CASE STUDY

"AGRI-FORESTRY IN SUB-ALPINE" (SLOVENIA)

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1 Introduction: What is the case study about?

The study area includes two municipalities (Solčava and Luče) in the Alpine Upper Savinja Valley in the North of Slovenia, covering 21,300 ha and approximately 2,000 inhabitants (Statistical office of Slovenia, 2016). It is characterised by small municipalities in a typical alpine setting, with over 80% of area covered by forest. Settlement of the area started rather late (about 1,000 AD), resulting in a distinctive settlement pattern called ‘celk’. It is characterised by small conurbations in narrow alpine valleys and scattered secluded farms on slopes, which are surrounded by a relatively large property (large forest estates, some alpine meadows). Furthermore, it is a border area (border with Austria at the North – the top of the valley). Unlike the majority of the territory of the Republic of Slovenia, the area was historically administratively, economically and culturally linked to the Land Carinthia (nowadays Austria). Closer links (and exchange) with the rest of the Savinja valley were established with the construction of the road along the valley at the end of the 19th Century.

Figure 1: Location of case study within Slovenia

Statistical data about the average size of the farms in the area (with 7.9 ha/farm surpasses the national average by 20 per cent) do not reflect the main feature of the area – the already mentioned scattered farms with rounded property, which are large not just by national standards, but also regionally. This is particularly evident in the municipality of Solčava. According to the Slovenian statistical office (SORS, 2016a), out of 50 active farms, 18 are engaged in tourism and 26 in other supplementary activities. One third of the farms are organic, others manage land sustainably (mainly extensive livestock breeding). Half of the farms are located above 1,000 m. The average size of these farms is 130 hectares, agricultural land usually representing a lower proportion of holdings; according to our field study investigation, this proportion ranges from 10 to 30 per cent. The rest is mainly forest. Where accessibility and/or the slope of the terrain permit, the forests have been the subject of commercial exploitation.

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for centuries. Due to a long growth cycle, timber from the tree species grown in the area (larch, spruce, sycamore and beech) has a reputation of high quality (strength, resistance), resulting in a stable demand and relatively high price (ZGS, 2012). Especially on agricultural holdings with large forest estates, forestry (timber production and primary processing) represents the prevailing source of income.

Figure 2: Landscape with alpine farm

Nowadays there is no notable industry in the area. In the past (19th, early 20th century), the area was intensively engaged in timber production and sawmills; after the Second World War, a relatively large wood processing plant (plywood, furniture production) was established in nearby Nazarje. The plant gradually downscaled its production to (relatively small-scale) production of joinery. In the last two decades, small firms are emerging in the area (particularly in Luče), dealing with various applications down the wood value chain (crafts, furniture, carpentry, pellets).

The most valuable asset of the area is its pristine nature and attractive alpine countryside which has traditionally attracted many tourists, despite (or – especially nowadays – due to) being fairly remote and inaccessible. This holds especially in the regionally reputable tourist destination Logarska valley, which has been a popular destination since the start of the 20th century, reaching its peak in in the 1970’s and 1980’s, mainly with relatively large-scale daily excursion tourism. As a response to negative experience with mass tourism, the local community decided to impose some soft restrictions of daily visits (establishment of Landscape park, managed by local non-profit enterprise Logarska dolina d.o.o.), gradually position the tourist offer in the higher-quality segment and target individual visitors. Visitors are usually reaching
for active leisure, such as hiking, cycling, sightseeing\(^2\), to some extent also sports fishing and hunting\(^3\). Accommodation facilities (apart from tourist farms, a small hotel and a number of inns, restaurants and guesthouses are operating in the area\(^4\)) have a capacity of approx. 630, accompanied by 130 additional beds in mountain huts and a camp with capacities for 150 persons. Although the typical seasonal peak of tourist visits is summer (according to the Local Tourist Office’s data, June-August account for two thirds of all overnight stays), the interviewed operators (see list of interviewees, Appendix) report that with some targeted efforts (e.g. festivals\(^5\), niche offers) they are successfully prolonging the season.

Apart from the area’s distinctive Alpine agricultural and forest landscape, especially higher elevations above the tree line are rich with natural habitats (the area is a habitat to numerous interesting plant species, such as lady's slipper orchid, garland flower daphne, queen of the mountain, stemless trumpet gentian, bear’s ear (primula auricula) and edelweiss. About 80 per cent of the municipality of Solčava has protected area status (Landscape parks Logarska dolina and Robanov kot fall under Natura 2000).

The distinctive agricultural landscape with its diverse grassland habitats is maintained by agricultural use that prevents the overgrowing of forests. Extensive grassland-based livestock production is the most distinctive feature of the area. Utilised agricultural area comprises almost exclusively of alpine meadows; at higher elevations they are only used in the summer months for transhumance grazing. To a large extent, the farmers breed traditional and autochthonous livestock breeds. This is particularly pronounced in the case of sheep, where virtually the entire stock (approx. 2,000 animals) consists of the local autochthonous breed ‘jezersko-solčavskva ovca’ [Jezersko-Solčava sheep]. In cattle breeding, the brown breed is predominant, but the autochthonous ‘cika’ (lighter, better adapted to slopes) is gaining importance. Our field study investigation reveals that the increase of payments for breeding autochthonous breeds (193 EUR/livestock unit\(^6\) yearly) increased farmers’ interest for switching to autochthonous breeds. However, the potential for adding value to products from autochthonous breeds remains largely untapped. According to our fieldwork findings, only a handful of farms with their own tourist facilities regularly place meat dishes made from the autochthonous sheep on their menus. Mainly due to the unresolved problem of slaughtering in registered slaughterhouses (the nearest facility is located about 60 km away), these products do not reach organised markets (e.g. restaurants, retail chains, public procurement). However, our field study reveals that the consensus of the farmers to cooperate on this matter is increasing. In terms of marketing strategy, additional opportunities to add some value to their products are arising with the new optional quality scheme for mountain products\(^7\).

