flows. This way, they contribute to more efficient resource management.

The next step could include an upgrade of the label or a special “CE pledge” in the Slovenian Tourism Scheme, which would be enforced by a promotion contributing to additional raising of providers' awareness.

Recipients of the label or signatories of the circulatory tourism pledge can most easily spread their convictions on their guests by way of their own example: by providing recommendations on responsible conduct at the location, by facilitating the signing of a responsible conduct pledge for the duration of the stay, by rewarding specific conduct in an eventual digital application (for example: obtaining green tokens or specific values of a new local digital currency, etc.).

#### *1.4.9.3 STAKEHOLDER INVOLVMENT:*

The key stakeholders of the proposed change in Slovenia are the SLOVENIAN TOURIST BOARD as the manager of the Green Scheme of Slovenian Tourism and the SLOVENIA GREEN CONSORTIUM, where all destinations and providers with the Slovenia Green label can become members. This consortium thus also includes MUNICIPALITIES/destinations which have already been awarded a Green Scheme of Slovenian Tourism label.

The introduction of a promotional circular tourism label thus also provides the opportunity to have the proposed Circular Tourism Potential tender criterion (Measure 1) replaced thereby.

As part of the Tourism 4.0 research project, which has been breaking new ground in tourism in Slovenia, the tourism industry in Slovenia has been gaining its own role on the research and development level for the first time in the history of the country. The following have joined forces therein: Faculty of Tourism Studies (Turistica), University of Primorska, Faculty of Computing and IT, University of Ljubljana, Faculty of Tourism, University of Maribor, and the Arctur d.o.o. research group which is managing the consortium. The Association of Municipalities and Towns of Slovenia, which was unable to participate in the call for tenders as a full member, plays the role of an affiliate member. Looking for a new format of a dynamic and collaboration-oriented ecosystem, in which tourism centres around the local community co-exists in interaction with tourists, tourism providers and the state, requires and implements the involvement of various stakeholders.

The project is currently carrying out a survey in which the needs and challenges of the stakeholders specified above will be listed and proposals for bringing such an ecosystem to life drawn up. The central objective of the project is to develop the Tourism 4.0 platform as a new form of a dynamic collaboration system among all tourism stakeholders which, by supporting the technologies of Industry 4.0 promotes and systematises the creation of a new generation of tourism applications, services and processes based on the actual needs and wishes of tourists.

#### *1.4.9.4 TIMEFRAME*

2 years

#### *1.4.9.5 ENVISAGED COSTS*

development costs of the current project have already been earmarked (€1,633,940.00 implementation funds/costs cannot be estimated just yet)

#### *1.4.9.6 ENVISAGED SOURCES OF FUNDS*

(ERDF - Call for tenders: "Promoting the implementation of R&D projects (TRL 3-6)" and SDIPs)

#### *1.4.9.7 PERFORMANCE CRITERION – DESIRED OBJECTIVE*

This measure will be deemed successful if, within a period of 2 years, we will have developed a digitalised tool for monitoring the situation including indicators which reflect CE principles.



#### *SOME CASES of certification of sustainable tourism practices:*

- ★ Green Scheme of Slovenian Tourism -  
The SLOVENIA GREEN national programme, certification scheme and umbrella brand pools efforts for the sustainable development of tourism in Slovenia and provides destinations and providers with tools which enable them to assess and improve their sustainability-oriented conduct. <https://www.slovenia.info/en/business/green-scheme-of-slovenian-tourism>
- ★ Eco and sustainability labels (only accommodation providers with a minimum of one label can form part of the Green Scheme) [http://www.mgrt.gov.si/si/delovna\\_podrocja/turizem/okoljski\\_znaki/](http://www.mgrt.gov.si/si/delovna_podrocja/turizem/okoljski_znaki/)
- ★ The Eco-daisy – The EU Ecolabel is EU's eco label for tourism accommodation intended for all types of accommodation providers. It is awarded to corporations exhibiting a more environmentally-friendly conduct than the average European provider. [http://ec.europa.eu/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/environment/ecolabel/index_en.htm)

- ★ The EU Eco-Management and Audit Scheme (EMAS) is an eco-management and audit scheme - [http://ec.europa.eu/environment/emas/index\\_en.htm](http://ec.europa.eu/environment/emas/index_en.htm)
- ★ Travelife / Green Globe – is a sustainable management scheme based on the criteria of sustainable operations of tourism operators [https://www.travelife.info/index\\_new.php?menu=certification&lang=en](https://www.travelife.info/index_new.php?menu=certification&lang=en)
- ★ Bio hotels – chain of hotels which comply with high sustainable economy, organically produced food, local producer inclusion, environmentally-friendly energy, responsible waste management and carbon footprint measurement criteria - <https://www.biohotels.info/en/>
- ★ Green Key (Zeleni ključ) - standard of excellence in environmental responsibility and sustainable operations in the tourism industry. <https://www.zelenikljuc.si/>; <https://www.greenkey.global/>
- ★ Ecocamping – environment management system for camping sites - <https://ecocamping.de/>
- ★ World of glamping green – label for sustainable operations of glamping sites - <http://www.worldofglamping.com/>



### **INSPIRATION for proving operation in compliance with circular tourism principles in association with existing schemes and labels**

- ★ Can inclusion in the Green Scheme or any other specific awarded globally applicable eco-label be complemented by above-standard pledges or proofs within the established labels?
- ★ Can the Green Scheme of Slovenian Tourism introduce an additional (subordinate or separate) circular tourism label?

## **1.5 Obstacles**

Formal legal bases in Slovenia, which has declared its commitment to sustainable tourism and a CE, facilitate the development of a circular tourism solution. Their implementation shall be in line with regulatory, economic, social and other aspects that stakeholders would recognise as obstacles. Following research on the main obstacles to the development of CE carried out by our partners in the relevant sectors of various EU regions, our joint report identifies the following main obstacles:

- ★ economic and financial aspects;
- ★ regulatory defects (law and governmental support);
- ★ social factors (social acceptance and relations);
- ★ market failures (aspects that the current market has failed to sort out);
- ★ corporate structure (corporate organisation and governance issues);
- ★ technology (access to technology and the need for new skills).

### **1.5.1 Obstacles Focused on by Sector Partners of the Circe Project**

*TOURISM battle against “business as usual”;*

- ★ inadequate legal frameworks;
- ★ culture of management or governance and attitude towards green corporate frameworks and mindsets on management and operational levels;
- ★ failure to consider external effects or insufficient internalisation thereof;
- ★ additional transaction costs;
- ★ difficult access to appropriate green technology;
- ★ lack of know-how.

*FOOD insufficient local produce quantities (vegetables, fruit);*

- ★ unwillingness to appear jointly on the market;

- ★ the required quantities are not known in advance;
- ★ public procurement (the lowest price is seen as a more important criterion than CE principles);
- ★ customer attitude.

#### WASTE

- ★ undeveloped secondary resources market;
- ★ lacking definitions of secondary resources.

#### BUILT ENVIRONMENT *insufficient involvement of responsible stakeholders in the supply chain;*

- ★ attitude of businesses towards green corporate mindsets on management and operational levels;
- ★ customer values and attitude;
- ★ low or lack of profits;
- ★ public procurement (the lowest price is seen as a more important criterion than CE principles).

### 1.5.2 **Highlighted Obstacle: Public Procurement**

One of the main obstacles observed by partners of the CircE project is public procurement. This area requires systematic change promoting:

- ★ competence of contracting authorities' representatives (key stakeholder in Slovenia: Ministry of Public Administration);
- ★ an increase in school and kindergarten food budgets (key stakeholder in Slovenia: Ministry of Education, Science and Sports);
- ★ support and incentives for organic farmers, particularly small distributed farms (key stakeholder in Slovenia: Ministry of Agriculture, Forestry and Food);
- ★ creation of a supportive environment for contracting authorities and political support on a national level.

This Action Plan focuses on the tourism sector which, however, is logically linked to other sectors in its ability to face obstacles, which is why obstacles in the functioning of public procurement have been highlighted herein.

Green public procurement is prescribed in Slovenia but has failed to gain traction in a comprehensive manner in practice and fails to sufficiently include mechanisms that follow the principles of a CE. A more detailed review of connections between public procurement and a CE can be found in the Annex to the Action Plan (→ Annex : Circular Economy in Light of Public Procurement and Diffused Hotels). In this document, we shall only provide a summary of the proposed implementation methods in practice.

