

ANNUAL REPORT 2020

OF THE SLOVENIAN REGIONAL DEVELOPMENT FUND

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ABOUT THE FUND

Slovenian Regional Development Fund
Slovenian Regional Development Fund

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TABLE OF CONTENTS

I. BUSINESS REPORT

USE OF ABBREVIATIONS	IV
ABSTRACT	V
1. MACROECONOMIC ENVIRONMENT AND LEGAL BASIS	2
1.1 MACROECONOMIC IMPACT	2
1.2 STRATEGIC BASIS	3
1.3 LEGAL GROUNDS	5
2 ABOUT THE FUND	7
2.1 BASIC INFORMATION ABOUT THE FUND	7
2.2 ESTABLISHMENT AND TRANSFORMATION	8
2.3 FINANCING OF THE FUND	8
2.4 AREAS OF ACTIVITY OF THE FUND	8
2.5 FUND MANAGEMENT BODIES.....	9
2.6 ORGANIZATION OF EMPLOYEES AND OF THEIR WORK	10
3 RESULTS IN THE FIELD OF INCENTIVES.....	16
3.1 GENERAL INFORMATION ABOUT DESIGNING INCENTIVES	16
3.2 RESULTS OF "B-ENTREPRENEURSHIP" PROGRAM INCENTIVES	17
3.3 RESULTS OF INCENTIVES OF THE "A-AGRICULTURE AND FORESTRY" PROGRAM	19
3.4 RESULTS OF "PF-PRE-FINANCING" PROGRAM INCENTIVES.....	22
3.5 RESULTS OF INCENTIVES UNDER PUBLIC TENDERS FROM 2019	26
3.6 SUMMARY REVIEW OF THE IMPLEMENTATION OF INCENTIVES IN 2020	32
3.7 INCENTIVE ANALYSIS.....	33
3.8 EFFECTS OF INCENTIVES	37
4 RESULTS IN THE FIELD OF EUROPEAN DEVELOPMENT PROJECTS	40
4.1 CERTIFICATION AUTHORITY 2014-2020	40
4.2 CERTIFICATION AUTHORITY FOR THE PERIOD 2021-2027	42
5 GENERAL OPERATING RESULTS	42
5.1 ACTIVITIES REGARDING THE ISO CERTIFICATE	42
5.2 IMPLEMENTATION OF CONTROLS AND MONITORING OF PROJECTS.....	42
5.3 EXTERNAL COMMUNICATION	43
6 INVESTMENT RESULTS.....	44
6.1 INFORMATION SYSTEM.....	44
6.2 WEBSITE AND NEW GRAPHIC IMAGE	45
7 FINANCIAL STATEMENTS OF THE FUND.....	51
7.1 BALANCE SHEET	51
7.2 REVENUE AND EXPENDITURE ACCOUNT.....	53
7.3 ACCOUNT OF FINANCIAL RECEIVABLES AND INVESTMENTS	55
7.4 FINANCING ACCOUNT STATEMENT	56
8 NOTES TO THE FINANCIAL STATEMENTS	57
8.1 BALANCE SHEET	57
8.2 REVENUE AND EXPENDITURE ACCOUNT.....	65
8.3 ACCOUNT OF FINANCIAL RECEIVABLES AND INVESTMENTS	68
8.4 FINANCING ACCOUNT STATEMENT	70
8.5 SURPLUS CALCULATED ACCORDING TO THE FISCAL RULE.....	70
9 MANAGEMENT OF THE FUND'S ASSETS AND INVESTMENTS	70
9.1 FINANCING OF THE FUND	70
9.2 DEDICATED ASSETS	71
9.3 INVESTMENTS OF FREE EARMARKED ASSETS.....	72

9.4	PERFORMANCE OF TASKS UNDER CONTRACTS.....	73
10	RISK MANAGEMENT.....	77
10.1	CREDIT RISK.....	77
10.2	MARKET RISK.....	78
10.3	INTEREST RISK.....	78
10.4	LIQUIDITY RISK.....	78
10.5	OPERATIONAL RISK.....	79
11	OPERATING PERFORMANCE REPORT OF THE FUND	81
11.1	SUCCESS ASSESSMENT	81
11.2	EXPLANATIONS FOR FAILURE TO ACHIEVE OBJECTIVES	83



USE OF ABBREVIATIONS

• EC	European Commission
• ANC	Autochthonous national communities
• MEDT	Ministry of Economic Development and Technology
• IMF	International Monetary Fund
• GDP	Gross domestic product
• EU	European Union
• ECB	European Central Bank
• MAFF	Ministry of Agriculture, Forestry and Food
• MF	Ministry of Finance
• ZRC SAZU	Scientific Research Centre of the Slovenian Academy of Sciences and Arts, Anton Melik Geographical Institute
• Contract for problem areas 2016-2017	Contract no. C2130-16-900001 on the financing and implementation of the instrument for favourable development loans for investments in problem areas in 2016 and 2017
• Contract for problem areas 2018-2019	Contract no. C2130-18-900001 on the financing and implementation of the instrument for favourable development loans for investments in problem areas in 2018 and 2019
• Contract for border areas -	Contract no. C1536-11B990001 on the implementation of Lot A of the project "Measures in border and problem areas in combination with the measure of regional guarantee schemes throughout the country" for 2011-2012
• Rules on Write-offs	Rules on the criteria for amending contractual provisions and on the write-off of debts to the debtors of the Slovenian Regional Development Fund
• GTC	General Terms and Conditions
• Measure	COVID-19 Financial incentives implementation programme
• SME	Small and medium-sized enterprises
• B	Code of the Entrepreneurship programme for the Fund's incentives
• A	Code of the Agriculture and Forestry programme for the Fund's incentives
• Lot 1	Code in the public tender which contains elements of state aid in accordance with the notified schemes
• Lot 2	Code in the public tender which does not contain elements of state aid
• Fund	Public Fund of the Republic of Slovenia for Regional and Rural Development/Slovenian Regional Development Fund



ABSTRACT

The Slovenian Regional Development Fund (hereinafter referred to as: the "Fund") plays an important role in achieving public goals in the field of regional and rural development. The Fund comprehensively handles the improvement and realisation of goals in the field of regional policy, rural development policy and balanced development of activities in rural areas, as well as implementation of endogenous regional policy measures.

The Fund realises its vision through two main areas of work which enable the realisation of the Fund's mission. The first area of work pursues the implementation of development plans, namely by creating incentives that have a significant impact on harmonious regional development. The second area of work relates to the active involvement of the Fund in European development processes.

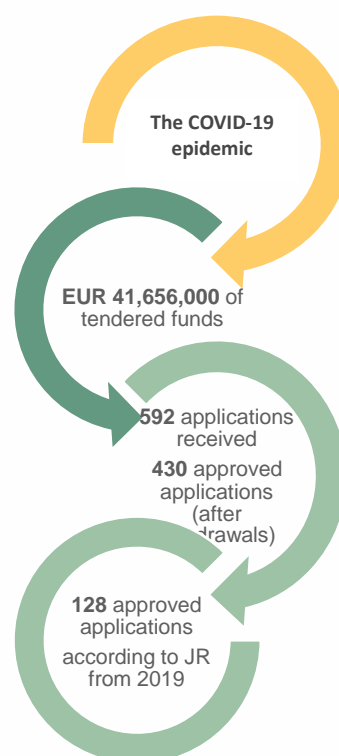
The Fund's incentives are substantively and financially related to the implementation of the national policy for regional and rural development, and are generally implemented within six programs, namely the Entrepreneurship program (B), the Municipalities program (C), the Agriculture and Forestry program (A), the program for projects in the area inhabited by the Italian and Hungarian autochthonous national communities (hereinafter referred to as: the ANC), the pre-financing program (PF) and the regional guarantee scheme (RGS) program. Within each individual program, meaningful incentives are formed, usually according to the target orientation or according to the form of financial incentive. The primary form of incentives are loans with a more favourable interest rate and a longer maturity than bank loans for similarly risky investments.

The year 2020 was marked by the SARS-CoV-2 virus which causes COVID-19; during certain periods, this led to the complete cessation of most economic activities. Through the program of liquidity loans and deferrals of repayment of existing loans, the Fund has made a strong commitment to mitigate the negative consequences of the epidemic on the Slovenian economy.