2 The most frequented destinations are connected by the so-called Solčava panoramic road; for more detailed information see [http://www.solcavska-panoramska-cesta.si/en/](http://www.solcavska-panoramska-cesta.si/en/)
3 For more detailed information see [http://www.solcavsko.info/index.php?id=46](http://www.solcavsko.info/index.php?id=46)
4 For more detailed information see [http://www.solcavsko.info/index.php?id=47](http://www.solcavsko.info/index.php?id=47)
5 With respect to ESBOs, the event that is most worth of mentioning is the festival of felt products ‘Bicka’ (a local name for ‘a sheep’), promoting the sheep-breeding tradition and sheep products of the area.
6 Statistical unit, representing 500 kg live weight (e.g. the coefficient for 1 adult cattle is 1 livestock unit (LSU); 1 sheep=0.09 LSU).
7 The authors are indebted to the internal reviewer Marie Clotteau (Euromontana) for this remark/proposal.

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Figure 3: Lady’s slipper orchid (*Cypripedium calceolus*)

The forests with their various tree species (*Larix decidua*, *Picea abies*, *Acer pseudoplatanus*, *Fagus sylvatica*, *Fraxinus excelsior*, *Abies alba* etc.), traditionally managed to yield so-called ‘mountain wood’, are an especially valuable asset in the region. Forests have traditionally represented the main (or important supplemental) source of farm income and the main source of capital for investment\(^8\). The project field study confirms this, as does the fact that in the Upper Savinja Valley, farmers realise a high percentage (79%) of the permitted annual wood harvest (ZGS, 2012). Without exception, forestry represents the main source of income of the interviewed agricultural holdings (see p. 23 for list of interviewees) engaged only in primary production. The situation is somewhat different on farms with supplementary activities (rural tourism prevails), where interviewees point out the significance of income from tourism, particularly in combination with adding value to their meat produce by selling it ‘on the plate’. Although the area has a long tradition of timber production and processing (since the 19\(^{th}\) century, some of the larger farms have operated their own water-powered sawmills), our field interviews confirm that the majority of wood today is sold as logs to wholesalers (see also GIS, 2009). Only one of the interviewed farms (but also the largest in terms of forest property, which is 600 ha in size) still runs a sawmill for primary timber processing. In addition to adding value to their timber, the interviewee points out that processing eases storage; this is especially important for more valuable tree species (e.g. larch), whose prices fluctuate significantly between years.

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\(^8\) Farmers like to call their forests ‘their bank’.
We have chosen this case because it represents an attractive tourist destination in Slovenia that relies heavily on successful ESBO provision and good land management practices. While agricultural and forest policies support these with various targeted measures, there is also significant private action by local inhabitants, but still lagging behind the most developed alpine tourist destinations. The Local tourist office data of 630 beds with reported 18.000 overnight stays\(^9\) yearly clearly illustrates that. There is still ample space for improvements based on innovative practices that are being sought by the dynamic local population.

The key ESBO considered for this CS is the **conservation of habitats (alpine pastures and mountain forests) and genetic resources with innovative or improved traditional practices of land management**. Maintaining the traditional permanent grasslands is mainly based on autochthonous breeds – the cika cow and Jezersko-Solčava sheep, both of which are well adapted to the adverse climatic conditions found in the high mountains. The main expected benefits of preserving and promoting these forms of land management are, among others, improved economic status of the local inhabitants, maintaining a vital rural population, and improved or maintained provision of public health and enjoyment. The potential of the area for sustainable tourism has also been recognised at the European level, as the region was

\(^9\) The field study findings (reported figures of overnight stays in interviewed tourist businesses) suggest that the figure underrates the actual situation, as the data only record registered visitors.

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The considered ESBOs are all mutually reinforcing, but we consider adequate land management, supported by innovative awareness-increasing approaches, to be crucial. Thus, the main actors in this CS are considered to be the farmers themselves, followed by supporting institutions, such as the municipalities Solčava and Luče, the Slovenia Forest Service and various local associations that help to communicate to the public the presence and value of the region’s assets. In this respect, two institutions can be pointed out. One is the local enterprise Logarska dolina d.o.o., which manages the most attractive (in terms of tourist visits) Logarska valley, and the second is Rinka (Centre Rinka, Institute for tourism and sustainable development of Solčavsko), a non-profit firm established by the municipality of Solčava. Voluntary associations (e.g., the forest owners’ association Tisa, the sheep breeders’ association and the Bicka association for the popularisation of wool handicrafts) also play an important role in the local community. The area also actively participates in the LEADER/CLLD Local Action Group, which comprises eight more municipalities down the valley of the Savinja River and from the neighbouring Šaleška valley. In our field study, we managed to interview the key actors of the above associations (see list of interviews, p. 23).