- ↻ **The Public Procurement Directorate of the Ministry of Public Administration of the Republic of Slovenia or another organisation shall prepare guidelines for the procurement of second-hand goods in public procurement proceedings.**
- ↻ **To prepare the methodology for calculating estimates of the costs of externalities, primarily for the procurement of food and beverages, which comply with public procurement legislation in force.**
- ↻ **To establish a platform/counselling service for public contracting authorities including the option of a structured presentation of the actual supply available on the relevant market.**

- ↻ **To more intensely promote cooperatives and provide support in founding cooperatives both by the government and local communities, primarily in areas which contribute to a circular economy.**
- ↻ **To prepare guidelines that specify legal and organisational options of local communities playing the role of a promoter of diffused hotels, options of providing public-owned capacities and ensuring the conditions for the development of activities complying with principles of sustainability.**

*Highlighted Challenge: Calls for Tenders*

The discussion of opportunities and obstacles in tourism pays special attention to calls for tenders for tourism investments, particularly investments in integrated tourism products which form the core of circular tourism. Integration of the economy, administration and culture is the basis for meaningfully integrated programmes and offers that follow the principles of a CE, establish closed-loop material flows and circular connections between appropriate services.

The most important stakeholder associated with calls for tenders for investments in tourism in Slovenia is the Ministry of Economic Development and Technology.

## 2 REVIEW OF POLICIES

The viability of the specific opportunities is assessed subject to policies and obstacles perceived in Slovenia. Subject to a review of opportunities, policies and obstacles, recommendations or proposed action measures on various levels are proposed.

A circular economy is one of the development priorities of both Slovenia and other EU Member States. A circular economy is linked to sustainable development objectives and is considered in key national documents, such as the 2050 Vision for Slovenia and the 2030 Development Strategy for Slovenia. Slovenia is also a Member of the CE100 Ellen MacArthur programme.

Our focus on a circular economy is integrated into the operations of various partnerships, in particular Strategic Development Innovation Partnerships established subject to the S4 Smart Specialisation Strategy.

In terms of circular tourism, the most important guidelines and policies are specified in the documents below:

- ★ Operational Programme for the Implementation of the EU Cohesion Policy in the 2014–2020 Period
- ★ Smart Specialisation Strategy
- ★ 2017–2021 Slovenian Tourism Sustainable Growth Strategy
- ★ Roadmap Towards a Circular Economy in Slovenia

In addition to the national level, strategic definitions on the level of regional destination organisations that bring together several municipalities in their tourism operations, and on the level of municipalities adopting tourism development strategies for their local area and whose policies have a direct impact on the implementation of tourism objectives, also play an important role in the introduction of circular tourism.

The context of policies in force are examined and recommendations (actions) are developed by taking into account the principle of the so-called Circular Triangle which combines three inseparable elements: circular economy (business models), circular change (government policies) and circular culture (citizens) as defined by the Roadmap Towards a Circular Economy in Slovenia.

In addition to the 2014–2020 Partnership Agreement between Slovenia and the European Commission, key documents for the implementation of the EU Cohesion Policy in Slovenia are

- ★ Operational Programme for the Implementation of the EU Cohesion Policy in the 2014–2020 Period, as amended (hereinafter referred to as OP) and
- ★ Smart Specialisation Strategy.

### 2.1.1 Operational Programme for the 2014–2020 Period (OP)

The Association of Municipalities and Towns of Slovenia (SOS) wishes to primarily use the CircE project to influence measures in those priority axes of the OP which

- ★ are intended to promote R&D and innovation (Priority Axis 1);
- ★ improve the competitiveness of SMEs (Priority Axis 3);
- ★ develop special training programmes for the provision of specific RES know-how, energy recovery, local food self-sufficiency, protection of nature and biodiversity (Priority Axis 8);
- ★ promote social inclusion (Priority Axis 9).

Priority axes foresee thematic objectives and investment priorities which also include important investments for the development of circular tourism or the opportunities specified above, such as:

- ★ promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies;
- ★ promoting entrepreneurship, in particular through simpler application of new ideas in the economy and fostering the establishment of new firms, including through business incubators;
- ★ developing and implementing new business models for SMEs, in particular with regards to internationalisation;
- ★ promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures;
- ★ promoting sustainable transport and removing bottlenecks in key network infrastructures and the associated improvement of regional mobility by connecting secondary and tertiary transport nodes;
- ★ promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment for everyone.

Among the special objectives of Priority Axis 1: international competitiveness of research, innovation and technological development in line with smart specialisation for the increased competitiveness and greening of the economy are also important

- ★ investments into NON-TECHNOLOGICAL INNOVATION and lasting elements for the generation of value, including process and organisational innovation, social innovation, collaboration between corporations and cultural and creative industries, new business model innovations;
- ★ ECO-INNOVATION, the objective of which is significant and demonstrable progress towards the goal of sustainable development through reducing impacts on the environment or achieving a more efficient and responsible use of natural resources; support should promote the development of new renewable resources and natural based materials, development of environment-friendly products, services, processes and business models;
- ★ PILOT LINES, early validations, advanced production capacities and initial production of Key Enabling Technologies (KETs) which also include new integrated e-services and service platforms, digitalisation, projects which shall contribute to the vision of Slovenia to position itself as a green Member State of reference in Europe. These also include pilot and demonstration projects and projects for building competences and transferring knowledge.

The objectives of Priority Axis 3: the development and implementation of new business models for SMEs are dominated by the following:

- ★ DEVELOPMENT OF NEW AND INNOVATIVE TOURISM PRODUCTS AND SERVICES (including cultural tourism), improvement of their quality and development of tourist destinations.



As part of Priority Axis 8: Promotion of Employment, part of the funds is intended for the thematic objective

- ★ TRANSITION TO A LOW-CARBON SOCIETY – ALSO BY CREATING GREEN JOBS and raising competences on the importance of a low-carbon society, efficient consumption of energy and climate change.

As part of Priority Axis 9: Promotion of Social Inclusion, investment priorities intended for strategies of local development managed by the community are of importance. In this context and in light of circular tourism and some opportunities specified above, one also needs to emphasise the importance of

- ★ PROMOTING SOCIAL ENTREPRENEURSHIP or increase the scope of activities and employment in the social entrepreneurship sector.

The OP includes horizontal project selection criteria, out of which the following are relevant for the development of circular tourism:

- ★ SUSTAINABLE DEVELOPMENT PRINCIPLES focused on preserving ecosystems and their services and, through it, increase the resistance of society to environmental stress (investments in the preservation of biodiversity, empowerment of sustainable development and management drivers (natural and cultural heritage), etc. One of the most important principles is the “polluter-pays- principle” (PPP).
- ★ PROMOTING SUSTAINABLE CONSUMPTION AND PRODUCTION associated with the internalisation of externalities and associated measures, such as elimination of environment-hazardous subsidies, development of financial instruments, green tax reform, etc.
- ★ An important role can also be played by THE UTILISATION OF INSTRUMENTS WHICH CAN BE APPLIED BY THE PUBLIC SECTOR AS LEVERAGE FOR PROMOTING SUSTAINABLE DEVELOPMENT, which include
  - green and innovative public procurement. Since 2011, the Decree on Green Public Procurement has been in force in Slovenia and is mandatory for all public procurement contracting authorities for 11 groups of products and services;
  - the possibility of lowering fees for organisations introducing the EU Ecolabel or the EMAS system and being awarded subsidies in certain areas in which the label or system can be obtained, which promotes environmental responsibility of corporations and the development of green products and services.

### *Selection Criteria for OP Operations*

As far as the changes to the Selection Criteria for Operations under the Operational Programme for the Implementation of the EU Cohesion Policy in the 2014–2020 Period, adopted in May 2018, are concerned, it is important to note the protection and restoration of biodiversity and soil and promotion of ecosystem services. Among others, these changes emphasise the development of a high-quality and visitor-attractive interpretation of the importance of the successful preservation of biodiversity and, in relation to Natura 2000 sites, support for measures which would direct visitors to less vulnerable areas. The provision of a high-quality interpretation includes orderly nature protection areas which, if applicable, also includes investments into public infrastructure for visitors, preferably by restoring existing facilities and carrying out minor construction projects (such as observation points, well-worn paths, information points) and putting an emphasis on informing and raising awareness on the conservation of nature, cultural heritage and landscape without any

adverse effects on the achievement of nature protection objectives, however, by ensuring conditions for the sustainable mobility of visitors. Beneficiaries of investment priorities are these visitors of conserved nature and cultural heritage, local communities and stakeholders in tourism and related activities (such as the local production of food) and the local population.

### 2.1.2 Smart Specialisation Strategy (SPS)

The importance of the CE concept is also expressed by the Government of the Republic of Slovenia through the Smart Specialisation Strategy or SPS. In the SPS, a CE is one of the priority areas for development investments into areas where Slovenia has assembled a critical mass of knowledge, capacities and competences and in which it has an innovation potential to position itself on global markets and, as a result, strengthen its visibility. The SPS constitutes an implementation document of previously adopted strategic documents. Under its priority area “Natural and Traditional Resources for the Future”, the SPS also highlights the development of new business models for transition towards a CE.