In accordance with the Business and Financial Plan for 2020-2021 and its subsequent amendments and additions (hereinafter referred to as the BFP), the Fund planned incentives for 2020 from earmarked assets in the amount of EUR 47,056,000.00, all in the form of loans. The announcement of eight public tenders in the total amount of EUR 41,656,000.00 was realized, as no tender for the program of municipalities and ANCs was published. Following the aforementioned public tenders, the Fund received 592 applications in the total amount of requested funds of EUR 31,804,828.69. The final realization (after resignations) is the approval of 430 applications in the total amount of EUR 22,030,703.12. According to the announced deadlines, 30 more applications are currently being processed.

Due to objective circumstances, such as the publication of a public tender towards the end of the year and/or the open type of deadline with a final deadline of 2020, the Fund had eight more public tenders in 2020 which were published in 2019, according to which a total of 263 applications for public tenders were received, of which the number of approved applications in 2020 after (partial) withdrawals amounted to 128 applications in the total amount of EUR 15,491,791.29.

The second area of work relates to the active involvement of the Fund in European development processes. For the financial perspective 2014-2020, just as for the financial perspective 2007-2013, the Fund was appointed, based on the decision of the Government of the Republic of Slovenia, to execute the important function of performing the tasks of the Certifying Authority in three cross-border cooperation programs, namely INTERREG V-A Slovenia-Austria, INTERREG V-A Slovenia-Hungary and INTERREG V-A Slovenia-Croatia. The Fund has also been engaged in the preparation of programs for the next financial perspective 2021-2027, where a Certifying Authority is not envisaged as a program structure, but will be replaced by the so-called accounting function.





Appropriate internal organization is also required for the successful implementation of the Fund's areas of work. In 2020, said internal organization took place in three sectors, namely the Sector for the Implementation of Incentives, the General Sector and the Financial Sector, within which the Certifying Authority is also organized. On 31 December 2020, the Fund employed a director or acting director, 17 civil servants who were employed for an indefinite period, and 3 civil servants who were employed for a definite period, namely for the implementation of the project of the Certifying Authority within the Technical Assistance in European Territorial Cooperation programs. The employees of the Fund show a high level of commitment, innovation and motivation in performing their work tasks; furthermore, their actions also show that in their work, they place a lot of emphasis on listening to the needs of the target groups.

In 2020, the Fund continued to supplement and update documents related to the new quality standard ISO 9001:2015, which it switched to in 2018, thus demonstrating its focus on an effective quality management system in order to meet the requirements of external stakeholders or recipients of regional incentives. The Fund also continued its activities for the development of the Application for comprehensive processing and monitoring of applications, through which it was possible to submit an electronic application for a public tender in 2020. The creation of the remaining modules is planned for 2021.

In discussing the financial operations of the Fund, it should be mentioned that the only systemic financial source of the Fund are the purchase prices which the Fund obtains in accordance with the legislation. The Fund manages dedicated assets in accordance with the purpose for which it was established, and with the aim of maintaining or increasing the value of said assets. Throughout its operations, the Fund carefully plans investments and minimizes operating costs.

The essential data of the Fund in 2020 are:

- total revenue: EUR 1,473,392.98
- total expenditure: EUR 1,385,175.36,
- excess of revenue over expenditure: EUR 88,217.62,
- dedicated assets: EUR 113,601,565.84.



BUSINESS REPORT

1	MACROECONOMIC ENVIRONMENT AND LEGAL BASIS	2
2	ABOUT THE FUND	7
3	RESULTS IN THE FIELD OF INCENTIVES	16
4	RESULTS IN THE FIELD OF EUROPEAN DEVELOPMENT PROJECTS	40
5 42	GENERAL OPERATING RESULTS	
6	INVESTMENT RESULTS	44

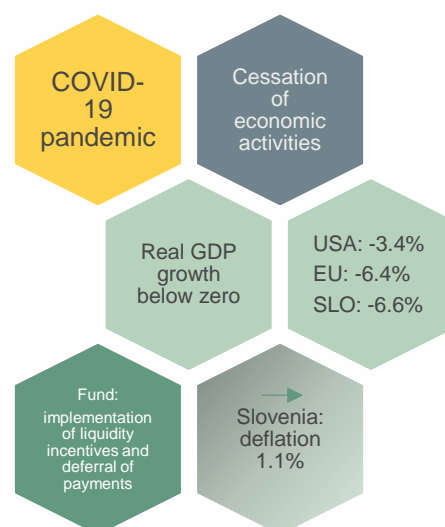
1. MACROECONOMIC ENVIRONMENT AND LEGAL BASIS

1.1 MACROECONOMIC IMPACT

In 2018 and 2019, the gradual decline of global economic activity already heralded the onset of a minor or major economic crisis. Analysts were unanimous: there will be a crisis! How strong it would be and what would trigger it this time around were mere speculations, as there were plenty of possible reasons in the overheated global economic, social and political environment. But no one has seriously considered the yearlong warnings of scientists and medical professionals that the risk of occurrence of a virus of pandemic proportions is growing. In early 2020, however, the SARS-CoV-2 virus which causes COVID-19 began rapidly spreading all over the world from Wuhan, China. This changed the macroeconomic framework in a significant manner.

The spread of the virus has resulted in a slowdown and, in certain periods, even a complete cessation of most economic activities. Different countries have tried different approaches in order to tackle the following dilemma: economic activity or health care? They realised that complete cessation of economic activities is not an option, but that a too low rate of preventing infections destroys economic activities. The social component, which was particularly traumatically reflected in the sharply increased mortality rate in some of the most developed countries, unfortunately also in Slovenia, will not be explicitly addressed here. It should be mentioned, however, for economic reasons: in most countries, the pandemic has revealed the political and administrative inability to quickly and properly adapt to the new health situation. The consequence of the inability to establish an appropriate demarcation between the infected population and the (still) healthy population caused a second wave which can be safely described as a tsunami, at least in Slovenia. The optimism of a quick recovery and return of the global, American, European and also Slovenian economy to its pre-crisis level quickly waned.

Real growth in gross domestic product (GDP) has fallen well below zero in the past year, except in China. With drastic restrictions on movement, extremely rapid withdrawal of infected people from their home and work environment, and the establishment of temporary COVID hospitals, China has managed to nearly suppress and effectively control the spread of the virus. As a result, China ended the year 2020 with a 2.3% GDP growth, despite the decline in world trade activities. For 2021, the International Monetary Fund (IMF) forecasts 8.1% growth in China. The situation is much more dire at the global level: a decline of -3.5% in 2020 and a forecasted growth of 5.5% for 2021. The decline of the GDP in EU was severe: -6.4% at the level of the EU and -6.8% in the Euro Zone. The IMF only forecasts a 4.2% growth of the GDP for the European area. In the last year, the USA recorded a -3.4% decline of the GDP. For 2021, the IMF forecasts a 5.1% growth of the GDP. According to estimates, some of the developed countries recorded even more severe declines, for example: France -9%, Italy -9.2%, Spain -11.1%, Great Britain -10%. The German and Japanese declines were also significant: -5.4% and -5.1%, respectively. In Slovenia, which has strong economic ties to European countries, particularly Germany and Italy, the GDP is estimated to have declined sharply in 2020 (-6.6%).



In 2020, Slovenia was, more than ever, a tiny walnut shell floating in turbulent global and European seas. The aforementioned political and administrative shortcomings, as well as the high degree of dependence on exports of goods and services, have severely affected Slovenia, both medically and economically. The government has taken appropriate incentives which, however, might not always have been sufficient. Above all, the implementation of most (particularly development and incentive measures) was and still remains inadequate. This will undoubtedly slow down the recovery, but there is also a serious danger that Slovenia will lag behind after the crisis, especially in the field of rapid technological, green and sustainable adaptation to environmental and, last but not least, market requirements.