We should stress that in this region it is not feasible to separate agriculture from forestry, as it is precisely the big farmers (who are also forest owners) who are key to ESBO provision. Given that their survival and subsequently settlement of the area and habitat preservation depend largely on selling wood, farming and forestry must be regarded as a package deal in this case.

Figure 5: Focus group workshop

In addition to farming and forestry, tourism is of great importance regionally, and we find that private initiatives connecting producers amongst themselves and with consumers are key in ensuring the continued provision of the ESBO considered. While traditional management has
proven sufficient so far, inhabitants are finding it increasingly difficult to stay competitive, bringing the system’s viability under threat. The situation additionally worsened with the liquidation of the largest agricultural-forestry cooperative of the area (KZ Mozirje z.o.o.) in 2014. The terms of purchase of farm produce and timber have additionally worsened, limiting the farm producers’ sales strategies mainly to ad-hoc sales to various wholesalers (e.g. beef mainly to local trading company Davidov hram d.o.o., milk to the producers’ association GPZ) or cooperatives operating in the region, e.g. the newly established milk producers’ cooperative Dreta, the neighbouring cooperative Šaleška dolina (beef), and the more distant cooperative Škofja Loka (beef, lamb). Our field study interviews (local farm extension service, Rinka enterprise, farmers) reveal that the situation is worsening in the food sector. Particularly in the milk sector, dairies are tightening the terms of purchase for raw milk (decreasing prices, cessation of organised milk transport from distant producers). As a result, all farms in Solčava have abandoned sales to the dairy and milk sales have also substantially decreased in Luče. Farmers are adapting to the new situation with extensification (e.g. switching from milk to suckler cows), downscaling of production, and increased direct sales, in particular through tourist services.

2 Definition of the social-ecological system (SES) studied

2.1 Figure of the SES, using the SES Framework

Figure 7: SES framework

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2.2 Short characterisation of key drivers/motivations

Public drivers:

The state influences the analysed SES most directly through its agricultural policy, mainly rural development policy and, as revealed by our exploratory workshop (Workshop 1), CAP (Pillar 1 Direct payments and Pillar 2 RD measures) is by far most influential policy tool in the area. At least in principle, the long-term policy orientation at the state level (MKGP, 2011) put a strong emphasis on the cultivation and continued population of the land, both from the view of assuring a viable long-term base for sustainable food production (translated in policy jargon as ‘self-sufficiency’) and in the sense of preserving a vital rural population. The agricultural policy objectives linked to environmental protection, maintenance of biodiversity and promotion of organic agriculture also play important roles in agricultural policy objectives. This is strongly reflected in the allocation of RDP expenditure; in all three programming periods so far (2004-06, 2007-13, and 2014-20), policy instruments serving these objectives (Less Favoured Areas (LFA) and Agri-environmental payments) and support for organic farming) have exceeded 50% of total RDP expenditure.

Our field study findings (interviews with farmers and farm extension officers) reveal that the most relevant policy instruments directed to support the conservation of alpine pastures in Solčavsko are a combination of CAP Pillar 1 Direct payments and RDP environmental and landscape payments. The relevant Pillar 1 Direct Payments in 2007-2013 comprised a basic payment for grassland (132 EUR/ha) and production-coupled payments. After 2015, the Direct Payments in Slovenia consist of the basic payment (with the internal convergence system), the greening component and production-coupled schemes.

As for the RDP payments related to the ESBO, farmers in the area preserving agricultural use in mountainous areas are eligible for ANC (Areas with Natural Constraints, previously LFA) payments. The payment level is defined individually (based on size of plot, soil quality, altitude, slope). In the case study area, the payments range approx. between 180 and 290 EUR/ha. In addition, farmers can combine ANC payments with payments for organic production (payments for organic production on grassland range to 136 EUR/ha or 272 EUR/ha for farms in conversion to organic farming), and/or Agri-environmental-climate payments (AECM). As for the latter, farmers can choose from a set of (additive) eligible activities. In the case of habitat grassland areas, these activities are: late grazing/mowing (after 30/6), (limited) use of organic manure, harvesting of hay and partial set-aside from mowing. Depending on the combination of activities, payments range from 193 to 331 EUR/ha. In the case of permanent grassland, payments for the same set of activities range from 223 to 360 EUR/ha. Breeders of local (autochthonous or traditional) breeds in danger of being lost to farming can claim

10 The current legislation laying down the provisions for implementation of Rural Development policy lists these payments more concisely to: Agri-environment-climate, AEC (Art. 28), Organic farming (Art. 29), Natura 2000 and Water Framework Directive payments (Art. 30) ‘areas facing natural or other specific constraints, ANC (Art. 31).

11 Relevant production-coupled payments in the area were the following: additional payment for extensive breeding female bovine animals, additional payment for milk production in mountain and steep areas, and premiums for sheep and goats.