#### *Action Plans for Strategic Development Innovation Partnerships (SDIPs)*

The SPS establishes Strategic Development Innovation Partnerships (SDIPs) and actively directs the comprehensive systematic circular transformation of Slovenia in collaboration with Europe. Out of the 9 established SDIPs, each of which has their own priorities and adopted action plans, the following are of special importance for establishing a CE:

- ★ Network for Transitioning towards a Circular Economy SDIP
- ★ Sustainable Production of Food SDIP and
- ★ Sustainable Tourism SDIP whose action plan emphasises focus areas and their integration for the purpose of marketing more advanced, comprehensive and integrated products and services. Special attention is paid to technological solutions for the sustainable use of resources in accommodation capacities in relation with activities in the area of smart buildings and other areas of sustainable use of resources, which include waste management.

The focus areas of the Sustainable Tourism SDIP have been integrated into the 2017–2021 Slovenian Tourism Sustainable Growth Strategy which, in line therewith, foresees focusing the spending of grants (local, national and EU levels) on the following:

- ★ IT support to marketing and networking;
- ★ know-how to improve the quality of services;
- ★ technological solutions for the sustainable use of resources in accommodation capacities;
- ★ the Green Scheme of Slovenian Tourism.

In 2019, an in-depth review and possible amendments to the SPS are foreseen; the action plans adopted by the SDIPs are continuously updated and amended.

### 2.1.3 2017–2021 Slovenian Tourism Sustainable Growth Strategy

The Strategy adopted in 2017 is based on the strategic vision that Slovenia is a global, green, boutique destination for discerning visitors looking for diverse and active experiences, peace and quiet, and personal benefits.

In addition to a new organisation set-up of tourism destinations and products, tourism HR, institutional and legal frameworks, the 6 key development policies also include the following important areas:

- ★ accommodation, tourist infrastructure and investments,
- ★ spatial planning, natural and cultural resources,

## ★ SMEs.

Key objectives include an appropriate increase of accommodation capacities. Among other aspects, the strategy emphasises the need for investing in the construction of new accommodation capacities, the restoration of existing accommodation capacities and new tourist attractions and infrastructure. As far as the positioning of Slovenia as a boutique destination is concerned, new investments in the main destinations and destinations with unique experiences are seen as having great potential.

In its discussion on accommodation, the Strategy also emphasises the promotion of sustainable use of resources in accommodation capacities intended to reduce the amount of used resources in the tourism sector. The project's key objectives bring together 50 small Slovenian family-owned hotels (with 20 to 40 rooms per building) and in the development of a plan for accommodation capacities associated with natural heritage and focused on the development of eco houses, alpine huts and high-quality camping sites, and accommodation capacities associated with cultural heritage within protected cultural monuments.

Its measures include the encouragement of investments in tourism SMEs in various areas. The Strategy sets out a system of grants for tourism SMEs and local communities intended for the development of the general tourist infrastructure and infrastructure related to tourist attractions, which is considered as the best model for promoting investments of small and medium investors in their local environments.

In line with the Strategy, the state shall define special tourism development areas to be included in the existing strategic space management system. These areas shall be defined in the Spatial Development Strategy of Slovenia and, consequently, through a detailed strategic and implementation coverage in regional and municipal spatial planning documents.

The importance of municipalities or local communities is emphasised in the Strategy Action Plan in the following areas:

- ★ adapting public transport in a way that supports products such as outdoor sports;
- ★ investing tourist taxes in tourist infrastructure;
- ★ developing smart urban cards which increase local accessibility;
- ★ developing alternative traffic solutions and increasing the number of destinations offering sustainable development.

In its discussion on the importance of SMEs, the Strategy emphasises improvements to the administrative framework and business environment for small tourism enterprises and farm stays, and foresees the establishment of a model for the integration of tourism, agriculture, arts and crafts, design and creative activities (regarding souvenirs).

In its discussion on spatial planning, natural and cultural resources, the Strategy focuses on the creation of a national green and sustainable tourism plan, which includes the ratification of international sustainable tourism development conventions, methods of integrating UNESCO's heritage into tourism, promotion of green international connections, establishment of a sustainable visit management model, further development of the Green Scheme of Slovenian Tourism (GSST) and the Green Slovenia brand, green monitoring of new providers in the GSST, creation of a tourism development plan for protected areas in Slovenia, inclusion of cultural heritage and similar.

The foreseen measures are intended to reduce the gap in Slovenia between the promise of green tourism and green quality of Slovenian tourism services. The enforcement of sustainable tourism development principles is understood by the Strategy as a development-oriented coordination of economic, socio-cultural, environmental and spatial aspects of tourism development.

### **2.1.4 Municipal Development Policies**

It is the task of the public sector to integrate the measures for the circular economy breakthrough into decisive policies in various areas, i.e. in the economy, trade and tourism, the energy sector,

transport, agriculture, and to support the attainment of objectives with the use of economic instruments.

It will not be possible to attain the objectives without the active work of local communities. It is only in local communities that policies are implemented in real life. The local policy is also more flexible, but mainly more in touch with people's life interests. Hundreds of local communities around Europe are already more advanced than national governments in the introduction of sustainable practices and in facing existential threats. Their good practices exhibit the great potential of local communities in facing contemporary challenges. The aim is clearer, an agreement is reached quicker and processes are more transparent and more democratic in local communities. Communities instinctively wish to enhance their resilience to global system shocks.

Municipalities are a key space for the promotion of transformative political and economic practices. Many of them already serve as an example of a transition to a sustainable society and CE, while they collectively possess the power to take us on the journey towards a socially and environmentally sustainable development. Economic instruments are also the most effective policy implementation mechanism in municipalities.

This is why the numerous strategic implementing documents are important, i.e. documents prepared and adopted by municipalities either because the law imposes this task on them (e.g. Local Energy Plan) or merely recommends it (Municipal Tourism Development Plan), or because they decided on doing so themselves because they have identified the need for this in the local environment (Strategy for the Transition to a Circular Economy).



### Green Budget Reform

The Green Budget Reform concept is straightforward in principle (see the Umanotera manual, <http://www.umanotera.org/wp-content/uploads/2016/09/Priro%C4%8Dnik-za-ozelenjevanje-ob%C4%8Dinskega-prora%C4%8Duna.pdf>). It represents the adjustment of budget revenues and expenses so that the budget supports environmentally sustainable development: promotes the reduction of energy and raw materials consumption and instead promotes the consumption of renewable energy sources, while it "punishes" hazardous emission pollution and excessive use of natural resources on the other hand. On the budget revenue side, environmental taxes for pollution and resource consumption are therefore imposed, while subsidies that are harmful to the environment are abolished on the expense side of the budget and a system of subsidies is established for activities that are less detrimental to the environment, such as green economy and sustainable agriculture.

## 2.1.5 Roadmap Towards a Circular Economy in Slovenia

The proposed uniform document on the potentials and opportunities for transitioning towards a circular economy in Slovenia, issued by the Ministry of the Environment and Spatial Planning of the Republic of Slovenia in April 2018, finds that:

- ★ the public sector is the core of circular change and whose comprehensive policies have a substantial impact on transitioning towards a circular economy. In light of the circular tourism opportunities and policy reviews specified above, activities in the following areas play an important role: tax and subsidy policies, green public procurement, consolidation of good practices, promotion of investments into circular business models and, last but not least, promotion of Slovenia in which circular economy pioneers can play a dominant role;
- ★ the private sector is the core of a circular economy, whereby the document contains a special section on sustainable or eco-tourism as an opportunity for Slovenia that is associated with the

strengthened abilities to integrate various activities and ensure certification which builds on circular principles;

- ★ circular culture emphasises the role of cities, towns and local communities as central hubs for the implementation of the transition towards circular economy, whereby cities and towns shall be regarded as a testing ground for testing and establishing circular concepts and their major functional areas (connecting several municipalities) as an area for the development of resource management centres. As far as the impacts on the development of tourism on municipality level are concerned, one needs to focus on building on established circular practices of citizens, associated also with a simplified access to funds for micro enterprises and individuals, communicating their practices and supporting the transfer of existing good practices to other local environments and focusing on public-private partnerships.

The definitions of the Roadmap could be understood as one of the bases for assessing the context of policies which impact the viability of the perceived opportunities for circular tourism in Slovenia which intends to be a green reference Member State in a digital Europe.

### **3 RECOMMENDED MEASURES BY DECISION-MAKING LEVELS/Details of Measures**

Subject to a review of opportunities, policies and obstacles, the RECOMMENDED MEASURES are proposed below, i.e. measures that reduce obstacles and enhance the feasibility of opportunities for circular tourism in accordance with the strategic definitions of Slovenia for sustainable development and a CE.

#### **3.1 MEASURE 1: Integrating Circular Tourism into Tourism Investment Public Procurement Criteria**

Calls for tenders for the tourism industry, particularly for investments into the development of integrated tourism products (mix of accommodation – services and other key elements of a comprehensive tourism offering), shall give priority to circular tourism projects, which shall demonstrate closed-loop material flows and combination of various partners in their circular tourism principle-based product, through their scoring system.