In these difficult health and economic conditions, Slovenia "produced" a large deficit of EUR 3.5 billion in last year's budget. Revenues fell by EUR 1 billion, while expenditure increased by more than EUR 2 billion. After a few years

of decline, indebtedness increased again. All of this will represent a heavy burden and a developmental stumbling block in the coming years, perhaps even decades. On the positive side, the activities of the European Central Bank (ECB) and other central banks also reflected on the expected return on Slovenian securities. By issuing treasury bills, the State Treasury continued to borrow at a negative interest rate, mostly in the range between -0.4% and -0.5%. The expected yield on Slovenian government bonds is also historically low and will only exceed the zero yield at a maturity of 15 years (data on 1 January 2021). In 2020, Slovenia already reduced the interest burden with issuing new and implementing partial redemption of old bond issues; at the beginning of 2021, it issued a new 10-year bond with a yield of 0.096%, an increased issue of a 30-year bond with a yield of 0.381% and, for the first time ever, issued a 60-year bond in the amount of EUR 500 million with the annual yield of 0.70%.

In 2020, as a result of measures intended to mitigate the effects of the health and economic crisis, the trend of declining expected government bond yields continued. After they rapidly approached zero in spring, the 3-month and 6-month EURIBOR rates also continued their downward trend and ended the year at -0.545% and -0.526%, respectively. At the level of EMU and in Slovenia, deflation was recorded in 2020: in Slovenia, it amounted to 1.1%, while it amounted to 0.3% within the EMU.

Previously explained conditions also affected the operations of the Fund. Even though the epidemic hindered its work, the combination of workplace and remote work within the Fund made it possible to carry out all activities on an ongoing basis. In the spring, the implementation of incentives was stalled, but then the Fund became heavily involved in mitigating the effects of the pandemic on the Slovenian economy through a program of liquidity loans and deferrals of repayment of existing loans.

The Slovenian financial system also experienced high liquidity last year; as a consequence, an even lower interest of commercial banks was expressed in accepting deposits from the free dedicated assets of the Fund. Practically no interest income remains from these investments. At the same time, the amount of free funds that can be placed for a period of more than one year has already decreased significantly. The severe drop in revenues was also a consequence of the crisis. Both deferrals of payments and the granting of liquidity loans were carried out by the Fund free of charge and without interest income during the deferral of repayment of loans and the duration of liquidity loans, which will have an impact on its future operations. Due to the implementation of the aforementioned measures of the Fund, additional provisions had to be formed; nevertheless, 2020 once again ended with an excess of revenues over expenditure, while the consequences due to non-accrual of interest and costs for clients when it came to investments under COVID measures will only affect the Fund's financial statements in the coming years. .

1.2 STRATEGIC BASIS

In 2020, the Fund considered the strategic documents for the period 2014-2020, which summarize or pursue the EU Strategy or the National Development Strategy.

Europe 2020 - A strategy for smart, sustainable and inclusive growth (Communication from the European Commission, 3 March 2010)

Said strategies contain a vision of Europe's social market economy for the 21st century, with the overarching goals being as follows:

- increasing the employment rate of the population between the ages of 20 and 64,
- achieving the goal of investing 3% of GDP in research and development,
- reducing greenhouse gas emissions, increasing the share of renewable energy sources and increasing energy efficiency,
- reducing early education drop-out rates, increasing the share of the population aged 30-34 who have completed tertiary education,
- reducing the number of Europeans living below the national poverty line.

Said strategy is based on three priority areas, namely smart, sustainable and inclusive growth.

Partnership agreement (October 2014, approved by the EC, 30 October 2014)

The Partnership Agreement is a strategic document that forms the basis for drawing assets from the EU funds 2014-2020, which are the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. In the period 2014-2020, the EU set 11 thematic objectives related to smart, sustainable and inclusive growth:

Development Strategy of Slovenia 2030 (adopted by the Government on 7 December 2017)



Operational Program for the Implementation of European Cohesion Policy in the Period 2014-2020 (December 2014)

In the period 2014-2020, a single operational program is in place for drawing on all three structural funds of the European Cohesion Policy, such as the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

There is no sectoral or regional approach in the document, as its aim is to raise funds for good projects, regardless of the sector or region. Thus, the supported projects will be the ones that will contribute to increasing competitiveness and the necessary increase in added value per employee, maintaining and creating new jobs, internationalization and reducing socio-economic disparities.

The document contains 11 priority axes of selected priority investments in which Slovenia invested European cohesion policy funds in the period 2014-2020:

EU Regulation no. 1301/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) no. 1083/2006

The Regulation lays down the general rules applicable to the European Structural and Investment Funds (hereinafter ESI Funds). It also contains the provisions necessary to ensure the effectiveness of the ESI Funds and their coordination with one another and with other Union instruments.

In addition, it lays down rules on management and control, financial management, accounting and financial corrections.

Rural Development Program of the Republic of Slovenia for the period 2014-2020 (adopted by the EC on 22 September 2019)

Slovenia's development strategy 2030 pursues a central goal, ie. greater quality for all, through five strategic directions:

- inclusive, healthy, safe and responsible society,
- learning for life and throughout life,
- highly productive economy which creates added value for all,
- preserved healthy natural environment,
- high level of cooperation, competence and management efficiency.

INTERREG V-A cooperation program: Slovenia-Austria, Slovenia-Hungary Slovenia-Croatia

The Cooperation Program is a programming document prepared jointly by the countries participating in the European Territorial Cooperation programs and approved by the EC. The conceptual orientation of the cooperation program follows the ambition of the European policy cohesion in the period 2014-2020 and the Europe 2020 Strategy in relation to the objectives of "smart, sustainable and inclusive growth".

EU Regulation no. 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) no. 1080/2006

The Regulation sets out the tasks of the European Regional Development Fund, the scope of support from the Fund for the "investment for growth and jobs" goal and the "European territorial cooperation" goal.

EU Regulation no. 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal

The regulation contains a harmonisation with the Europe 2020 Strategy and is part of the cohesion policy legislative package for the period 2014-2020. European territorial cooperation is one of the goals of cohesion policy and provides a framework for the implementation of joint actions and policy exchanges between national, regional and local actors from different Member States.

Smart Specialization Strategy (adopted by the Government of the Republic of Slovenia on 20

The Rural Development Program of the Republic of Slovenia for the period 2014-2020 is a program document with which Slovenia implements rural development measures. The program reflects the national priorities identified by the Member State on the basis of an analysis of the endowments and situation in the field of agriculture, food and forestry, as well as the involvement of these industries in rural and global developments.

September 2015, approved by the EC on 5 November 2015)

The smart specialization strategy is strategically focused on sustainable technologies and services for healthy living, which should define Slovenia as a green, active, healthy and digital region with premium conditions for creation and innovation, aimed at developing medium and high technology solutions in niche areas.

1.3 LEGAL GROUNDS

1.3.1 Main provisions

1. Main laws

- Public Funds Act, ZJS-1 (Official Gazette of the Republic of Slovenia, No. 77/08, 8/10-ZSKZ-B, 61/20-ZDLGPE), which regulates public funds and thus also the Fund as a status form of a legal entity under public law. Article 24 of ZJS-1 prescribes that a public fund must have general operating conditions that define the criteria, conditions, procedures and scope of incentives for individual beneficiaries, mutual rights and obligations of the fund and the beneficiary of incentives, which is the legal basis for adopting the General Business Terms and Conditions.
- Act Regulating the Use of Funds Arising from the Proceeds Based on the Ownership Transformation of Companies Act, ZUKLPP (Official Gazette of the Republic of Slovenia, No. 45/95, 34/96, 60/99 - ZSRR, 22/00 - ZJS, 67/01, 47/02), on the basis of which the Fund obtains the only system resource from purchase prices.
- Promotion of Balanced Regional Development Act, ZSRR-2 (Official Gazette of the Republic of Slovenia, No. 20/11, 57/12, 46/16), which determines the manner of mutual coordination of the state and municipalities in the planning of regional policies and the implementation of regional development tasks, activities and performance of development tasks in the development region and regional policy measures. In the second chapter related to the planning and implementation of regional policies at the state level, Article 10 defines the role of the Fund, which, on the basis of a public authorization:
 - may, on the basis of contracts with direct budget users, grant and provide financial incentives within their competence,
 - allocates and provides financial incentives from its earmarked assets and state budget funds,
 - establishes and implements regional guarantee schemes, microcredit and other business support schemes, which are implemented at the level of the entire region,
 Pursuant to Article 30a, the Fund also implements urgent regional policy measures.