12 Relevant schemes in the Case-study area relate to milk production in mountainous areas and bovine production.
additional AECM payments of 193 EUR/LSU (autochthonous breeds), or 98 EUR/LSU (traditional breeds). Combination of organic farming and AECM is not additive (prevention of double payments), but rather brings some top-up to organic premia. Combining various CAP payments, farmers can earn 400 to 900 EUR/ha. These payments add substantially to the incomes from farming, contributing to the continued utilisation of the marginal agricultural area, and correspondingly to another ESBO, rural vitality.

**Figure 8:** The Jezersko-Solčava sheep

Substantial CAP Pillar 1 and 2 payments notwithstanding, the interviews with farmers conducted during our field study reveal a generally negative perception of a high dependence of farm incomes on public payments. Still, the payments can affect the farmers’ management decisions; for example, payments for the breeding of autochthonous breeds have contributed to the fact that virtually all farms in the area breed the autochthonous Jezersko-Solčava sheep. On the other hand, with the tightening of the agri-environmental payments for grassland in 2015, the majority of interviewed farmers have abandoned some of the most limiting payments (e.g. late pasture/mowing, partial set-aside from mowing etc.).

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13 A quote from the field study interview which illustrates this point: »Rather to live from government handouts like Indians, we farmers want to make our living by selling our products for a fair price« (farm Gradišnik).
Investment support (RDP and other public financial sources) represents another policy instrument that contributes to the economic wellbeing of recipients while being conducive to a favourable condition of agricultural ESBOs. This is particularly the case of investment in rural tourism, where ESBOs (e.g. attractive countryside, biodiversity) are adding value to primary production. More than half of the farms visited during our field study have benefitted from various types of investment support (primary production, diversification).

Forestry in Solčavsko is directly supported by the RDP measure “Investments in forest area development and improvement of the viability of forests”. However, more than with budgetary measures, the protection and sustainable management of Slovenian forests are directed by a strongly elaborated regulatory forest policy. The Resolution on the National Forest Programme (2007) defines the national policy on forest management, guidelines for the preservation and development of forests and conditions for their exploitation or multipurpose use. The Act on Forests of the Republic of Slovenia (1993) regulates the protection, silviculture, exploitation, and use of forests on the basis of forest management plans. In addition, it defines forest functions and introduces the system of forest management planning, which is more technically defined by the Rules on plans for forest and game management.

European Structural & Investment Funding is another budgetary support mechanism that supports the provision of ESBO. The Operational Programme for the Implementation of the European Cohesion Policy in the 2014-2020 stipulates two measures in this respect: (i) development of green infrastructure that protects and restores biodiversity and promotes ecosystem services in protected areas (primarily NATURA 2000 areas), and (ii) investments in the interpretation of natural heritage. In the preceding programming period, ESI funding was used for investment projects that promote the study area as a destination for green tourism, e.g. the...
Solčava panoramic road (http://www.solcavska-panoramska-cesta.si/en/). Some locally important investment projects (e.g. Center Rinka, partially built with local mountain wood, see http://www.solcavsko.info/index.php?id=54) have been carried out with the support of ESI (most notably EEA and Norway Grants).

Furthermore, Natura 2000 regulations also represent an important regulatory policy, as the majority of the study area falls under the NATURA 2000 network. The study area also includes the Landscape park Logarska valley. Activities in the area of the Landscape park are managed by the collective company Logarska dolina d.o.o., in accordance with the Park’s Management plan.

The municipality Solčava builds its development strategy around the sustainable development of core sectors (timber/wood processing, tourism, agriculture, based mainly on extensive grazing) in the area. The municipality Solčava is the founder of Center Rinka, a public institution promoting tourism and the sustainable development of the area. To support tourism, the municipality has also invested in the construction of a panoramic road linking traditional farms in the area, with marked lookout points with information boards with relevant information about the area or a specific farm.

**Figure 10:** Center Rinka, Mountain wood

Market drivers:

Currently the key market driver of ESBO provision is tourism. This is especially pronounced in the municipality of Solčava, where 18 out of 50 active farms have the status of tourist farm (SORs, 2015). The farms offer accommodation and local food products (e.g. Zgornjesavinjski želodec PGI). Through tourism, traditional arts and crafts (e.g. a local society called Bicka makes wool and wood products), and consequentially traditional forestry practices and charismatic species, are being preserved and promoted. Traditional grazing is recognised as contributing to the sustainment of natural and cultural heritage in the region and to maintaining the distinctive landscape that is very much appreciated by tourists. However, the potential to add value from animal production in the area remains largely untapped. Touristic attractiveness of the area could better merge with agricultural production if farmers sold their produce through local gastronomy. This is particularly evident in the case of dishes from autochthonous breeds (e.g. lamb from the Jezersko-Solčava sheep, beef from the cika cattle), and/or organic production. Our field study interviews identify two main limiting elements; the absence of a local meat slaughtering/cutting facility; and the absence of coordinated action in marketing activities (branding and targeted distribution). This a major challenge for the subsequent steps 3 and 4 of our Case Study work.

Historically, the large family farms dominating the region were strong market-oriented wood producers, quite advanced technologically. Nowadays, though they are still wood exporters, they have trouble competing with better-integrated production chains. Currently, the wood produced is mainly sold raw, as logs, though there is further potential for value-added, but marketing and cooperation are still relatively weak 14.