Actual calls for tenders:

- ★ Public Call for Tenders for Co-Financing the Development and Promotion of the Tourism Offer of the Leading Destinations in Slovenia
- ★ Public Call for Tenders for Co-Financing the Development and Promotion of Integrated Tourism Economy Products
- ★ Public Call for Tenders for Co-Financing the Energy-Saving Renovation of Accommodation Facilities

##### **3.1.1 BACKGROUND:**

By comparing sector priorities for circular tourism and reviewing the selected sectors, project partners quickly learned that there is great potential for synergies because the tourism industry is a mix of a number of other sectors. The region of Lombardy that focuses on waste, plastics, textiles and food helped us in designing the action plan mainly with the example of good practice in a diffused hotel, the understanding of the need to reduce waste food and single use plastic, which is frequently seen in tourism or the hospitality industry. Catalonia has shown great strides in the areas of textiles and SME tied-building where potentials for circular tourism were recognised and where

textiles are a necessity in hospitality (table cloths, napkins) and accommodation (bed linen, towels, rugs, textile flooring, etc.). Gelderland province offered an inspiration for an attraction that represents the reason for the trip, with its good practice of a fashion show of repurposed clothes or clothes made of secondary materials. LWARB presented an especially amazing good practice with its Mercato Metropolitano. Waste is a challenge that represents a priority for the city of Sophia and one that is specifically addressed by the region of Lombardy. The biggest potential in circular tourism within the scope of the 9R Model which defines hierarchical levels between a linear and a circular economy (Recover, Recycle, Repurpose, Re-manufacture, Refurbish, Repair, Reuse, Reduce, Rethink, Refuse) is in the most circular three Rs: Refuse, Rethink, Reduce.

In Slovenia, which intends to be a green country of reference in a digital Europe, strategies, regulations and calls for tenders relating to the tourism industry already include and emphasise sustainable tourism (in accordance with the definition of the 2017–2021 Slovenian Tourism Sustainable Growth Strategy), eco labels and the associated inclusion of the Green Scheme of Slovenian Tourism as primary evidence of environmentally-friendly conduct of a destination or provider, level of digitalisation, orientation towards the attainment of the objectives of the Slovenian Smart Specialisation Strategy (especially objectives/focus of the Sustainable Tourism SDIP) and ties to so-called creative industries. Points awarded for each of the criteria specified above shall increase the likelihood of the tendered project receiving the required funds for a specific investment.

Existing project evaluation criteria facilitate the tendering of projects designed in line with the principles of circular tourism, but do not promote them yet.

This is why we propose that meaningfully connected and upgraded existing criteria be combined into the CIRCULAR TOURISM DEVELOPMENT POTENTIAL assessment criterion which shall be weighed at a significant proportion of all the points available (e.g. one fifth of all possible points). The introduction and suitable evaluation of the proposed criterion is seen as an important incentive for focusing existing sustainability, environment and collaboration aspects of tourism projects on the actual introduction of circular economy principles into tourism.

Call for tender creators shall use the introduction of this kind of assessment criterion to draw attention to the already real option of rounding out circular tourism projects with partners with whom they can close the loops of material flows and which are not directly tourism providers, which would contribute to the desired social change towards a CE, not to mention that tenderers shall receive a significant incentive to upgrade their potentially already green and sustainable project by combining three inseparable elements:

- ★ CE (business model: inclusion of various partners in the material flow, including partners who support tourism services and who do not form part of existing tourism services in a specific region);
- ★ circular change (incentives through governmental or regional/municipal policies) and
- ★ circular culture (citizens or, in the case of tourism, also visitors).

The promotion of circular tourism projects in calls for tender has significant awareness-raising, communication and practical effects. By granting funds for the implementation of projects, we contribute to the implementation of the first comprehensive cases of circular tourism in Slovenia. The implemented circular tourism projects bring Slovenia as an already visible green European country to another level – the level of a green country that is one of the first in Europe to actually implement its strategic focus on circular economy and tourism. Slovenia with its integrated products based on circular tourism will become a Member State of reference also for the so-called Tourism 4.0. It is characterised by not only including smart technologies but also bringing together various stakeholders who, inter alia, utilise technology to create innovative experiences for individuals.

### 3.1.2 NATURE OF THE MEASURE:

The Ministry of Economic Development and Technology may use OP 2014–2020 as the basis for the preparation of calls for tender aimed at promoting a CE in the tourism sector. Based on the identified opportunities and sector priorities for circular tourism within the scope of the CircE project, we propose the following:

- ★ Call for Tenders for Co-Financing the Development and Promotion of the Tourism Offer of the Leading Destinations in Slovenia enables the development and preparation of a support environment for the establishment of diffused hotels (**sector priority 3:**<sup>1</sup>) including measures for the conservation and revitalisation of cultural heritage using new digital technologies (**horizontal priority**<sup>2</sup>).
- ★ Call for Tenders for Co-Financing the Development and Promotion of Integrated Tourism Economy Products enables the development and promotion of diffused hotel tourism products (**section 1.2**<sup>3</sup>).
- ★ Call for Tenders for Co-Financing Energy-Saving Renovation of Accommodation Facilities promotes efficient use of resources using new, digital technologies (**horizontal priority**), such as IoT with sensors for the monitoring of the use of said resources.

### 3.1.3 STAKEHOLDERS:

The main stakeholder in the proposed change in Slovenia is the MINISTRY OF ECONOMIC DEVELOPMENT AND TECHNOLOGY which publishes calls for tenders to award grants and refundable funds for tourism investments, the framework organisations of leading tourism destinations, which also include municipalities and the tourism industry.

### 3.1.4 TIMEFRAME:

2 years

### 3.1.5 ENVISAGED COSTS:

Envisaged values of individual calls for tenders are:

- ★ Call for Tenders for Co-Financing the Development and Promotion of the Tourism Offer of the Leading Destinations in Slovenia: EUR 5.5 million
- ★ Call for Tenders for Co-Financing the Development and Promotion of Integrated Tourism Economy Products: EUR 3 million
- ★ Public Call for Tenders for Co-Financing the Energy-Saving Renovation of Accommodation Facilities: EUR 29.5 million

### 3.1.6 ENVISAGED SOURCES OF FUNDS:

ERDF (up to 75%) and the budget of the Republic of Slovenia

### 3.1.7 PERFORMANCE CRITERION:

General criterion: 5 supported partnerships/projects

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<sup>1</sup> Accommodation: efficient consumption of resources, energy and space, other types of consumption, diffused hotel

<sup>2</sup> Digitalisation and new tech - Tourism 4.0

<sup>3</sup> Resources, infrastructure and other horizontal support: energy, water, waste, built environment, people/community, natural and cultural heritage, information, communication, business environment.

Specific criteria:

From the point of view of the sponsor, the measure will be successful if the following is achieved in two years, i.e. that:

- ★ at least one call for tenders includes criteria or eligible costs for the potential of circular tourism;
- ★ at least 5 projects aimed at the realisation of the circular tourism concept are successful in calls for tenders for tourism investments and integrated tourism products over two years;
- ★ there are 15 digitalised units of cultural heritage within the scope of the Call for Tenders for Co-Financing the Development and Promotion of the Tourism Offer of the Leading Destinations in Slovenia.

## 3.2 JOINT MEASURE: AWARENESS-BUILDING AND CAPACITY BUILDING

### 3.2.1 Background

The possibilities for CE defined in the CircE project via inter-regional, inter-sector analysis and value chain analysis<sup>4</sup> can be treated as gaps in the circularity of the regions in question. It is necessary to work on eliminating these gaps in order to enhance CE. The project has analysed both general and special obstacles.

Project activity has shown that awareness and knowledge are crucial aspects and a priority task for the development of CE, from the operational aspect of a company (within the company: business awareness) to the business aspect of the buyer (boosting the role of the company) and in general from the social point of view where education of citizens is essential.

The emphasis in this respect is placed on analyses of opportunities and analyses of obstacles of each project partner.

This is why the measures for the raising of awareness and building knowledge of all stakeholders in the value chain are highly important. The activity supported and promoted by this measure can develop with different hues in different policy instruments. However, the common ground is the support for awareness, knowledge and the building of capacity in political instruments.

The CircE project has also defined a broad spectrum of possibilities for CE related to different sectors of the economy.

This is why measures aimed at building capacity are highly suited as joint measures for all partners as they can be implemented in all regions irrespective of the differences in defined options and sectors that they deal with.

### 3.2.2 Specific Background for SOS – Tourism Sector

SOS has focused on CE potentials in the tourism sector. Among the sectoral priorities within the project is one of the identified potentials in the area of waste and the other, horizontal, is the role of municipalities.

SOS is aware of the problem of the persistent increase in the generation of plastic waste and the disposal of plastic waste in the environment, especially marine<sup>5</sup>, and the significant negative impact of certain plastic products on the environment, health and the economy.

As part of the implementation of the various activities of the CircE project and other regular SOS work, we have a great deal of organization of events. By participating in various events organized or

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<sup>4</sup> For detailed information, see the formal project reports.

