

City of Dubrovnik

CONTEXT & CHALLENGE

Dubrovnik stands out as a globally recognised tourism destination renowned for its rich cultural heritage, safety, and attractive natural environment. Its pleasant climate, alongside good air and water quality, enhances its appeal to visitors and residents. Positioned as a university city with a strong brand identity, Dubrovnik enjoys a reputation for clean public spaces and an open, welcoming culture.

Moreover, Dubrovnik's strategic location and strong tourism brand provide a foundation for leveraging its cultural heritage and natural beauty to attract investment and mitigate external threats such as competition from neighbouring countries and climate change impacts.

The city faces challenges stemming from its limited physical space and high cost of living, which are exacerbated by seasonal tourism patterns and inadequate roads and mobility networks.

Dubrovnik encounters additional obstacles affecting its sustainable development and economic resilience. The city's infrastructure struggles to accommodate the influx of tourists and the needs of residents, leading to traffic congestion and reliance on private cars. Insufficient utility capacity, such as in the electricity grid, further complicates its development prospects.

ACTIONS

Considering the current context and challenges identified, the City of Dubrovnik GmbH, developed the following actions:

1. Sustainability:

- Provide incentives and financial support for sustainable initiatives, including building energy upgrades, planting tree rows, private solar power plants, and the purchase of electric scooters.

Replicability potential: Low (requires significant financial resources and a mandate that is not usually under destination management organisations)

2. Infrastructure Development:

- Increase the resilience of existing buildings utilising available financial (grants, tax breaks, low-interest loans) and technical support (expert advice, resources, tools) to strengthen structures, upgrade materials, improve energy systems, enhance water management, and implement emergency preparedness and evacuation mechanisms.
- Review regulatory and legislative framework to facilitate the construction of new roads at the local level, to improve accessibility and drain traffic.
- Build an underwater tunnel to increase mobility options and improve accessibility to Elafiti islands

Replicability potential: Low (local specificity of the underwater tunnel initiative and requires significant technical and financial resources)

3. Policy & Regulation:

- Apply a daily tourism tax and a visitor eco-tax to finance tourism development initiatives, including crisis management and preparedness initiatives (e.g.: retrofitting of infrastructure mentioned above).
- Regulate the accommodation business, to ensure safety and quality standards, protect consumer rights, promote fair competition, prevent illegal practices, and support sustainable tourism development in the destination.

Replicability potential: Moderate (it requires regulatory mandate and strong political will to enforce the implementation of taxes and regulation)

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EXPECTED IMPACTS & LESSONS LEARNED

With the implementation of the actions mentioned above, the City of Dubrovnik is expected to address the challenges identified and wield positive impacts for the tourism ecosystem. Other organisations, particularly those with similar level (local) and mandates (regulatory and operational) in the tourism ecosystem dealing with similar challenges, can also leverage valuable lessons:

Improve Resilience and Crisis Preparedness:

- Incentivising sustainable initiatives, such as solar power adoption and grants for electric scooters, contributes to the reduction of carbon emissions and footprint, enhancing environmental sustainability, and improving urban mobility while reducing air pollution.
- Enhancing the resilience of buildings mitigates risks associated with natural disasters and climate change, ensuring safer urban environments and the longevity of urban infrastructures.
- Implementing tourism and visitor taxes, generate additional revenue for local governments, which can be reinvested into sustainable development projects and infrastructure. In this specific case the main objective of this measure is to reduce excessive tourism flows in the main attractions of the destination, which can hinder its future sustainability.
- Regulating the accommodation sector will improve service quality, ensure compliance with local standards, and enhance the overall tourism experience, promoting transparent and competitive tourism industry.

The information and perspectives presented in this document represent the findings and conclusions of the European Commission's project "Crisis Management and Governance in Tourism" funded under the SME Pillar of the Single Market Programme and developed by Deloitte. These findings are based on data and context available during the study period and are intended solely to provide insights on the project's objectives. The interpretations herein do not necessarily reflect the views of the involved organisations and should not be construed as definitive conclusions applicable to all contexts or as a commitment to implement the recommendations. Further, the European Commission and Deloitte are not liable for any consequence stemming from the reuse of this document.

For more detailed information on project's results and outputs, please visit the project webpage [Crisis Management and Governance in Tourism - European Commission](#).