In both cases, market outputs deriving from the area’s ESBOs (animal products in the case of agricultural ESBO and timber in the case of forestry ESBO) are not utilising their market potentials. They are both sold as unprocessed, generic products. Our field study results reveal that sales of agricultural and forestry products are taking place to local wholesalers on an ad

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14 The current situation shares the fate of the wood processing sector in the region (see Section 1 of this report).
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hoc basis. The situation has aggravated with the liquidation of the local agricultural-forestry cooperative (Zgornjesavinjska kmetijska zadruga Mozirje, z.o.o.) in 2014.

Private initiative

In recent years, the autochthonous sheep breed has gained new prominence as a regional symbol and contributes to the local identity (Bartolj, 2015). Local appreciation is also visible through events organised by the Tourist Centre Rinka, the Bicka association and the Jezersko-Solčava sheep breeders’ association to promote the region and the breed though local sheep products (e.g. felting wool workshops, festival of sheep wool Bicka) (Slapnik and Knez, 2015).

In addition to the role it plays in contributing to the distinctive landscape, the forest is also very well appreciated in the construction sector for its high-quality and durable wood. The local workshop revealed that there is an increasing demand for the mountain wood both outside of the region and internationally. Currently, there is no producer group active in the area that would improve the competitive position of individual timber producers.

2.3 Description of other important variables chosen

None.

2.4 Discussion of the SES

Historically, this area was managed by large family holdings, operating as entrepreneurs. This may be a reason why the area has always been quick in adopting technological advancements and making use of the natural setting (e.g. transport, primary processing of wood, animal breeding selection programmes, tourism). Maybe this has also resulted in the fact that, despite the harsh living and production conditions and isolated location, the economic performance of the area is relatively favourable. As an illustration, the area has been building on its ‘green growth’ character, particularly in the last two decades, adapting quickly to the growing market demand for outdoor tourism and agri-tourism. In addition, the fact that these farms have been handed down from one generation to another has caused them to look at their land with a view to long-term effects of their management. A natural consequence of this has been sustainable land management that has resulted in preserved forests and agricultural land.

Forestry and conservation regulatory policy (especially Natura 2000 rules) seem to affect ESBO provision more strongly than budgetary measures. Though there are agricultural policy measures that are designed to promote certain practices connected to the provision of ESBO, they do not seem to be very popular with the local producers. Measures aimed at promoting mountain pastures and traditional breeds, for example, are not fully exploited, according to locals. Sheep breeding has even declined in the past few years. Agricultural policy (RDP) promotes the breeding of local autochthonous sheep, yet sanitary regulations restrict the commercial offer of fresh lamb slaughtered on-farm, which greatly limits the ability of breeders to market their meat. There is no slaughterhouse in the area to fill this gap, while transport costs are too high for small-scale lamb/mutton production (due to extensive, pasture-based breeding). There have been attempts to facilitate this situation through the establishment of a small local cooperative (40 members) in late 1990s whose main initiative was to invest in a small-scale slaughterhouse. The project came to the stage of the construction permit in Solčava, but the plan fell through in the end. The field study interviews revealed a number of causes for
failure. The interviewees most frequently emphasized the costs of the project, also due to the very demanding veterinary standards at that time\textsuperscript{15}. Other listed causes were a lack of continued support from the local governance, opposition to investment by local stakeholders (e.g. the Logarska dolina Landscape park), the lack of trust amongst producers, and fears regarding the profitability of such an investment.

Furthermore, some local projects, which are formally focused on promoting and preserving the cultural landscape and related ESBOs in the area, are not really effective in the long term. With financially oriented projects with operators who are not necessarily dedicated to results, efforts for improvement often end upon the projects’ completion.

There are also deficiencies in forest plans, which cover relatively wide forests areas and are therefore too general (not targeted to the specifics of the particular forest area). The local producers suggested that advisors from the local extension service help to prepare a business plan for each particular forest area.

Regarding the locally produced wood, local forest owners, municipality representatives and Forest service representatives have lately explored ways to increase awareness and appreciation of the wood’s special quality and resilience. As a result, this so-called Mountain wood\textsuperscript{16} has recently started to gain some attention.

### 2.5 Common aims, conflicting interests and goals

Tourism has a potential for increase, but this should be treated with caution, as the locals do not wish to the area to turn into the same kind of tourist destination as e.g. the area’s landmark Logarska Valley, which was turning into a mass tourism location in 1970s and 1980s. A large increase of tourist visit would increase the risk of congestion, pollution and littering, decreasing most of the ESBOs considered, especially public enjoyment. So there is a common interest to increase the quality of service, attract a limited number of environmentally-conscious visitors and offer them services from the higher end of the price range.

As far as interests go, they coincide for most of the local actors: landowners, association members, municipality representatives etc.; essentially, these are mostly the same people.

### 2.6 Other issues arising from SES analysis and context/case study specific aspects/issues

None.

### 3 Status of the SES and potentials

#### 3.1 Description of the SES

Key local institutions involved are the municipalities of Solčava and Luče, the Centre for the sustainable development of the Solčavsko region Rinka, the Local action group (LAG of the Upper Savinja and Šaleška valleys), the Forest owners’ association Tisa, the Slovenia Forest

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\textsuperscript{15} A few years after the abandonment of this particular investment, the veterinary standards for small slaughterhouses were relaxed substantially.