<sup>5</sup> DIRECTIVE (EU) 2019/904 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 5 June 2019 on the reduction of the impact of certain plastic products on the environment



financially supported by the municipalities and aimed at the general public, which includes tourists, SOS has repeatedly recognized the need to reduce disposable plastics and thus to realize the concept of a circular economy. The number of public events in Slovenia is increasing, if there were slightly more than 15,000 in 2018, there were already 16,900 by November 2019<sup>6</sup>. Event management practices vary from municipality to municipality from zero-waste events to events that do not implement any circular economy principles, which clearly expresses the need for awareness and capacity building in both the public and private sectors.

The Operational Program for the implementation of cohesion policy in the 2014-2020 programming period states that under specific objective 2, the incentives will also be aimed at waste prevention and more efficient waste management, more efficient use of other resources, etc.), which will contribute to Slovenia's transition to circular economy.

### 3.2.3 Measure

SOS, in cooperation with the Government of the Republic of Slovenia, prepares an agreement on cooperation to encourage municipalities to reduce the use of plastic, to protect the environment and to move towards a circular economy. As a result, their actions should contribute to raising awareness of the seriousness of the problem and the consequences of overuse of disposable plastic products by citizens, tourists and the local economy.

In this way, together with the municipalities, we want to contribute and encourage consumers to reduce the use of plastics and thus to protect the environment and the transition to a circular economy, and through our actions increase awareness of the seriousness of the problem and the consequences of overuse of disposable plastic products on the environment.

Such a measure should also encourage SMEs to eco-innovation, to move towards sustainable development, to reduce environmental impacts, and to a more efficient and responsible use of resources, and thus to a transition to a circular economy. By limiting the use of disposable plastics, the opportunity opens up for the development of new materials based on renewable and natural resources, the development of environmentally friendly products, services, processes and business models, the design of processes and products for reuse and recycling, and waste management.

In cooperation with the Ministry of the Environment and Spatial Planning, SOS will publicly present the agreement and, if necessary, organize a meeting with interested municipalities, where they can get acquainted with the contents in more detail.

Municipalities organizing various forms of public or internal events and meetings as part of their activities will be encouraged to voluntarily implement the agreement. With this approach, municipalities will commit themselves not to offer plastic accessories to participants in the case of activities organized in the form of public or in-house events and meetings, and to respect other optional commitments such as offering drinks in environmentally friendly, sustainable packaging or other measures, they designed in their local communities and contribute to raising awareness and capacity building of the municipalities themselves, their residents, tourists and / or the local economy.

Municipalities that will enter into such an agreement may, from the date of accession, enter also into alternative activities for serving and consuming food and beverages, as part of their activities in organizing various forms of public or internal events and meetings, for:

- straws other than plastic materials and not necessarily disposable (eg paper and wax, glass, metal);
- plates not of plastic but of other materials (eg cardboard, metal or other materials);
- cups not of plastic but of other materials (eg paper, cardboard);
- cutlery, not of plastic but of other materials (eg wood).

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<sup>6</sup> Data source eGov: <https://e-uprava.gov.si/aktualno/prireditve-in-shodi>

The municipalities that will enter into the agreement will, from the signing of the Accession Statement, offer drinks in environmentally friendly, sustainable packaging or respected other measures designed locally, that will contribute to raising awareness and capacity building of the municipalities themselves, their inhabitants, tourists and / or the economy.

The accession declarations of the municipalities will be kept by the SOS and the list of accession municipalities will be published and regularly updated on its website.

Emphasizing good practice and contributing to the goals of reducing the consumption of plastic accessories and other measures that make event management more effective, the SOS and / or the Ministry of the Environment and Spatial Planning will publish a newsletter or article in various media at least once a year.

Once a year, in cooperation with the Ministry of the Environment and Spatial Planning, the Community of Municipalities of Slovenia will organize a protocol award of plaques to the acceding municipalities.

### **3.2.4 Stakeholders**

The key stakeholders are Slovenian Government, Ministry of the Environment and Spatial Planning and Municipalities

### **3.2.5 Timeframe**

2 years

### **3.2.6 Costs (If Applicable)**

Organization of presentation event and protocol awarding of plaques, 4 x 2,000 = 8,000 eur.

Presentation 1st half in 2020 (€ 2,000: hall rent, catering for approximately 50 participants, technical equipment, organization costs)

Ceremony of awarding the 2nd half. in 2020 (€ 2,000: hall rent, catering for approximately 50 participants, technical equipment, organization costs)

Presentation 1st half in 2021 (2,000 euros: hall rent, catering for approximately 50 participants, technical equipment, organization costs)

Ceremony of awarding the 2nd half. in 2021 (2,000 euros: hall rent, catering for approximately 50 participants, technical equipment, organization costs)

### **3.2.7 Sources of Funding (If Applicable)**

SOS, Ministry of the Environment and Spatial Planning

CircE

Interreg Europe Project

# **Circular Economy in Light of Public Procurement and Distributed Hotels**

## **ANNEX 1 TO THE ACTION PLAN**

*VERSION 1.1 – to be coordinated by the stakeholders, 29 April 2019*

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## INTRODUCTION

Effective implementation of circular economy objectives has become a commitment that needs to be lived both by individuals and society as a whole. A conscientious attitude towards nature, intergenerational obligations and sustainable use of resources are the principles of circular economy.

Only a circular economy-oriented global policy and policies implemented by various countries, municipalities, the private sector in addition to the lifestyle of every single individual will facilitate a high quality of life on a healthy planet to our descendants.

The Republic of Slovenia has joined the transition towards a circular economy that has been included in its strategic priorities also through a circular economy roadmap.

Subjects obliged to carry out public procurement proceedings are also awarded a contracting entity status because they perform activities whose purpose is to satisfy general public interest. Contracting entities as subjects obliged to carry out public procurement proceedings, which, in compliance with the provisions of the Public Procurement Act, with amendments (Official Gazette of the Republic of Slovenia, No. 91/15, hereinafter referred to as “ZJN-3”), are deemed subjects carrying out activities in the public interests, whereby it needs to be emphasised that public interest shall not only include the performance of service of a specific contracting authority but also the conduct of bodies exercising public authorities in general and externally which is also expressed through conduct including circular economy elements. In practice, it has been frequently reported that Slovenian public procurement law makes it difficult or even prevents an effective implementation of circular economy objectives through public procurement proceedings, with which we (absolutely) agree.

Both the ZJN-3 and its implementing provisions contain elements and options of implementing a circular economy which is expressed in part by so-called “green” public procurement. Circular public procurement is carried out via “green” public procurement whereby contracting authorities procure works, supplies and services in a way that contributes to procurement characterised by energy efficiency, a low environmental footprint and minimum costs and negative impacts during its life cycle.<sup>1</sup>

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<sup>1</sup>Refer to the “Public Procurement for a Circular Economy” publication issued by the European Commission, available on [http://ec.europa.eu/environment/gpp/pdf/CP\\_European\\_Commission\\_Brochure\\_webversion\\_small.pdf](http://ec.europa.eu/environment/gpp/pdf/CP_European_Commission_Brochure_webversion_small.pdf)

In practice, shortcomings of contracting authorities during the so-called pre-procurement phase, i.e. the public procurement preparation phase before a decision on the initiation of proceedings or other internal act initiating the public procurement proceedings is adopted, have been observed. Far too often, contracting authorities examine their own needs, the relevant market and technical properties of their procurement by observing solely short-term needs and objectives but fail to take into consideration long-term objectives and consequences and costs associated with the use of the object of their procurement. For the convenience of the reader, let's give an example of such conduct: when procuring a vehicle, the contracting authority shall not only take into consideration the actual value of the vehicle (i.e. solely its delivery) but also the effects their vehicle and its use shall have on the environment and the future costs incurred as a result of its use. Even public procurement in pursuit of circular economy objectives requires that contracting authorities acquire their object of procurement by not only taking into consideration the actual object but to draw up their public procurement by observing long-term (environmental) effects of each procurement. Due diligence required by contracting authorities means that contracting authorities examine the entire life cycle of the relevant object of procurement, including its impacts on the environment, which need to be included in the public procurement documentation either as a condition, technical requirement or contract evaluation element (criterion).

In 2011, the Republic of Slovenia was the only European Union Member at the time to adopt the implementing regulation entitled "Decree on Green Public Procurement"<sup>2</sup>, in which it specified objects of public procurement which shall take into consideration the environmental aspect and decidedly specified obligatory environmental requirements, their content and manner of inclusion in public procurement proceedings. Public procurement is an ever-shifting area impacted by contracting authority needs and funds, the relevant market, technical properties of the object that can be offered by the market and the law in force. As such, it was later found that the obligatory environmental requirements did not always meet the objectives or that, in some cases, they couldn't be achieved or they proved only an end in itself, which is undoubtedly not the objective of green public procurement. In light of the above, the lawmaker adopted a new "Decree on Green Public Procurement" in 2017, which no longer includes obligatory environmental requirements but specifies objectives pursued by contracting authorities in their public procurement proceedings.