2. Rules on the granting of incentives

- Decree on the methodology of determining the development rate of municipalities (Official Gazette of the Republic of Slovenia, No. 76/17, 78/19)
- Decree on the implementation of endogenous regional policy measures (Official Gazette of the Republic of Slovenia, No. 16/13, 78/15, 46/19)
- Decree on the regional aid map for 2014-2021 (Official Gazette of the Republic of Slovenia, No. 103/13, 173/20)
- Decree on the criteria for defining territories with special development problems, and on the determination of municipalities meeting these criteria (Official Gazette of the Republic of Slovenia, No. 59/00, 93/05)
- Rules on the classification of development regions by the level of development for the programming period 2014-2020 (Official Gazette of the Republic of Slovenia, No. 34/14)
- Regulations on the procedure of standards and manners to allocate means for the promotion of the evolutionary programme and the preferential tasks (Official Gazette of the Republic of Slovenia, No. 56/11)
- Triglav National Park Act, ZTNP-1 (Official Gazette of the Republic of Slovenia, No. 52/10, 46/14-ZON-C, 60/17, 82/20)





3. Regulations regarding (border) problem areas

- Decree determining problematic border areas (Official Gazette of the Republic of Slovenia, No. 22/11, 97/12, 24/15, 35/17, 101/20)
- Program for promoting the competitiveness of Maribor and its wider surroundings in the period 2013-2018 (Decision of the Government of the Republic of Slovenia No. 30200-1/2013/4 of 10 October 2013 with amendments no. 30301-3/2016/3 of 23 June 2016, no.30301-3/2016/10 of 13 October 2016)
- Decision on additional temporary development support measures for the following problem area with high unemployment: Maribor and its wider surroundings, No. 00726-16/2016 (Official Gazette of the Republic of Slovenia, No. 53/13, 36/16)
- Competitiveness Promotion Program and Development Support Measures for Pokolpje in the Period 2011-2016 (Decision of the Government of the Republic of Slovenia No. 30300-2/2011/4 of 7 April 2011) and amendments to the Competitiveness Promotion Program and Development Support Measures for Pokolpje in the period 2011–2016 (Decision of the Government of the Republic of Slovenia No. 30301-1/2012/3 of 2 February 2012)
- and amendments to the Competitiveness Promotion Program and Development Support Measures for Pokolpje in the period 2011–2020 (Decision of the Government of the Republic of Slovenia No. 30301-2/2016/4 of 23 June 2016)
- Competitiveness Promotion Program and Development Support Measures for the area of the municipalities of Hrastnik, Radeče and Trbovlje in the period 2013-2020 (Decision of the Government of the Republic of Slovenia No. 00726-19/2013/7 of 25 July 2013, with amendments no. 30301-4/2016/6 of 23 June 2016)
- Amendments to the Program for the Promotion of the Competitiveness of the Pomurje Region in the Period 2010-2019 (Decision of the Government of the Republic of Slovenia No. 30301-6/2017/3 of 14 September 2017)
- Decision of the Government of the Republic of Slovenia on additional temporary development support measures for problem areas with high unemployment rate (Official Gazette of the Republic of Slovenia, No. 36/16, 64/16)

4. Regulations in the field of state aid

- Monitoring of State Aids Act, ZSDrP (Official Gazette of the Republic of Slovenia, No. 37/04), which regulates the notification procedure, the obligation to report and record state aid and the assessment of the conformity of state aid that does not need to be notified to the European Commission.
- Decree on granting regional aid and on methods for the implementation of regional employment initiatives and employment and investment tax relief (Official Gazette of the Republic of Slovenia, No. 93/14, 77/16, 14/18, 168/20),
- Temporary framework for State aid measures to support the economy in the event of an outbreak of COVID-19 (Official Journal of the European Union C/2020/3156 of 19 March 2020, C/2020/2215 of 3 April 2020, C/2020/3156 of 8 May 2020, C/2020/4509 of 29 June 2020, C/2020/7127 of 13 October 2020 and C/2021/564 of 28 January 2021).

5. Regulations in the field of financial operations

- Accounting Act, ZR (Official Gazette of the Republic of Slovenia, No. 23/99, 30/02, 114/06-ZUE),
- Public Finance Act, ZJF (Official Gazette of the Republic of Slovenia, No. 79/99, 124/00, 79/01, 30/02, 56/02-ZJU, 110/02-ZDT-B, 127/06-ZJZP, 14/07-ZSPDPO, 109/08, 49/09, 38/10-ZUKN, 107/10, 110/11-ZDIU12, 104/12-ZIPRS1314, 14/13, 46/13-ZIPRS1314-A, 82/13-ZIPRS1314-C, 101/13, 101/13-ZIPRS1415, 38/14-ZIPRS1415-A, 95/14-ZIPRS1415-C, 14/15-ZIPRS1415-DIN 55/15-ZFisP, 96/15-ZIPRS1617, 80/16-ZIPRS1718, 33/17-ZIPRS1718-A, 71/17-ZIPRS1819, 13/18, 75/19-ZIPRS2021),
- Rules on the unified chart of accounts for the budget, budget users and other persons governed by public law (Official Gazette of the Republic of Slovenia, No. 112/09, 58/10, 104/10, 104/11, 97/12, 108/13, 94/14, 100/15, 84/16, 75/17, 82/18),
- Rules on the preparation of annual reports for the budget, budget users and other public law entities (Official Gazette of the Republic of Slovenia, No. 115/02, 21/03, 134/03, 126/04, 120/07, 124/08, 58/10, 104/10, 104/11, 86/16),
- Rules on the breakdown and measurement of income and expenses of legal entities under public law (Official Gazette of the Republic of Slovenia, No. 134/03, 34/04, 13/05, 114/06, 138/06, 120/07, 112/09, 58/10, 97/12, 100/15, 75/17, 82/18),

- Instructions on the preparation of the final account of the state and municipal budgets and the methodology for the preparation of the report on the achieved goals and results of direct and indirect users of the budget (Official Gazette of the Republic of Slovenia, No. 12/01, 10/06, 8/07, 102/10),
- Rules on the manner and rates of write-off of intangible long-term assets and property, plant and equipment (Official Gazette of the Republic of Slovenia, No. 45/05, 114/06, 138/06, 120/07, 48/09, 112/09, 58/10, 108/13, 100/15),
- Rules on the method and time limits for reconciling receivables and payables pursuant to Article 37 of the Accounting Act (Official Gazette of the Republic of Slovenia, No. 108/13).

1.3.2 Main provisions

- Instrument of Incorporation No. 01401-4/2009/6 of 23 July 2009 (with amendments and supplements, clean copy SV 451/20 of 3 September 2020), which harmonizes the operation of the Fund with the provisions of ZJS-1 and ZSRR-2.
- General Terms and Conditions of 8 November 2019 (with amendments and supplements of 8 May 2020, hereinafter referred to as GTC), which derive from the provisions of the ZSRR-2 and are the basis for awarding incentives, are considered as an integral part of the public tender for each form of incentives, and determine (1) the purpose and forms of incentives, (2) the method of awarding incentives and criteria, (3) the scope and conditions of the award of incentives, (4) the procedure for awarding incentives, and (5) the rights and obligations of the Fund and of the beneficiary or applicant after the award of incentives.
- Rules on the granting of incentives of 19 May 2015 (with amendments and supplements of 2 April 2015, 12 August 2015, 4 March 2016, 2 June 2016, 28 October 2016, 28 December 2016, 20 November 2017, 11 April 2018, 25 July 2018 and 22 May 2019), which together with the GSP represents the basis for granting incentives and defines the implementation of measures in the field of (1) regional state aid rules, (2) "de minimis" aid, (3) agriculture and forestry, (4) promoting local and regional public infrastructure projects, (5) pre-financing of projects, (6) changes in the dynamics of payment, rescheduling and write-off of liabilities to the Fund.
- Rules on insurance of incentives of 8 November 2019, which determines the forms and restrictions of insurance in the design of incentives, determines the minimum conditions of individual forms of insurance and the method of assessing the adequacy of the insurance proposal in the granting of incentives.
- Commercial policy 2016-2020 No. 30000-2/2015-6 of 16 March 2016.

