

Slovenia *Country Profile*



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

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1. Introduction

The Republic of Slovenia is a small country located in central Europe, surrounded by Croatia, Austria, Hungary, Italy, and the Gulf of Venice. For most of the 20th century, until 1991, Slovenia was part of Yugoslavia. After the dissolution, Slovenia became an independent and united country and attracted thousands of immigrants from the Balkans since the country had already experienced economic development in the former Yugoslavian communist system. Although the country faced an economic debt crisis, it has been recovering and growing again and today its economy is mostly privatized and major sources of income rely on the manufacturing of automotive parts, pharmaceuticals, chemicals, and electrical appliances.

Quick Facts		
	Population	2.1 million
	GDP per capita	40.6 USD
	10-year average annual GDP growth	4,7 %
	Ecological footprint	5.1 gha/per capita
	Renewable energy consumption share	22 %
	Unemployment rate	8 %
	Global Gender Gap Index 0-1 (gender parity)	0.7

2. Policy and regulatory framework

Slovenia is considered one of the most environment-friendly countries in Europe and worldwide. In line with that, the government has signed and is currently implementing several international and national plans towards the transition to a circular economy. The most recent document is the RoadMap for Circular Economy (2018), which is closely tied to the Sustainable Development Goals and it is included in important documents such as “A vision for Slovenia in 2050” and “Slovenia Development Strategy”, and the “Slovenia Smart Specialisation Strategy”. The Government plays a very important role in this Roadmap as the other two main figures in the so-called “Circular Triangle”, which symbolizes three inseparable and interdependent elements, the Circular economy (from linear to circular business models/companies), Circular Change (comprehensive policies to support the transition in the public sector) and Circular Culture (reflection on values and new narratives/citizens). The main goals of the Roadmap are to:

- Outline the potentials that establish Slovenia as the leader of the transition into the circular economy in central and eastern Europe.
- Involve stakeholders to identify and connect circular practices.
- Create recommendations for the government to facilitate a more efficient transition.
- Identify circular opportunities for the strengthening of international economic competitiveness and quality of life for all.

The document also establishes the four main areas of priority - food systems, forest-based value chains, manufacturing and mobility - and describes for each why it is an area of priority, and provides examples of good practices in the country, main gaps and promising prospects.

Along with this effort, the government is also using Slovenia’s cohesion budget, over EUR 570 million to be allocated for the protection of the environment, efficient use of resources and sustainability issues. This amount accounts for around 18.7 % of Slovenia’s overall cohesion policy budget, above the EU average.

Regarding eco-innovation, the state also plays a key role by promoting long-term collaborations in the form of R&D partnerships (SRIPs). SRIPs – Circular Economy (Strategic Research and Innovation Partnership – Networks for the transition into circular economy) aims to connect Slovenian businesses, educational sector and research institutions and non-governmental organizations in developing new value chains according to the economic principles of closed material flows. Their main goals are:

- Long-term public-private partnerships.
- Improvement of material efficiency index/productivity from 1.07 (2011) to 1.5 (2020).
- Establishment of new value chains with closed material flows.
- New business models.

More than 400 companies and 100 knowledge institutes currently participate in SRIPs.

Finally, another important document worth of being mentioned is the Slovenian Development Strategy. It was adopted in 2017 and presents a long-term national development framework with five strategic orientations and twelve interconnected development goals. The main purpose is to set a new foundation for the future development of Slovenia.

3. Socio-cultural context

In general, Slovenian local communities, organizations, companies, research centres and local energy agencies promote sustainable lifestyles and energy efficiency schemes in order to raise public awareness on eco-food, waste management, and traffic emissions.

In more detail, many studies¹ carried out in the country found out that female consumers are generally more concerned about the environment, expressing greater consciousness about eco-products and, also, they have a greater perception of a sense of responsibility towards environmental issues than men. However, another study didn't find any differences between men and women when it comes to green purchases and environmental awareness².