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<sup>2</sup> Decree on Green Public Procurement, Official Gazette of the Republic of Slovenia, No. 102/11, as amended, derogated by the Decree on Green Public Procurement published in the Official Gazette of the Republic of Slovenia, No. 51/17.

The Republic of Slovenia promotes and educates contracting authorities on green public procurement; however, it has been established that the procurement of supplies usually involves elements that should have an impact on the procurement of new (and not second-hand) supplies. One of the principles of a circular economy is maximum durability of second-hand items during their life cycle. As such, the procurement of second-hand items should be promoted.

## Public procurement and a circular economy

### Second-hand equipment

A review of practical examples has shown that, as a rule, contracting authorities prefer to procure new supplies/equipment whereby the procurement of new supplies may not even be essential for meeting the needs of the contracting authorities and, as a result, does not pursue the objectives of a circular economy.

As a rule, contracting authorities fail to procure **second-hand equipment** in light of more challenging preparation of public procurement documentation compared to the procurement of new supplies where variant tenders are usually not allowed. However, in light of the rules of public procurement, there are no restrictions on the type/age of supplies that the contracting authority is supposed to procure through public procurement proceedings. Nevertheless, if a contracting authority wishes to procure second-hand supplies, it needs to specify its technical properties (range or at least upper threshold of technical requirements) and correctly specify the content and value of selection criteria (such as the age of the equipment, the wear of the equipment such as mileage, length of warranty on sold supplies and similar criteria used by the contracting authority to measure the economic advantage of the tendered supplies). By namely procuring second-hand equipment that fully meets the needs of the contracting authority pursues the objectives of an environment-friendly circular economy and the principles of due diligence and effective and efficient use of public resources.

Even though there are no universal guidelines on how to pursue the objectives of a circular economy by procuring second-hand supplies during public procurement proceedings, we are positive that **recommendations/presentations/good practice cases of procurement of second-hand equipment** would undoubtedly prove helpful to contracting authorities and facilitate their decision to procure it by carrying out lawful public procurement proceedings which would allow for the procurement of the best quality available at the given price.

## PROPOSAL 1:

**The Public Procurement Directorate of the Ministry of Public Administration of the Republic of Slovenia or another organisation shall prepare guidelines for the procurement of second-hand supplies in public procurement proceedings**

### Locally produced food

**The provision and consumption of locally produced food** empowers local agriculture, facilitates the development of rural areas, creates new jobs in agriculture and minimises unfair trading practices (UTPs) in the food supply chain. The consumption of healthy and seasonal locally produced foods improves the level of public health, increases self-supply, reduces food waste, facilitates planning of food production and promotes the development of agriculture. This principle also contributes to green and sustainable objectives of the Europe 2020 strategy. Shortening the food chain thus reduces emissions arising from lengthy transports. Therefore, the food production and delivery processes should also include the impact of external costs (externalities). In addition to emissions, transport causes other harm such as physical overloading of roads, which requires investments in the road infrastructure, and adverse impacts on traffic fluidity measured in kilometres upon kilometres of traffic jams and longer travel times resulting from them.

Traffic externalities in Slovenia for 2002 are estimated in the range between 6 and 9.8% GDP, which is at the average level of EU-15 (7%). The majority of all traffic externalities in Slovenia (90%) are caused by road transport <sup>3</sup>.

### External costs or externalities

External costs or externalities are monetised effects of production or consumption of supplies and services or other monetised human activities and which do not have a direct payer or whose consequences are borne by a certain group of people. External costs or externalities are thus incurred when the production of a specific product or services or activity of a specific economic entity results in specific benefits or harms for subject which are not directly engaged in the consumption or production of a specific product or service or the activity of a specific economic subject. Each economic entity has an impact on other economic entity and does not make its decisions by observing external effects which could be harmful and cause costs (external diseconomies of scale) or can also cause benefits (external economies of scale).

Because external diseconomies of scale by definition constitute a shortcoming of the free market (market mechanisms fail to reduce costs), they shall be minimised by the government.

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<sup>3</sup> ARSO: <http://kazalci.arso.gov.si/sl/content/zunanji-prometni-stroski-prometa>

External costs or externalities are included by contemporary economic theories in monetised effects on ecosystem services not associated with human activities. These can include well-known climate change resulting from transport and CO<sub>2</sub> emissions which forms part of ecosystem services which need to be managed. Experts differentiate between four different types of ecosystem services provided by nature which are essential for human health and well-being:

- supply services provide commodities, such as food, water, wood and fibre;
- management services manage the climate and precipitation levels, water (such as floods), waste and spreading of disease;
- cultural services include beauty, inspiration and entertainment which contribute to our spiritual well-being;
- support services include the creation of earth, photosynthesis and the circling of nutrients which are the basis of growth and production.

Public procurement as a system of regulating relations between primarily market suppliers and contracting authorities thus constitutes a meaningful tool for the reduction of external diseconomies of scale in the procurement of supplies, works and services procured by parties liable for public procurement.

Green public procurement which was regulated in Slovenia in 2011<sup>4</sup> wishes to ensure the procurement of supplies, works and services with a lower impact on the environment and equal or better functionalities throughout their entire life cycle than conventional supplies, services and works.

The 2011 Decree on Green PP already included a provision which facilitated the inclusion of externalities into the criteria for the selection of the cheapest tenderer. This way, the contracting authority was obliged under the decree to award its public contract by observing the estimated life-cycle costing of works, supplies and services, whereby environmental externalities were observed only if there was a methodology for their calculation.

By adopting ZJN-3 in 2015, the option of including external impact costs as a part of life-cycle costing was included directly into the law. In order to ensure fair competition among tenderers, ZJN-3 specified strict conditions that shall be complied with if the contracting authority wishes to include environmental externalities in the tenderer selection criteria. The basic condition is that environmental externalities are linked to the life cycle of the supplies, services or works, that their monetary value can be specified and verified and that there is an appropriate method which facilitates the calculation of environmental externalities. The method shall thus be based on objectively verifiable and non-discriminatory criteria and shall not unfairly ensure a better or worse

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<sup>4</sup> Decree on Green Public Procurement (Official Gazette of the Republic of Slovenia, No. 102/11, hereinafter referred to as the 2011 Decree on Green PP).



treatment of some economic entities, especially if it is not intended on repeated or continuous use; it shall be available to all interested parties and the required data can be submitted by economic entities exhibiting an average level of due diligence by exerting reasonable effort<sup>5</sup>.

In light of the strict conditions specified, environmental externalities are included in the tenderer selection criteria only in the event that the contracting authority can use a pre-created and verified method.

In practice, environmental externalities in Slovenia are included in the selection criteria in the event of procurement of vehicles where they are obligatory<sup>6</sup>. In the event of procurement of road vehicles, contracting authorities shall include life-cycle environmental externalities into the selection criteria, taking into consideration costs of carbon dioxide, NO<sub>x</sub>, non-methane hydrocarbon and solid particle emissions<sup>7</sup>. The calculation of this criterion by taking into consideration the externalities specified above is simple since the prepared guidelines include a formula for the calculation of costs of externalities in addition to monetary values of emissions.

Costs of externalities are included in public procurement criteria in a very narrow scope in light of a lack of appropriate calculation methods. As a result, environmental policy makers should create methods that comply with the required criteria at least for supplies, works and services which are the most burdensome for the environment.

According to 2017 data, the transport of foods and beverages is the biggest group of goods in the EU in terms of tonne-kilometres transported. The transport of the above has a more than 17% share in total road transport of goods<sup>8</sup>. Taking into consideration that the value of public procurement proceedings for foods, beverages and tobacco products in 2017 in Slovenia amounted to EUR 110 million which is the second biggest group of goods procured in the public procurement system (4.45% share) after medical supplies and pharmaceuticals, it would be sensible to draw up criteria for the food and beverage group which would include environmental externalities.<sup>9</sup>

Existing green public procurement of foods is namely based on public procurement where minimum shares of organic foods and foods participating in quality scheme are included as a

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<sup>5</sup> See Article 85 of ZJN-3.

<sup>6</sup> See Paragraph 4 of ZJN-3 and Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles

<sup>7</sup> See Examples of Environmental Requirements and Criteria for Road Vehicles [http://www.djn.mju.gov.si/resources/files/ZeJN/Prilog\\_ZeJN/ZeJN\\_P15\\_vozila.pdf](http://www.djn.mju.gov.si/resources/files/ZeJN/Prilog_ZeJN/ZeJN_P15_vozila.pdf)

<sup>8</sup> Eurostat [https://ec.europa.eu/eurostat/statistics-explained/index.php/Road\\_freight\\_transport\\_by\\_type\\_of\\_goods#Road\\_freight\\_transport\\_by\\_type\\_of\\_goods](https://ec.europa.eu/eurostat/statistics-explained/index.php/Road_freight_transport_by_type_of_goods#Road_freight_transport_by_type_of_goods)

<sup>9</sup> Ministry of Public Administration, Statistical Report on Public Contracts Awarded in 2017, [http://www.djn.mju.gov.si/resources/files/Sistem\\_javnega\\_narocanja/Letna\\_porocila/Stat\\_por\\_JN\\_2017\\_IN.pdf](http://www.djn.mju.gov.si/resources/files/Sistem_javnega_narocanja/Letna_porocila/Stat_por_JN_2017_IN.pdf)

condition. Frequently, a higher share of those foods compared to all the tendered foods is also included in the criterion that prefers goods of a specific production method. However, focusing solely on organic production of food fails to take into consideration other aspects of the impact production and delivery of food has on both the consumers and the environment. Long transport routes reduce the quality of food, even if it is produced organically, which gives rise to concern, especially if we consider that food procured under the public procurement system is frequently intended for the most vulnerable groups of people in society, such as children, patients and residents in nursing homes.