2 ABOUT THE FUND

The Fund is a public financial institution of the Republic of Slovenia, established with the aim of achieving public goals in the field of regional and rural development on a more permanent basis. As a professional institution in the field of regional development and cohesion policy, the Fund comprehensively takes care of meeting and achieving goals in the field of regional policy, rural development policy and balanced development of rural activities and implementing endogenous regional policy measures through the performance of tasks and implementation of financial incentives. For this purpose, it constantly supplements and adjusts its offer within the framework of legally determined incentives, and independently and in cooperation with other regional development organizations directs its own funds, as well as the state and European funds to projects that contribute to achieving greater and more uniform development of Slovenian and European regions.

2.1 BASIC INFORMATION ABOUT THE FUND

Name	Public Fund of the Republic of Slovenia for Regional and Rural Development
Short name	Slovenian Regional Development Fund
Address	Škrabčev trg 9a, SI-1310 Ribnica
Organizational form	Public fund
Classification activity	84.130 Regulation of economic areas for more efficient operations
Founder	Government of the Republic of Slovenia
Relevant ministry	Ministry of Economic Development and Technology



Dedicated funds	EUR 113,601,565.84 (as at 31 December 2020)
Tax number	92466834
Registration number	5940117
CEO	<ul style="list-style-type: none"> • Matjaž Ribaš, MBA (CEO since 1 January 2021) • Dr Robert Drobnič (acting CEO from 30 November 2020 to 31 December 2020) • Velislav Žvipelj (acting CEO (until 29 November 2020)
Members of the Supervisory Board	<ul style="list-style-type: none"> • two representatives of the state body responsible for regional development • one representative of the state body responsible for development • one representative of the ministry responsible for rural development • one representative of the ministry responsible for finance • one representative of development promotion entities at regional level • one representative of regional development experts

2.2 ESTABLISHMENT AND TRANSFORMATION

On the basis of the Act Regulating the Use of Funds Arising from the Proceeds Based on the Ownership Transformation of Companies Act, ZUKLPP (Official Gazette of the Republic of Slovenia, No. 45/95, 34/96, 60/99, 22/00, 67/01 and 47/02), the Fund for Regional Development and Preservation of the Settlement of the Slovenian Countryside was established in 1995 as a limited liability company, of which the Republic of Slovenia was the sole partner. The Fund was entered into the Court register on 19 June 1996 under no. SRG 96/01512.

Pursuant to the Public Funds Act, ZJS (Official Gazette of the Republic of Slovenia, No. 22/00, 126/07 and 77/08), the company was transformed into a public fund in 2000, with the new name Public Fund of the Republic of Slovenia for Regional Development and Preservation of Slovene Rural Settlements, which was entered in the court register on 10 May 2001 under no. SRG 201/04925.

23 July 2009, the Government of the Republic of Slovenia adopted a new Constituent Act, on the basis of which it renamed the existing title to the Public Fund of the Republic of Slovenia for Regional and Rural Development, abbreviated Slovenian Regional Development Fund, and harmonized its operation with the provisions of the new Public Funds Act, ZJS-1 (Official Gazette of the Republic of Slovenia, No. 77/08 and 8/10).

2.3 FINANCING OF THE FUND

The only systemic financial resource are the purchase prices acquired by the Fund on the basis of Article 7 of the ZUKLPP in the amount of:

- 11.5% of the funds received for regional development and preservation of the settlement of the Slovenian countryside,
- 2.5% of the funds received to create the economic basis of autochthonous national communities.

The Fund provides the assets for work from its own revenues. The largest part of the revenues are interests on loans and commitment of free cash. In order to perform the tasks of the Certifying Authority, the Fund obtains reimbursements of costs within the framework of technical assistance from the EC budget and the State budget.

2.4 AREAS OF ACTIVITY OF THE FUND

The Fund realises its vision through two main areas of work which enable the realisation of the Fund's mission. The first area of work pursues the implementation of development plans, namely by creating incentives that have a significant impact on harmonious regional development. The second area of work relates to the active involvement of the Fund in European development processes.

The Fund's incentives are substantively and financially related to the implementation of the national policy of regional and rural development, namely by taking into account strategic documents of both the European Commission (hereinafter referred to as: the "EC") and the Republic of Slovenia. The Fund's incentives are generally implemented

within six programs, namely the Entrepreneurship program (B), the Municipalities program (C), the Agriculture and Forestry program (A), the program for projects in the area inhabited by the Italian and Hungarian autochthonous national communities (hereinafter referred to as: the ANC), the pre-financing program (PF) and the regional guaranteed scheme (RGS) program.

Within each individual program, the Fund forms meaningful incentives, usually according to the target orientation of the incentive or according to the form of financial incentive. The Fund also works in the field of other incentives related to regional policies, such as the implementation of urgent regional policy measures, participation in development projects, etc. The primary form of incentives are loans with a more favourable interest rate and a longer maturity than bank loans for similarly risky investments. When implementing incentives from external financial sources, the Fund may also award incentives in the form of grants or in combination with loans.



The second area of work relates to the active involvement of the Fund in European development processes. Pursuant to the Agreement on the Method of Performing the Tasks of the Implementing Body (No. 8020-20/2016-5 of 10 May 2016), signed by the Ministry of Economic Development and Technology (hereinafter referred to as: the "MEDT"), the Fund has acquired the role of the implementing body in the implementation of the Operational Program for the Implementation of European Cohesion Policy in the period 2014-2020 (hereinafter referred to as the "OP EKP 14-20"), namely from the content of the 3rd priority axis, ie. "dynamic and competitive entrepreneurship for green economic growth". The tasks of the implementing body are the implementation of public tenders, the conclusion of co-financing agreements with beneficiaries, the monitoring the implementation of operations, derogations and forecasts and reporting on said activities to the intermediate body, providing access to documentation in the field of the European cohesion policy, etc.

In the 2007-2013 financial perspective, the Fund was appointed for the responsible function of performing the tasks of the Certifying Authority for three operational programs Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia, based on the decision of the Government of the Republic of Slovenia. Considering the expressed satisfaction of the program partners when it comes to the implementation of the function of the Certifying Authority in the period 2007-2013, the Fund also took over the function of the Certifying Authority in three cross-border cooperation programs in the programme period 2014-2020, namely INTERREG V-A Slovenia-Austria, INTERREG V-A Slovenia- Hungary and INTERREG V-A Slovenia-Croatia. The tasks of the Certifying Authority are mainly connected to the preparation of certified statements of expenditure and applications for payment and their transmission to the European Commission, and to the certification that the declared expenditure complies with applicable European and national rules and has arisen from projects selected for co-financing; furthermore, the Fund also verifies that the statements of expenditure are accurate and that they result from a sound accounting system based on verifiable supporting documents, etc.

2.5 FUND MANAGEMENT BODIES

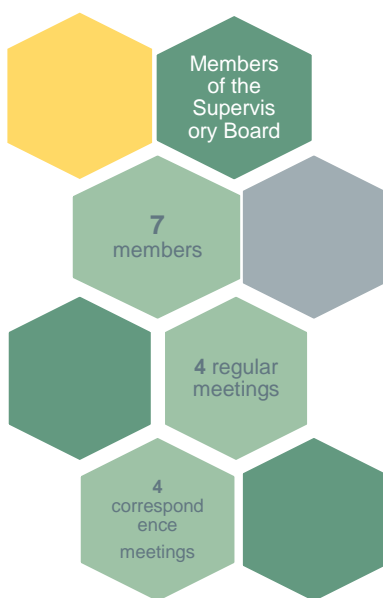
2.5.1 CEO

The Fund is managed by a CEO who is appointed and dismissed by the Government of the Republic of Slovenia on the proposal of the Supervisory Board. The CEO is appointed for a period of 4 years with the possibility of reappointment. Velislav Žvipelj managed the fund as its acting CEO until 29 November 2020. With its decision no. 01411-21/2020/4 of 9 December 2020, the Government of the Republic of Slovenia issued a decision on the appointment of Matjaž Ribaš as the CEO of the Fund for a 4-year term, namely from 1 January 2021 to 31 December 2024. In the period from the end of Mr Žvipelj's mandate until 31 December 2020, the acting CEO of the Fund was Dr Robert Drobnič, the President of the Supervisory Board of the Fund.