Aligned with this finding, the 2014 Flash Eurobarometer found higher levels of willingness to buy reusable products when compared to 2011. Almost 8 of 10 respondents (79 %) expressed willingness to buy any of the following second-hand products: books, CDs, DVDs, videogames (62 %); furniture (47 %); electronic equipment (43 %); household electrical appliances (38 %); and textiles (30 %). Nevertheless, these results are below the EU's average. In, 2019, the numbers improved, and a study indicated that 72 % of Slovenian customers are willing to buy second-hand products, especially used furniture (57 %), electronic equipment (55 %), and textiles (30 %). Globally, Slovenian society appears to strongly support circular economy initiatives and environmental protection measures.

4. Market demand and investment climate

Slovenian social and green companies still are not able to create a stable business case solely based on market revenues, however, there seems to be an increase and demand for reusable products as one study, for example, concluded that 56 % of its sample was indeed buying reusable products. Nevertheless, the circular secondary use of materials decreased compared to previous years and in 2016 was 8.5 %, a low number compared to EU-28 average. Therefore, there is an increasing demand for more circular and green products, but Slovenian companies are not following this trend.

One positive indicator for the transition to a circular economy in Slovenia, is the number of people employed in this sector – 2.09 % of total employment in 2016, below the EU-28 average. However, if we account the employment in eco-industries – a broader concept - (2015 data) it represented 4.63 % of total employment and the turnover represented 3.42 % of total turnover across all companies. Both indicators were well above the EU average. Exports of products from eco-industries in 2015 (2013 data) represented 0.59 % of total exports, a small increase from 2013 (2011 data).

Slovenia was one of the first European countries to make Green Public Procurement (GPP) mandatory. The country's national GPP action plan target was that 50 % of awarded contracts should incorporate GPP by 2012 in eight product categories (paper, electricity, office equipment, furniture, transport, food and catering, construction, cleaning products and services). Despite this, the uptake is still low. At least one environmental requirement was included in 1 528 lots,

¹https://www.researchgate.net/publication/336276870_Demand_and_Characteristics_of_Customers_of_Reusable_Products_in_Slovenia

² <https://www.mdpi.com/2071-1050/11/16/4308>

accounting only for 16 % of all lots tendered in 2015. Although the number is still not high, it increased when compared to 2013, where GPP requirements were only applied to 11.7 % of contracts.

5. Opportunities & Obstacles

	Opportunities	Obstacles
<i>General economic context and investment climate</i>	<p>Slovenian SMEs are increasing exporting more goods than importing</p> <p>Greater number of investment funds and programmes for SMEs</p>	<p>Slovenia has a disadvantage since it imports 71 % of raw materials consumed domestically mostly for manufacturing high-tech products, so this dependency affects the competitiveness of the Slovenian economy.</p>
<i>General political context</i>	<p>The government is committed and set high goals and targets to turn Slovenia into a European reference in the transition to a circular economy</p> <p>Slovenia is Government and Cities member of the Ellen MacArthur Foundation's international Circular Economy 100 (CE100) programme</p>	<p>Lack of an integrated policy or framework focusing on eco innovations in the country</p> <p>Insufficient inter-ministerial coordination</p>
<i>Policy and regulatory (both national and regional/local)</i>	<p>Many cities in Slovenia, such as Ljubljana are committed to be zero waste cities</p>	<p>Gap between the declaratory support (from the Slovenian government) and real measures for the transition towards the circular economy</p> <p>Lack of capacity to take collective political actions towards more green and eco-innovative policies.</p>
<i>Subsidies and fiscal benefits</i>	<p>Eco Fund, Slovenian Environmental Public Fund is the main public finance program to environmental projects (loans, grants).</p> <p>Cohesion Funds are the most important fund for investing in energy efficiency, renewable energy sources and infrastructure</p>	<p>Companies and social entrepreneurs pointed out the issue of long and inefficient administrative procedures and the lack of financial incentives</p>
<i>Public procurement</i>	<p>One of the first countries in Europe take make GPP mandatory</p> <p>Although the number of GPP is not high it has been increasing with all</p>	<p>Primacy of "rule of the lowest price" in public procurement, which favours price over quality and in majority of cases</p>