\textsuperscript{16} As a part of these efforts, the forest owners’ association Tisa commissioned a study regarding the properties of Mountain Wood (Solčavski Gorski les) in 2009, which was conducted by the Slovenian Forestry Institute.
Service and other, mostly voluntary associations (e.g. the Bicka association and the Sheep-breeder’s association). As mentioned, these groups overlap to some extent and although focus group members were rather critical about the willingness of local inhabitants to cooperate, there are some positive cases of collective action revealing that the problem is not insurmountable. One such good case is the association for the promotion of wool handicrafts Bicka, which is growing from a pastime activity into an additional source of income/employment, and has the potential to become an important medium for the promotion of traditional agriculture of the area.

Although commercial cooperation remains largely absent, local producers are cooperating in local associations of sheep breeders and forest owners, like the association Tisa, which cooperates with neighbouring local sawmills on the Austrian side of the border. Still, according to our focus groups interviews, it is difficult to persuade people to seek common commercial interests and consequently common investments. Recently, there have been two unsuccessful attempts of market-driven collective action (to establish a local cooperative specialised in timber and wood, and to build a small-scale local slaughterhouse). Perhaps the latest successful tourism project (municipality-owned Centre Rinka linking and coordinating activities of local tourism and leisure operators) has the potential to encourage locals towards a more ambitious common action in adding value to the local ESBO. The potential of tourism to enhance ESBO provision is certainly recognised by the local stakeholders, but they seem unsure as to the right way of making use of it.

When it comes to project financing, the interlocutors also pointed out the threat of creating isolated projects without links to wider content. The region has experienced various such attempts, which not only fail in terms of their abandonment after the financing period, but also discourage people from project integration and cooperation.

### 3.2 Relationships between farming and forestry, and the quantity and quality of ESBOs

As mentioned before, farming and forestry are, and have been for generations, in the hands of large family holdings. These family farms have traditionally sought to maintain their land in good agricultural and environmental condition, as their survival depended on it. Consequently, they have developed and kept sustainable practices. With the development of tourism, they have made use of the well-preserved natural conditions to attract visitors seeking outdoor recreational activities.

Thus, the main ESBOs that can be recognised in the Solčavsko study area are preserved habitats, a large part of which are a direct result of traditional farming practices, and genetic resources in the form of autochthonous breeds. In addition, public health and enjoyment are achieved through tourism, while food/timber provision achieved through sustainable practices also features importantly. However, there is a serious threat of farm abandonment, which would endanger the provision of all these ESBOs; on the other hand, there is also still much room for improvement, especially in the provisioning category, which could in turn importantly contribute to improved farm incomes and consequently to rural vitality.

### 3.3 Key motivational, institutional and socio-economic factors

The inability to follow through on a plan that requires cooperation and coordination seems to be a recurring theme in the area. One of the local producers therefore pointed out the need
for a top-down approach: creating less stringent rules (for example, regarding on-farm slaughter and administrative demands) and a friendlier institutional environment.

According to others, there is a strong need for a few dedicated (and charismatic) individuals, who would be able to push ideas through to finalisation. Therefore, policies should be oriented towards enabling the development of good facilitators and interpreters, people who are able to connect and motivate others in the long term and help them to better cope with the policy setting and market conditions. They also see the current policy of the Logarska Valley Landscape park as deficient, as it promotes passive sight-seeing tourism, rather than educational experiences that would acquaint tourists with the traditional land management practices, arts and crafts of this area. The latter would, in turn, stimulate further investment into the preservation of the traditional natural and cultural landscape.

3.4 Levels of provision, trends and determinants

Habitats: The main habitats of interest are permanent grasslands. Whether or not these are being preserved, can be assessed using Ortofoto imaging, while the reason that these habitats are being preserved – special species inhabiting them – would have to be assessed differently: most likely with specimen counts.

Genetic resources: Keeping track of herd sizes of the relevant autochthonous breeds (Jezersko-Solčava sheep and cika cow).

Rural vitality: immigration/emigration indices, socio-economic indicators, number of inhabitants engaged in farming, percentage of income from farming, etc.

Provisioning: quantity of wood cut/animals slaughtered; for quality, difference in market price between ‘ordinary’ wood/sheep meat (or beef) and Mountain wood/Jezersko-solčava sheep meat (or cika beef). There is a marked information gap here due to grey economy related to unreported animals, especially under the current regulatory regime.

Both the awareness and appreciation of the ESBOs provided seem to be high, as reflected in the fact that the region is still a popular destination for tourists – one of the most popular in Slovenia. The fact that the study area actually lies in a remote region means that visitors must put in some effort to get here, as well as know in advance what they seek. As already mentioned, this is closely linked to the way that producers have managed their land in the past. Room for improvement has been identified in the case of the Logarska dolina Landscape park, where the development of the tourist offer has become somewhat stuck in complacency with mass conventional outdoor activities such as trekking/sightseeing. A step forward towards a more dynamic, experience-economy based approach towards the development of tourism services (e.g. thematic and/or experience trails, modern approaches towards the interpretation of heritage, adventure tourism, reviving traditions etc.). In our talks with the local stakeholders, the idea has surfaced to improve the region’s visibility by creating some kind of common trade mark, something that could make products from this region recognisable at first glance. Again, and crucially, this would require substantial cooperation from many parties, so whether or not this idea is feasible remains to be seen.