2.5.2 The Supervisory Board and its work in 2020

The Supervisory Board supervises and monitors the operations of the Fund. The members of the Supervisory Board are appointed and dismissed by the Government of the Republic of Slovenia on the proposal of the Minister responsible for regional development. The Supervisory Board is appointed for a period of 4 years with the possibility of reappointment. The Supervisory Board is validly constituted when all its members are appointed and when it meets at a session where a quorum is present, during which the members elect a chairman from among themselves, who also usually convenes the meetings of the Supervisory Board. The Supervisory Board, which meets as needed, but must meet at least four times in one financial year, has seven members.



The composition of the Supervisory Board was appointed by the Government of the Republic of Slovenia in 2018, namely for a term of 4 years until 25 May 2022. In 2020, the members of the Supervisory Board were Dr Robert Drobnič, its President (MEDT), Hermina Oberstar, Deputy President (MAFF), Karla Pinter, MSc (MEDT), Nataša Kokol Car (MF), Lilijana Madjar (RRA LUR), Dr Nika Razpotnik Visković (ZRC SAZU) and Rok Zupančič (SVRK), who has replaced (on 16 July 2020) Dimitrij Pur, who has tendered his resignation on 12 September 2019; however, the Government of the Republic of Slovenia only dismissed him and named a new member in 2020 with the Decision no. 01410-17/2020/3 of 16 July 2020.

In 2020, the Supervisory Board met in four regular sessions and held four correspondence sessions, at which it discussed regular and special matters related to the Fund's operations, and decided on matters within its competence. The members actively participated in the discussions, both with guidelines and requests

for additional explanations, and the decisions were adopted unanimously.

In 2020, the Supervisory Board discussed and decided, in particular, on the following major issues:

- the Annual report of the Fund for 2019 with an audit report,
- the amendments and additions (1) to the General Terms and Conditions,
- the amendments and additions (1) to the Business and Financial Plan for 2020-2021, items for 2020,
- the amendments and additions (2) to the Business and Financial Plan for 2020-2021, items for 2020,
- the amendments and additions (3) to the Business and Financial Plan for 2020-2021, items for 2021,
- the provision of consents to the conclusion of loan agreements, the amount of which exceeds EUR 500,000.00,
- the Report on performed write-offs of liabilities of the Fund's debtors,
- the intention to sell the ownership share in the company Regionalni center za razvoj d.o.o.,
- the public tender procedure for the appointment of the CEO of the Fund and for the appointment of the tender commission.

2.6 ORGANIZATION OF EMPLOYEES AND OF THEIR WORK

In 2020, the organization of work took place in three internal organizational units, namely the Incentive Implementation Sector, the General Sector and the Financial Sector. On 31 December 2021, the structure of the employees of the Fund was the following:

- acting CEO for a fixed term until 31 December 2020,
- 17 civil servants for an indefinite period,
- 1 civil servant for a definite period (replacement of a temporarily absent worker),
- 3 civil servants for a definite period until 30 November 2023 for the purposes of the work of the Certifying Authority in European territorial cooperation programs.

Table 1: Educational structure of employees as at 31 December 2020

Level	Sublevel		Seq. no.
Level 8	8/2	PhD and similar education	1
	8/1	MSc and similar education	2
Level 7	7	2nd level of higher education (specialization in higher professional education/higher university education/master's degree (2nd Bologna level))	14
Level 6	6/2	1st level of higher education/higher professional education (previous)	4
	6/1	Higher education, higher professional and similar education	1
Total			22

2.6.1 College of Directors

The College of Directors is a consultative body, which usually includes the Head of the Incentives Sector, the Head of the General Sector, the Head of the Financial Sector and of the Certifying Authority and the Adviser to the Certifying Authority, with the purpose of covering important issues or documents of the Fund before the CEO adopts a decision on a certain issue.

In 2020, the College of Directors met in five sessions. In addition, the CEO or the acting CEO usually convenes working meetings once a week with all heads of sectors in order to exchange ongoing information on the operation of the Fund and other important events that affect the operation of the Fund.

2.6.2 Expert commissions

The work of expert commissions is defined by the Instructions on the procedure of awarding incentives and the work of expert commissions (hereinafter referred to as: "Instruction 1"), which determines the procedure for appointing an expert commission, its tasks, method of work and compensation for any potential external members of expert commissions. As a rule, expert commissions are appointed according to the field of awarding incentives, namely the expert commission for entrepreneurship incentives, for municipal incentives, for agriculture and forestry incentives, for incentives for areas inhabited by autochthonous national communities, for pre-financing incentives and for incentives for regional guarantee schemes. If the Fund decides on the publication of an additional tender, either in the form of new incentives or as an external contractor of another contracting authority, an additional expert commission shall be formed.

In 2020, the Fund published eight public tenders from earmarked assets. To this end, a total of eight expert commissions were appointed. In 2020, public tenders from 2019 were also carried out, which means that expert commissions were also active after the public tenders from 2019, namely eight expert commissions for entrepreneurship incentives, for municipal incentives, for agriculture and forestry incentives and for pre-financing incentives.

A total of 16 expert commissions operated in 2020, of which 8 expert commissions were dealing with processing applications for public tenders for 2020, while 8 expert commissions were in charge of processing applications for previous public tenders. The expert commissions met in a total of 105 meetings, of which 49 meetings were intended for the consideration of applications for public tenders from 2020 and 56 meetings were intended for the consideration of applications for public tenders published in previous years. In 2020, the Fund managed tenders through closed application deadlines. The 2019 public tenders were conducted through open and closed application deadlines. Open tender deadlines mean that funds are available until they are used up. As a rule, the received applications are opened and considered on a weekly basis, which consequently means that expert commissions need to hold more sessions. The active expert commissions that considered applications in 2020 prepared proposals for the acting CEO of the Fund, which was followed by the issuance of decisions or resolutions. The partially active expert commissions did not consider applications in 2020, and the public tender with tender documentation was published in the Official Gazette and on the Fund's website.

The Fund has adapted and established preventive measures against the COVID-19 epidemic, which affected the work of the commissions; in 2020, the sessions of said commissions were namely largely carried out by correspondence. Intervention laws also affected the operation of expert commissions, as the Act on Interim Measures in Relation to Judicial, Administrative and Other Public Law Matters for Controlling the Spread of Infectious



Diseases SARS-CoV-2, COVID-19 (Official Gazette of the Republic of Slovenia, No. 36/20, 61/20, 74/20) interrupted the course of deadlines, to which the expert commissions adapted by postponing the tender deadlines in the first phase; after the amendment of the Act, the contents of the intervention act were included in decisions and resolutions, meaning that the processes were re-established.