	Opportunities	Obstacles
	<p>public purchasers including at least 1 environmental criterion</p> <p>In some examples, such as the city of Ljubljana, the city's green purchases represent more than 70% of all the city's investment.</p>	<p>rules out green and sustainable solutions</p>
<i>General knowledge and awareness about CE</i>	<p>Slovenian society appears to strongly support circular and environmental initiatives</p>	<p>Lack of information, knowledge and targeted communication make it difficult to complete the transition. Many companies and some structures of the government still perceive circular economy as movement promoted by NGOs and primarily related to recycling.</p>
<i>Consumer demand (linked to previous point)</i>	<p>There is an increasing demand for reusable products</p>	<p>Need to offer high-quality and safe products since consumers are sensitive to these characteristics</p>
<i>Public-private partnerships</i>	<p>One of SRIP's goals is to foster and develop long-term public-private partnerships</p> <p>PPP is operative at energy renovation of public buildings</p>	<p>Most of the times circular activities and eco-innovation are driven from the initiative of private companies with no relation to laws and regulations.</p> <p>Inefficient transfer of knowledge from higher education to the private sector</p> <p>The PPP is not developed because of the lack of the private companies for PPP</p>
<i>Support programs or platforms for green and circular businesses</i>	<p>SRIP aims to connect and promote collaborations between all sectors into new more circular value chains</p>	<p>SMEs find it challenging to acquire the funds needed for R&D or to set-up large scale production and promote new eco-products and/or technologies</p>
<i>Professional training and education on CE / Skilled labour</i>	<p>Diversity of training programmes for circular economy promoted mostly by non-governmental organizations and companies</p>	<p>High dependency on European funds</p>
<i>Specific economic sectors</i>	<p>In 2016, Slovenia became the world's first nation to be declared a green destination, based on an assessment by Green Destinations</p> <p>Municipal Associations play a very active role in applying circular principles to tourism</p>	<p>According to a report, still in 2015, Slovenia hadn't had no green early-stage investments</p>

	Opportunities	Obstacles
<i>Other socio-cultural factors (incl. gender issues)</i>	The Slovenian society and entrepreneurial and political context stimulate and promote green initiatives which represent major opportunities for green and circular businesses.	Education system is insufficiently adapted to the needs of the private sector
<i>Other commercial or legal challenges</i>	Slovenia established many shops and markets for trading with the reusable products	Lack of promotion amongst companies operating as reuse organizations The banking sector is not flexible enough in providing the efficient incentives and instruments to change their business models, so for many SMEs the only way to secure funding is through the European ones.
<i>Available technologies and infrastructure</i>	Slovenia has one of the highest rates of separated waste collected amongst European countries	The problematic materials that currently can't be sort or recycled represent an opportunity for the strengthening of the domestic economy Poor transfer of developed technological solutions and products to the market Problems with the plastics waste management and storage and problems with the management with the sludge from WWTP's

6. Appendix: bibliography

Below are some of the policies and strategies promoting in a way or another green and circular economy:

Document	Year	Source
Road Map towards the Circular Economy in Slovenia	2018	https://circulareconomy.europa.eu/platform/sites/default/files/roadmap_towards_the_circular_economy_in_slovenia.pdf
Strategic Research and Innovation Partnership – Networks for the transition into circular economy (SRIP – Circular economy)		https://srip-circular-economy.eu/
Circular Economy examples in the city of Ljubljana		https://www.ljubljana.si/en/ljubljana-for-you/environmental-protection/towards-circular-economy/examples-of-circular-economy/
Green scheme of Slovenian tourism		https://www.slovenia.info/en/business/green-scheme-of-slovenian-tourism
The Environmental Implementation Review – Country Profile Slovenia	2019	https://ec.europa.eu/environment/eir/pdf/report_si_en.pdf
Slovenian Tourism Board		https://www.slovenia.info/en/business/about-slovenian-tourist-board
Eco Fund Slovenia		https://www.ekosklad.si/english
2030 Slovenian Development Strategy	2017	http://extwprlegs1.fao.org/docs/pdf/SLV177135.pdf

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