Enhanced cross-border cooperation was also identified as a promising strategy to revive traditionally strong economic ties with the Austrian region of Carinthia. Opportunities for such cooperation were identified in tourism, timber/wood processing, promotion of traditional
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farming and gastronomy (in particular linked to sheep breeding), and traditional supplementary activities such as beekeeping.

3.5 Relevant governance arrangements and institutional frameworks

As already indicated, the main driver of ESBO provision in the region, both in the past and now, has been private initiative revolving around individual large farmers. Therefore, there is no fixed governance structure – individuals who wish to bring about changes do so individually or in loose associations; more recently, the municipality Solčava has become engaged in promoting the area as a tourist destination and the farmers’ main products (Centre Rinka).

It is worth mentioning the role of the Forest service. In principle, its role is to represent the interests of the state in forest management, but here, its representatives are also actively engaged in seeking ways to increase appreciation of the local wood and adding value to it (the ‘Mountain wood’ initiative), rather than simply selling it off as logs.

3.6 Other context/case study specific aspects/issues

None.

4 Conclusions derived from analysis in Steps 1 and 2

4.1 Key findings on the particular SES and its potentials

In this case study, market demand for ESBOs comes mainly from tourism and is a consequence of the way that the land is already being managed. Therefore, these two elements are mutually reinforcing. However, there is room for improvement, and the main advance to be made in this regard is by improving the visibility of the area, most appropriately through a concerted marketing approach. Though this would require further market research, we believe that creating a territorial ‘generic’ label under which all products from this area could be marketed (e.g. ‘Solčavsko’) seems to be the most appropriate in terms of the mutual reinforcement of the main economic activities in the area (farming, forestry, tourism).

Rural development policy has measures that are appropriate for this setting. For stimulating collective action in improving the market provision of ESBO (e.g. agricultural products with quality attributes, such as autochthonous breeds, mountain products, organic production), RDP measures M19 (CLLD/Leader), M16 (Cooperation) and M9 (Establishment of producer groups and producer organisations) apply. For individual investments, investment support is available, e.g. in food processing and marketing (M4.2), or wood harvesting, primary processing and marketing (M8.6). Agricultural landscape and biodiversity are promoted in particular through AEC payments (RDP measure M10), but there seems to be a marked drop of interest to participate in these payments (esp. habitat grassland) since the introduction of the 2015-2020 scheme. In a marked contrast with agriculture, forestry ESBOs have fewer policy instruments available to improve their provision. These are limited to some infrastructural investments (M8.4 restoration of skid trails), while the rest of support to keep the forest area in a good condition is only indirect (forest management planning and some forestry extension, both provided by the public forestry service).
4.2 Governance arrangements and institutional frameworks

The local setting does not seem to be particularly responsive to policy changes, and even less to changes in the market environment, probably as a result of past isolation and a strong individualism. However, farmers are now having to adapt to the fact that Slovenia has entered the common market, leaving them open to competition from producers with better integrated production chains, better market strategies or products with higher value-added. Therefore perhaps the most apt policy measures in this particular setting would be those that encourage producers to find effective forms of cooperation, or other ways of increasing visibility and competitiveness.

As a rule, national legislation tends to be quite insensitive to local particularities, which means that specific producers are forced to adapt to rigid demands posed by national administrators, leaving them with little space to manoeuvre. This is a problem inherent in top-down approaches that might be solved by devolving some of the decision-making powers (and responsibilities) to lower levels of administration. Discrepancies between demands coming from the EU level and the local reality are of course even bigger, though the possible solution is the same.

4.3 Other enabling or limiting factors

There are two main enabling factors. The first is a strong effort of the local governance to create favourable conditions for the development of the municipalities’ competitive advantages (tourism SMEs, particularly in wood processing). This is more pronounced in the municipality of Solčava, where the (public) local enterprise Rinka plays the central role.

The second enabling factor is a strong record of collective action in the area. In this respect, we wish to highlight the local enterprise Logarska dolina d.o.o. (owned by local landowners) as the first private entity managing a protected area (Logarska dolina Landscape park). There is room for improvement in this respect, however. Interviews conducted in our field research reveal a lack of concerted action between Logarska dolina d.o.o. and the rest of the area in terms of promotion of the upper Savinj valley as a tourist destination.

Another potential for collective action is the newly established Local Action Group (LAG) of the Upper Savinja and Šaleška valleys. Contrary to other LAGs in Slovenia, this is the sole case of two LAGs merging compared to the previous programming period. The larger area that includes an industrially strong conurbation (Velenje/Šoštanj) improves the potentials for collective action in the local food supply. This is also an opportunity for agriculture in the Case study area. The strongest agri-food actor in the LAG, cooperative Šaleška dolina z.o.o., which is successfully developing a brand of organic beef produce Ekodar (http://ekodar.si/v2/), is searching for new suppliers from the local area. A similar approach (full traceability of produce, innovative approaches to marketing and distribution) could also be successfully applied to the other key livestock product of the region, the Solčava-Jezerko lamb.