Table 2: Operation of expert commissions in 2020

Expert commission following a public tender	Operation in 2020	No. of members	No. of sessions	Notes
Expert commissions following public tenders for 2020				
Program B: ENTREPRENEURSHIP B1: Incentives for projects in the economy (COVID-19 tender)	active	8	6	<ul style="list-style-type: none"> The public tender was published in July 2020. The expert commission conducted the tender through two closed tender deadlines. The processing of applications was completed in 2020.
Program B: ENTREPRENEURSHIP B1: Incentives for projects in the economy - for institutions (COVID-19 tender)	active	8	4	<ul style="list-style-type: none"> The call for tenders was published in September 2020. The expert commission conducted the tender through two closed tender deadlines. The processing of applications was completed in 2020.
Program A: AGRICULTURE AND FORESTRY A1: Incentives in the field of primary agricultural production (COVID-19 tender)	active	6	13	<ul style="list-style-type: none"> The call for tenders was published in May 2020. The expert commission conducted the tender through seven closed tender deadlines. The processing of applications entirely took place in 2020.
Program A: AGRICULTURE AND FORESTRY A1: Incentives in the field of primary agricultural production	active	5	5	<ul style="list-style-type: none"> The call for tenders was published in July 2020. The expert commission conducted the tender through three closed tender deadlines. The processing of applications took place in 2020 and will be completed in 2021.
PF Program: PRE-FINANCING PF2: Pre-financing of agricultural holding projects - legal entities	partially active	4	1	<ul style="list-style-type: none"> The call for tenders was published in August 2020. The expert commission conducted the tender through three closed tender deadlines. The public tender was closed prematurely because no applications were received, and funds were reallocated to other tenders from the pre-financing program (PF) where a shortage of funds existed.
PF Program: PRE-FINANCING PF2: Pre-financing of agricultural projects - legal entities	active	4	4	<ul style="list-style-type: none"> The call for tenders was published in August 2020. The expert commission conducted the tender through three closed tender deadlines. The processing of applications took place in 2020 and will be completed in 2021.
PF Program: PRE-FINANCING PF3: Pre-financing of projects of interest to the economy	active	5	9	<ul style="list-style-type: none"> The call for tenders was published in July 2020. The expert commission conducted the tender through six closed tender deadlines. The processing of applications took place in 2020 and will be completed in 2021.
PF Program: PRE-FINANCING PF1: Pre-financing of development projects of non-profit organizations	active	5	7	<ul style="list-style-type: none"> The call for tenders was published in July 2020. The expert commission conducted the tender through five closed tender deadlines. The processing of applications took place in 2020 and will be completed in 2021.

"cont."

Expert commissions following previous public tenders

Program B: ENTREPRENEURSHIP B4: Incentives for projects in problem and border problem areas	active	5	7	<ul style="list-style-type: none"> The public tender was published in June 2019 from the remaining funds from previous years and funds received in accordance with the contract signed with the MEDT. The expert commission conducted the tender through eight closed tender deadlines. The processing of applications continued in 2020, as an additional deadline was published in 2020 with the changes to the public tender.
Program B: ENTREPRENEURSHIP B1: Incentives for projects in the economy	active	5	5	<ul style="list-style-type: none"> The call for tenders was published in September 2019. The expert commission conducted the tender through six closed tender deadlines. The processing of applications took place in 2019 and 2020, as tender deadlines were also published in 2020 with changes to the tender.
Program A: AGRICULTURE AND FORESTRY A1: Incentives in the field of primary agricultural production - purchase of agricultural and forest land	active	6	15	<ul style="list-style-type: none"> The public tender was published in December 2019. The expert commission conducted the tender through thirteen closed tender deadlines. The processing of applications entirely took place in 2020, and the processing will be completed in 2021.
Program A: AGRICULTURE AND FORESTRY A1: Incentives in the field of primary agricultural production A2: Incentives in the field of agricultural processing and marketing A3: Incentives for initial investment in forestry	active	5	5	<ul style="list-style-type: none"> The call for tenders was published in May 2019. The expert commission conducted the tender through seven closed tender deadlines. The processing of applications continued in 2020, as additional deadlines were published in 2020 with the changes to the public tender.
Program C: MUNICIPALITIES C1: Incentives for local and regional public infrastructures	active	3	5	<ul style="list-style-type: none"> The public tender was published in December 2019. The expert commission conducted the public tender through open tender deadlines, and the tender was closed prematurely due to the use of funds. The processing of applications entirely took place in 2020.
PF Program: PRE-FINANCING PF1: Pre-financing of development projects of non-profit organizations PF2: Pre-financing of agricultural holding projects PF3: Pre-financing of development projects of for-profit organizations	active	4	1	<ul style="list-style-type: none"> The call for tenders was published in May 2019. The expert commission conducted the tender through five closed tender deadlines. The processing of applications took place in 2019 and was completed in 2020.
PF Program: PRE-FINANCING PF2: Pre-financing of agricultural holding projects	active	5 +1*	10	<ul style="list-style-type: none"> The public tender was published in December 2019. The expert commission conducted the tender through five closed tender deadlines. The processing of applications entirely took place in 2020.
PF Program: PRE-FINANCING PF1: Pre-financing of development projects of non-profit organizations PF3: Pre-financing of development projects of for-profit organizations	active	4 +1*	9	<ul style="list-style-type: none"> The public tender was published in December 2019. The expert commission conducted the tender through three closed tender deadlines. The processing of applications entirely took place in 2020.

*expert staff



2.6.3 Trust and Debt Committee

The Trust and Debt Committee is a working body appointed by the CEO which works in the field of recovery of overdue receivables and in the field of custody of borrowers, to which representatives of the financial sector, the incentive sector and the general sector are appointed. The Fund has adopted the Rules of Procedure of the Trust and Debt Committee of 14 December 2010 (amendments and additions of 5 October 2015), which defines its tasks:

- systematic processing of overdue receivables,
- addressing professional issues related to receivables,
- considering trust reports,
- suggesting possible activities with an individual borrower.

1. Amount of outstanding receivables of the Fund

In 2020, the Trust and Debt Committee met in four sessions. Unpaid overdue receivables were recovered in accordance with the Rules on the Recovery of Due Unpaid Receivables of 3 February 2014. The Fund's professional services were involved in the recovery of receivables from debtors overdue for more than 90 days, when regular recovery reminder procedures at the Fund and in banks were unsuccessful; at the same time, the Fund also participated in bankruptcy proceedings and compulsory settlements. Receivables were collected by telephone, with written reminders, through interviews and court proceedings. Eight last reminders before the termination of the contract or before the filing of an enforcement/lawsuit were sent. Due to non-payment of loan obligations, the Fund terminated the loan agreement of five debtors and started the procedure of forced debt recovery. Bankruptcy proceedings were initiated against three debtors.

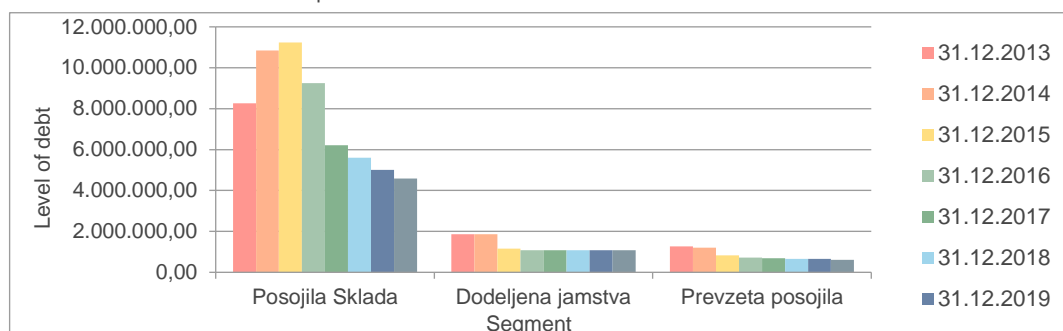
Table 3: Amount of outstanding receivables as at 31 December 2020 in EUR			
According to segment	Based on	No. of debtors (late payment over 90 days)	Total amount of overdue receivables
Loans	The fund has awarded them on the basis of public tenders in recent years.	50	4,581,876.78
Guarantees granted	The fund has awarded them on the basis of public tenders in recent years.	2	1,074,654.09
Loans taken from receivables	The Fund took over the granted loans on the basis of the Act amending the Act Regulating the Use of Funds Arising from the Proceeds Based on the Ownership Transformation of Companies Act (Official Gazette of the Republic of Slovenia, No. 67/01), and the Contract no. 401-213/2002 on outstanding assignment of receivables concluded between MEDT and the Fund.	8	606,655.87
Total		60	6,263,186.74

As it can be seen from Table 4, the Fund saw a decrease in the volume of overdue debt and the number of debtors in the lending segment in 2020. The decrease in the volume of non-performing investments is due to inflows from successful recoveries of some disputed loans and the fact that no new non-performing investments were incurred this year (legal possibility of moratoriums and granting liquidity loans with longer moratoriums). All this will have consequences in the coming years; however, they cannot be assessed and evaluated at this time. The Fund expects the largest consequences to be visible in the segments of investments in tourism, transport, services, etc.