The Ministry of Agriculture, Forestry and Food and other organisations have organised several promotional campaigns intended to promote the consumption of locally produced food. Drawing up appropriate criteria which facilitate the inclusion of the impact of food transport on the environment would comply with other environmental and social policies in addition to enabling contracting authorities to procure high-quality and fresh food with a shorter transport route, reduce emissions caused by food transport and reduce the need for construction of transport infrastructure.

Criteria which take into consideration the impact of food transport on the environment could be drawn up on the basis of some existing data, such as data on emissions and their values which are used in the procurement of road vehicles. The main challenge remains how to specify the average route from the producer to the contracting authority and some other missing parameters and how to calculate the total value of externalities. Their specification would require **an in-depth study of food production and distribution in association with public procurement** which would, in light of the foregoing data, benefit both the environment and consumers in several ways.

## PROPOSAL 2:

**To prepare the methodology for calculating estimates of costs of externalities, primarily for the procurement of food and beverages, which comply with public procurement law in force.**

### Supportive environment

In public procurement proceedings, contracting authorities may be faced with legal and case law challenges which requires substantial know-how and time of entities carrying out public procurement proceedings. In terms of reducing the burden of contracting authorities in Slovenia (over 3200 in total), there would need to be a **service providing legal, technical and expert advice** which would facilitate the preparation of public procurement proceedings to contracting authorities (municipalities and municipal bodies governed by public law). However, it needs to be borne in mind that high-quality legal assistance in public procurement proceedings can only be provided if the counsellor is familiar with the operation of tenderers and supply on the relevant

market. As such, legal assistance would have to include the experience and aspect of tenderers. Only familiarity with the needs of the contracting authority and supply on the market can lead to appropriate (green) public procurement proceedings. There should be a platform/counselling service which would provide contracting authorities with information and advice in relation with preparing public procurement proceedings and which would allow tenderers to present what they have to offer as this would enable contracting authorities to gain an understanding of the relevant market. Combined tenders on such a platform would undoubtedly also gain the attention of contracting authorities which do not form part of the public sector.

**PROPOSAL 3:**

**To establish a platform/counselling service for public contracting authorities including the option of a structured presentation of the actual supply on the relevant market**

Cooperatives

**Founding cooperatives** which bring together the capacities of local producers enables a competitive presentation on the relevant market and an increased quantity on goods on offer. An economy of scale also leads to reduced costs per unit of goods which does not only improve competitiveness but pursues circular economy objectives by reducing the need for distribution of goods. Even though the current regulations have tasked the government to promote the development of cooperatives in Slovenia, local communities can also contribute to bringing together individuals and founding cooperatives by providing supportive services during their founding process and at the beginning of their operations.

**PROPOSAL 4:**

**To promote cooperatives more intensely and provide support in founding cooperatives both by the government and local communities, primarily in areas which contribute to a circular economy.**

Distributed hotels and a circular economy

In light of public procurement, a circular economy is partially reflected via green public procurement whereby the needs and wishes of a specific contracting authority (municipalities, public tourist information offices, public cultural institutes and other entities) may go beyond the framework of (green) public procurement. The wish and need to establish local (regional) distributed hotels as an innovative form of organisation in tourism is a rather recent type of business collaboration of a larger number of individuals (owners and managers of real estate) who can join forces in managing a distributed hotel which includes the following activities: rental of

temporary accommodation, tourist accommodation, cultural, culinary and other programmes for tourists in the area of the distributed hotel.

Local communities which strive to carry out projects which strengthen the local hotel, tourism, cultural, catering and other types of sustainable tourism services facilitate the development of the local environment. In these projects, local communities play an important role in ensuring that their tangible and intangible cultural heritage becomes sufficiently interesting and visible for the public. An increase in tourism is a European trend. As such, municipalities shall intensely participate in the provision of attractive tourism services in their local environments. In this sense, municipalities can play a multi-faceted role:

- the role of a promoter and catalyst of development of distributed hotels;
- the role of an owner of attractive infrastructure for tourists;
- the role of the local municipality in promoting integrated tourism products for 5-star experiences.

However, municipalities need to perform the roles specified above in compliance with law in force, including public procurement and physical asset rules.

### Promoter and catalyst of development of distributed hotels

A municipality which wishes to facilitate the development of a distributed hotel, shall properly inform and raise awareness of the local population on the characteristics, importance and advantages of distributed hotels. The municipality shall organise presentations and meetings with interested providers of accommodation capacities. Primarily, however, it shall inform them on the advantages of distributed hotels for both all involved and the entire municipality. Appropriate (tourism, cultural and catering) programmes which would attract tourists to the municipality shall also be developed.

If this were the case, potential providers would much more easily join a distributed hotel system if the municipality provided a part of “start-up” funds required for the restoration and renovation of the infrastructure of the future owners which would join the distributed hotel chain. Funds can be obtained from various sources: either by using funds that can be provided by the European Union or the national government for the development of tourism (in the future, distributed hotels as a programme of awarding funds by the government should be considered) or by using funds of the municipality itself. Bear in mind, however, that if the municipality were to provide 50% of co-financing/subsidies for the procurement of supplies to associations/institutions which are not required to carry out public procurement proceedings as other bodies governed by public law, it

would need to comply with the provisions of public procurement rules if the value of co-financing/subsidy would exceed EUR 40,000.00 excl. VAT<sup>10</sup>.

## Owner of attractive infrastructure for tourists

The role of the municipality as a promoter and catalyst of development of distributed hotels can be built upon further if the municipality is able to provide appropriate infrastructure which can include restore cultural heritage facilities and appropriate sustainable transport infrastructure (mobility).

In the event that the municipality as the investor invests in works carried out on facilities whose value exceeds EUR 40,000.00 excl. VAT, it shall be bound by public procurement proceedings in the selection of the contractor. If this involves the restoration of an older facility which is a protected historical facility, the Institute for the Protection of Cultural Heritage of Slovenia shall prescribe (strict) technical requirements that need to be complied with during construction works. In some cases, facility restoration requirements may clash with green public procurement law in force,<sup>11</sup> if the characteristics of the facility or cultural protection conditions prevent the contractor from observing these requirements or their observation increases the value of the investment unreasonably. Local communities in their role as investors or facility managers frequently find themselves helpless when such complications arise. As such, the government should promote coordination between institutions in charge of protecting cultural heritage on the one hand and institutions in charge of spatial planning on the other which would ensure the provision of conditions which would facilitate the restoration and construction of a functional and environmentally acceptable infrastructure in compliance with cultural protection requirements.

Management of facilities owned by the municipalities can be transferred to an entity authorised by the municipality (either an institute, a private-sector partner which has been granted the management right in a public-partnership procedure, in some cases even a concessionaire. Entities which either own or manage cultural heritage facilities owned by municipalities shall also comply with public procurement rules. The public procurement obligation shall refer both to the selection of the works contractor and to the procurement of supplies or services.

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<sup>10</sup> See the provision of Article 23 of ZJN-3.

<sup>11</sup> Primarily in the case of facilities classified subject to the Decree on the Classification of Structures (Official Gazette of the Republic of Slovenia, No. 37/18) as “CC 122”

The so-called instituted of “in-house” procurement which facilitates the direct awarding of a transaction to an ‘internal’ entity of the municipality if legal conditions to do so are complied with<sup>12</sup>. In this case, the municipality which directly awards in compliance with the above does not have to comply with public procurement proceedings, which also means that entities which have been directly awarded a transaction as specified above do not have to comply with public procurement rules. ZJN-3 is clearly and requires that the ‘internal entity’ carries out public procurement proceedings in excess of their own capacities<sup>13</sup>. The above can also mean that a municipality which founds a tourist information institute, which cumulatively complies with legal requirements, may directly entrust distributed hotel services (such as reception desk, booking facilities, etc.) to an entity with the procurement of supplies/services/works. If the entity is unable to provide for these with their own capacities, it shall carry out public procurement proceedings.