4.4 Reflections on the case study methodology used and potential improvements

Action research in the area of Solčava-Luče proved to be very successful. The motivation of the local actors is above expectations. This might be a result of various factors.
- Identification of key actors which have marked development of the area for the last two decades; they are not just regularly consulted regarding the progress of the work, but also personally engaged in project workshops and field work.

- Focusing the work on the ESBOs that are also recognised by local actors (alpine livestock production, autochthonous breeds, Mountain wood) as having a strong development potential.

- Mutual benefit; from the start, the PEGASUS team has tried to leave tangible outputs that could be utilised by the actors of Case study area (e.g. an Action plan to improve value-added to alpine livestock production).

The last issue is particularly important to keep the interest of our Case-study partners, and to successfully conduct Steps 3 and 4 of WP4.

5 Research and action mandate for Steps 3 and 4

5.1 Agreed objectives of activities to be undertaken with initiative/stakeholders

As discussed extensively in the previous sections, the main challenge of the following project activities (Steps 3&4) is how to better exploit the market potential of the area’s ESBOs. Two product groups are of central interest: alpine livestock production with autochthonous breeds and Mountain wood.

Another focus of research efforts is a review of policies affecting the ESBOs in the Case Study area. The review will aim to provide recommendations for decision-makers (e.g. to local actors on how to better exploit RDP measures for cooperation/collective actions; at the national level, to re-assess the adequacy of some requirements of the AEC payments).

5.2 Innovations, impact, transferability, potential risks and research bias

Besides the fact that, throughout history, the study area has been relatively advanced in terms of technological development and seizing of market opportunities, it also has a long record of research from various disciplines. While the abundance of historical records and research results is an asset for this particular study, it also brings two sets of risks. The first is limited room for the PEGASUS project to bring value-added to the region in terms of innovative proposals. Projects, such as e.g. common processing facilities (wood, meat) or a destination brand have already been planned or even attempted. This brings us to the second risk. Although Steps 3 and 4 may yield some more elaborated proposals for the area (e.g. unveiling the ‘hidden’ market potential of local ESBOs in a common marketing effort), the local actors may be disillusioned by past (mainly unsuccessful) experiences.

Though the potential for our contribution may be constrained by these factors, it is far from non-existent. We believe that our continued work will not be a futile endeavour and that the experiences from this particular case study will be transferable to many mountainous parts of the EU, particularly throughout the Alpine arch.

This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 633814
6 References (including projects docs, evidence reports etc.)


Internet sources:


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7 ANNEX

7.1 Documentation of research and action progress¹⁷

**Workshop 1** (Solčava, 15 January 2016): Focus group with local actors on institutional drivers of ESBO provision. Participants:
- Luka Juvančič (BF)
- Tina Kocjančič (BF)
- Ilona Rac (BF)
- Cvetka Mavrič (Centre Rinka)
- Klemen Matk (farmer)
- Marko Slapnik (freelancer)

**Workshop 2** (Solčava, 5 May 2016): Validation of SES for Solčava/Luče, mandate for the Field work
- Luka Juvančič (BF)
- Emil Erjavec (BF)
- Ilona Rac (BF)
- Jurij Pohar (BF)
- Danijela Bojkovski (BF)
- Maja Vrisk (BF, student)
- Aneta Šiljar (Tourist information centre Luče)
- Bernarda Prodnik (municipality Solčava, Bicka)
- Vida Matk (farmer)
- Marko Slapnik (freelancer, Poseben dan)
- Alojz Lipnik (Forest Service, former mayor of Solčava)
- Katarina Prelesnik (municipality Solčava)
- Toni Breznik (Forest Service)

Field work (Solčava and Luče, 13-15 June 2016); a series of in-depth interviews with farmers, processors, institutional and corporate purchasers of produce benefitting from ESBO of the CS area (animal production, mountain wood); interviewees:
- Cvetka Mavrič, Mateja Brlec Suhodolnik (Centre Rinka, LAG),
- Bernarda Prodnik (municipality Solčava, Bicka)
- Štefka Goltnik, Sonja Moličnik Oblak (Agricultural extension service Mozirje)

¹⁷ The participation lists and other relevant materials will be provided separately as scans and visual material at the project repository on Wiggio.
- Bernarda Brezovnik (Agricultural extension service Mozirje)
- Ivo Drev (manager, Agricultural cooperative Šaleška dolina)
- Ivan Pečovnik (farmer)
- Tomaž Marovt (farmer)
- Boštjan Rihter (farmer)
- Klemen Matk (farmer)
- Barbara Petek (caterer, Dom planincev)
- Karli Gradišnik (farmer)
- Helena Krivec (farmer)
- Marko Suhodolnik (farmer)
- Marijana and Matej Vršnik (farmers)
- Franc Ošep (farmer)
- Martina Breznik (innkeeper, Hiša Raduha)
- Domen and Vida Matk (farmers)
- Franci Plesnik (hotelier, Kmečka hiša Ojstrica)
- Gregor Plesnik (farmer)
- Nina Plesnik (manager, Hotel Plesnik)
- Avgust Lenar (hotelier, tourist farm Lenar)
- Andreja Bizjak (innkeeper, Na Razpotju)

7.2 Supporting data and statistics