Bear in mind that, in compliance with ZJN-3 rules, public procurement proceedings shall be carried out also by bodies governed by public law providing activities intended to satisfy the general social interest (excluding industrial and trade interests), whereby the Ministry of Public Administration, which is in charge of establishing the status of the contracting authority subject to compliance with the rules of ZJN-3, uses broad definitions and usually interprets the body governed by public law term in a way that it includes all entities closely related to the government, local community or other body governed by public law, whereby there is a risk that supplies, services or works are procured by pursuing economic motives. However, assessments are not subject to the fact if a legal person has been established in one of the organisational forms characteristic of legal entities governed by private law.<sup>14</sup>

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<sup>12</sup> The provision of Paragraph 1 of Article 28 of ZJN-3 reads as follows: This Act shall be applied in public procurement contracts awarded by contracting authorities specified in Points a), b) or c) or Paragraph 1 of Article 9 hereunder to legal persons governed by public or private law subject to compliance with the following conditions:

- a) the contracting entity controls this legal person similarly to its own services;
- b) more than 80% of this legal person’s activities are carried out with the purpose of performing the tasks entrusted thereto by the controlling contracting authority or other legal persons controlled by this contracting authority;
- c) there is no direct private capital participation in the controlled legal person and
- d) the value of procurement is equal to or lower than market prices.

<sup>13</sup> The provision of Paragraph 9 of Article 28 of ZJN-3 reads as follows: “In all cases in which public contracts are awarded subject to this article, the legal person awarded the public contract shall procure these supplies, services or works by complying with the provisions of this law even if it is not the contracting authority.”

<sup>14</sup> Cumulatively, the following conditions shall be complied with: “A body governed by public law” shall include bodies with the following characteristics:

- a) it has been established with the sole purpose of satisfying the needs of general interest which are not of an industrial or commercial nature whereby industrial or commercial nature shall mean that a legal entity operates in free market conditions with other market participants and carries out commercial activities whose purpose is to procure supplies and services to private or public economic entities;
- b) it is a legal entity and
- c) it is financed in minimum 50% by the State or regional or local authorities or other bodies governed by public law or subject to management and supervision by those bodies or having an administrative, managerial or

In the event that an association/institution/institute which would carry out distribution hotel services was to be founded and more than 50% of the required funding would be co-financed/subsidised by the municipality and the value of the procurement would amount to more than EUR 40,000.00 excl. VAT, the procurement would have to be carried out in compliance with the rules of ZJN-3.

Bear also in mind that, if an investment is carried out in facilities owned by municipalities subject to a construction permit, compliance with the **Exercising of the Public Interest in Culture Act** is required, meaning that the investment should strive to include works of art whereby it would be reasonable to promote exhibitions of local artists.

The option of leasing facilities owned by the municipality for tourism purposes shall be carried out in compliance with regulations on the management of physical assets of the municipality. It is probably better if the municipality/owner to lease the facility to an organisation (e.g. an institute carrying out distributed hotel services) which shall provide short-term leases to users. However, please bear in mind that even if the facility in question is leased for a short period of time by its manager founded by the municipality to manage cultural heritage, revenue created thereby shall belong to the owner or municipality and not the manager (e.g. the public institute). Of course, managers may be entitled to compensation for carried out agency services.

The provision of environmentally friendly mobility grants would contribute to the attractiveness of an area for tourists. The municipality can either invest directly into environment-friendly means of transport (bicycles, scooters, etc.) or smaller environment-friendly vehicles (such as regular routes operated by smaller vehicles) or it can carry out a concession granting procedure and authorise an external contractor to manage these. When procuring mobile means of transport, municipalities are bound by public procurement or public-private partnership rules or, subject to the value of the investment, also by the law regulating some concession contracts. However, also bear in mind that users shall be publicly informed and notified on the rules of use of means of transport in compliance with the Road Traffic Rules Act.

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supervisory board, more than half of whose members are appointed by the state, regional, local authorities or by other bodies governed by public law.

## Provision of interesting tourism services by the municipality associated with a circular economy

The attractiveness of tourism services in the local community contributes to the development and increase of tourism therein. Therefore, it would be reasonable to include services based on a circular economy as well.

Presenting the lifestyle of the local population is reflected in the objects used thereby. As such, the provision of re-use centres is definitely one of the options facilitating this. **In compliance with the Physical Assets Act, the municipality can (subject to legal conditions) lease its premises free of charge to the provision of re-use centres.** The awareness on sustainable use of second-hand items has been strongly increasing over time, leading to an increased demand for these goods, resulting in a maximum life cycle of goods. In addition, this kind of attitude of a municipality also constitutes a tourism services which does not only pursue principles of sustainability but also highlights the principle of a circular economy.

By creating programmes associated with the local area (historical, landscape, cultural, ethnic programmes), the municipality contributes to the development of tourism. As such, it should focus on providing infrastructure and programme content. This should all be done by observing sustainable development principles and minimising interventions in natural surroundings, with a special emphasis on effective use of resources.

### PROPOSAL 5:

**To prepare guidelines that specify legal and organisational options of local communities playing the role of a promoter of distributed hotels, options of providing public-owned capacities and ensuring the conditions for the development of activities complying with principles of sustainability.**





REPUBLIKA SLOVENIJA  
MINISTRSTVO ZA GOSPODARSKI RAZVOJ IN TEHNOLOGIJO

DRŽAVNA SEKRETARKA

Kotnikova 5, 1000 Ljubljana

T: 01 400 36 70

E: gp.mgrt@gov.si

www.mgrt.gov.si

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**Skupnost občin Slovenije PP (8)**

**Partizanska 1**

**2000 Maribor**

[info@skupnostobcin.si](mailto:info@skupnostobcin.si)

Ljubljana, 17. maj 2019

**ZADEVA: Potrditveno pismo za Circe Akcijski načrt Skupnosti občin Slovenije**

S tem pismom potrjujem, da je CIRCE Akcijski načrt Skupnosti občin Slovenije v skladu z nacionalnimi prioritetami vlade na področju turizma.


Strategija trajnostne rasti slovenskega turizma za obdobje 2017–2021 opredeljuje zeleni, trajnostni in odgovorni razvoj kot steber razvoja, ki je globoko zakoreninjen med turističnimi deležniki v javnem in zasebnem sektorju. Deležniki v slovenskem turističnem gospodarstvu podpirajo ohranjanje in varovanje naravnih in kulturnih dobrin ter dediščine, kakor tudi odgovorno in trajnostno turistično valorizacijo.

Politika razvoja turizma je usmerjena v trajnostno (zeleno) rast in premagovanje dveh razkorakov: razkoraka med turističnim zelenim potencialom in njegovo gospodarsko realizacijo ter razkoraka med zeleno obljubo in dejansko kakovostjo turistične izkušnje.

Nadaljevali bomo z vsemi aktivnostmi trajnostnega upravljanja in razvoja na čelu z Zeleno shemo slovenskega turizma. Trudili se bomo za visoko valorizacijo naravnih in kulturnih virov ter načrtno vključevanje dediščine v turistično ponudbo.

V krožnem turizmu se vrednosti celostnih turističnih produktov, vključno z naravno in kulturno dediščino, storitvami in blagom ohranja čim dlje, odpadki in raba virov pa se zmanjšajo. To lahko prispeva k inovacijam, rasti in ustvarjanju delovnih mest.

V skladu s tem izrekamo podporo predlaganemu akcijskemu načrtu, ki bo dodatno prispeval k doseganju strateških ciljev na področju turizma.

  
Eva Štravs Podlogar  
Državna sekretarka



Translation of the Endorsement letter

ANNEX A3 to CircE Action plan of Association of Municipalities and Towns of Slovenia

Association of Municipality and Towns of Slovenia  
Skupnost občin Slovenije PP (8)  
Partizanska 1, 2000 Maribor, Slovenia  
[info@skupnostobcin.si](mailto:info@skupnostobcin.si)

Subject: Endorsement for the CircE Action plan of Association of Municipalities and Towns of Slovenia

In my capacity of State secretary responsible for tourism and relevant policy at Ministry of Economic Development and Technology with its office at Kotnikova ulica 5, Ljubljana, Slovenia, I confirm the above mentioned Action plan is in accordance with the government's national priorities.

Strategy for the sustainable growth of Slovenian tourism for 2017-2021 defines Sustainability, responsible development and green context as the pillar of Slovenian tourism, and all its stakeholders have committed themselves to these ideals. They provide support for the preservation and protection of natural and cultural assets and heritage, and for responsible and sustainable tourism revaluation. The tourism development policy focuses on sustainable (green) growth and on closing two gaps: a gap between tourist green potential and its economic turnover, and a gap between the 'green' promise and the actual quality of tourist experience.

We will pursue our activities in this field along with the Green Scheme of Slovenian Tourism and will strive to achieve a high valuation of our natural assets and the widest possible integration of our cultural heritage in the tourism sector.

In a circular tourism the value of integral tourism products, including natural and cultural heritage, services and goods are maintained for as long as possible and waste and resource use are minimised. This can contribute to innovation, growth and job creation.

Accordingly, I am pleased to endorse the proposed action plan will be the great input to national tourism relevant policies.

Eva Štravs Podlogar,  
State secretary responsible for tourism  
Ministry of Economic Development and Technology

Ljubljana,