Table 4: Number of debtors and amount of overdue debt in 2013-2020 in EUR								
Year	Loans		Guarantees granted		Loans acquired		Total	
	Number of debtors	Overdue debt	Number of debtors	Overdue debt	Number of debtors	Overdue debt	Number of debtors	Overdue debt
2013	149	8,264,606.56	4	1,865,085.47	28	1,272,011.60	181	11,401,703.63
2014	135	10,851,645.38	4	1,865,023.40	25	1,210,746.01	164	13,927,414.79
2015	117	11,235,763.39	3	1,162,712.09	17	822,184.45	137	13,220,659.93
2016	99	9,249,324.22	2	1,074,654.09	14	718,171.50	115	11,042,149.81
2017	84	6,216,488.74	2	1,074,654.09	11	691,496.40	97	7,982,639.23
2018	64	5,604,123.55	2	1,074,654.09	10	658,460.18	76	7,337,237.82

2019	57	5,011,014.42	2	1,074,654.09	9	653,743.07	68	6,739,411.58
2020	50	4,581,876.78	2	1,074,654.09	8	606,655.87	60	6,263,186.74

Graph 1: Amount of overdue debt in 2013–2020 in EUR



2. Procedures for the recovery of receivables of the Fund

On 31 December 2020, the Fund had 44 terminated contracts, with the total amount of receivables of said contracts amounting to EUR 5,994,621.76. Various recovery proceedings are conducted against these debtors, depending on the collateral for the loans and other circumstances. Bankruptcy proceedings have been instituted against certain debtors or pledgees, and the Fund is actively participating in these proceedings, with the purpose of a more successful realization of the pledged property.

The most common form of recovery is foreclosure on mortgaged real estate. If the recovery procedure establishes that the pledged property is not sufficient to repay the entire debt, inquiries are made about the debtor's other assets, and the enforcement is extended to other assets, such as movable property, salary seizure, pensions and funds in the accounts. It should be noted that some cases are pending due to unsuccessful forced recovery. The Fund also monitors these matters from the point of view of recovery after a certain period of time or after the acquisition of new assets.

Several reasons exist for a less successful recovery, chiefly the following:

- unsuccessful sale of real estate in enforcement proceedings,
- lengthy bankruptcy and court proceedings,
- purchase prices from pledged real estate sold in enforcement and bankruptcy proceedings are not sufficient to repay the entire claim,
- poorer priority of the Fund's mortgages on real estate,
- debtors who have no other recoverable assets.

In 2020, the Fund recovered EUR 1,255,043.38 from cancelled contracts (for the payment of principal, interest, management costs and enforcement costs), namely EUR 98,346.74 from enforcement on cash (seizure of salaries, pensions and funds on accounts), EUR 177,974.06 from the sale of real estate/movable property, EUR 480,698.41 from bankruptcies, and EUR 408,894.32 from the sale of receivables; furthermore, some debtors paid the debt themselves, in part or in full, and the Fund received EUR 89,129.85 from this title. In 2020, six debtors settled their debt in full.

The statistics on judicial recovery proceedings and insolvency proceedings against the Fund's debtors in 2020 are as follows:

- five enforcement proposals submitted,
- two claims and a right to separate settlement in personal bankruptcy proceedings,
- two criminal charges were filed against several persons for damaging loan funds.

3. Grant receivables recovery procedures in 2011

The Fund monitors the achievement of the set contractual objectives on the basis of the Contract for Border Areas concluded with the MEDT. Until 31 December 2016, the Fund terminated the contracts of ten beneficiaries due to non-achievement of the set contractual objectives. Based on additional evidence or the decision of the MEDT, three beneficiaries did not have to repay the funds, and four beneficiaries returned the funds in full. Litigation against one





beneficiary has been concluded in favour of the beneficiary, bankruptcy proceedings are underway against one beneficiary, and compulsory settlement is underway against one beneficiary. In 2020, the Fund recovered receivables amounting to EUR 86,610.80 arising from grants awarded, while one beneficiary settled their debt in full.

4. Procedures for recovery of receivables from MEDT loans

In the same way as for its loans, the Fund monitors and recovers overdue receivables from development loans granted for investments in problem areas with high unemployment under Contract no. C2130-16-900001 on the financing and implementation of the instrument for favourable development loans for investments in problem areas in 2016 and 2017 (hereinafter referred to as: the "Contract for problem areas 2016-2017") and under Contract no. C2130-18-900001 on the financing and implementation of the instrument for favourable development loans for investments in problem areas in 2018 and 2019 (hereinafter referred to as: the "Contract for problem areas 2018-2019"), concluded with the MEDT. In this respect, two loan agreements were terminated, and the amount of receivables amounts to EUR 814,334.45. Two criminal charges have been filed against several persons for misuse of loan funds.

5. Write-offs of liabilities of the Fund's debtors

Write-off of liabilities of the Fund's debtors is carried out on the basis of the Rules on Criteria for Amendments to Contractual Provisions and on Write-Off of Debtors' Obligations of the Slovenian Regional Development Fund (hereinafter referred to as: the "Write-Off Rules") adopted by the Supervisory Board on 8. November 2016. Pursuant to the Write-Off Rules, changes to contractual provisions (reprogramming) and debt write-offs (all from the Fund's resources) may be made:

- as a regular measure of the Fund, taking into account the following criteria in the event of a debt write-off: the amount of debt, the disproportionate cost of recovery compared to the amount of debt, and the irrecoverability of debt due to the non-liquidation of the debtor's assets,
- as a measure on the basis of the ZSRR-2, namely (1) on the basis of Article 10 of the Act, whereby in the case of a debt write-off, the following criteria may be taken into account: unsuccessful recovery and the principle of economy, and (2) on the basis of Article 30a of the Act, as the implementation of emergency regional policy measures due to disability, prolonged illness or death of the operator; the social vulnerability of the recipient and of the members of his family; natural and other disasters or emergencies; extremely negative market functioning affecting a wider geographical area or industry,
- in the process of restructuring the debtor's liabilities, all from the Fund's assets.

Pursuant to the Debt Write-Off Rules, the Fund decides on cases of implementation of regular measures and unsuccessful recovery; in the event of a debt write-off due to economy, the Ministry of Finance decides on debt write-offs; in the event of a debt write-off due to the implementation of an emergency regional policy measure, the MEDT decides on debt write-offs. The Fund is obliged to report on all write-offs to the Fund's Supervisory Board once a year.

In 2020, the Fund executed three write-offs of the Fund's debtors on the basis of the Write-Off Rules, namely on the basis of Article 7 of the Write-Off Rules, which stipulates that the Fund may write off debt according to the debt uncollectibility criterion due to the fact that the debtor's assets cannot be redeemable.

In 2020, the Fund wrote off a total of EUR 73,836.48 of booked receivables and completed the recovery of unregistered receivables in the amount of EUR 144,081.34.

3 RESULTS IN THE FIELD OF INCENTIVES

3.1 GENERAL INFORMATION ABOUT DESIGNING INCENTIVES

The Fund grants incentives on the basis of the Business and Financial Plan (or the amending budget for the current year), the SBA, and the Rules on the granting of incentives and notified state aid schemes.

For the purpose of creating incentives in 2020, the Fund had to make two amendments to the PFN 2020-2021 for 2020. Incentives were created under three programs, namely the Entrepreneurship Program (B), the Agriculture and Forestry Program (A), and the Pre-Financing Program (PF). Incentives were placed in the form of a loan. At the same time, activities related to the incentives published by the Fund in 2019 continued in 2020.

Within the said programs, which are divided into relevant sub-programs, the Fund allocates incentives primarily through the publication of public tenders. They are designed according to the target orientation of the incentive or according to the form of financial incentive, which means that the Fund may publish a public tender by individual subprogram or combine different subprograms into one public tender, when this is reasonable due to similar content and conditions.

At the same time, tenders can be divided into two parts, namely "According to State aid rules" (*designation: Assembly 1*), which refers to loans with a lower interest rate and which contain elements of State aid in accordance with the notified (State aid) schemes, and "Not according to State aid rules" (*designation: Assembly 2*), which refers to loans with an interest rate which is higher than the reference rate for calculating State aid and which do not contain State aid elements. The exception are public tenders for the programs of municipalities where there are no elements of state aid, as these are incentives for projects with an impact on the public benefits which do not affect the distortion of competition.

3.2 RESULTS OF "B-ENTREPRENEURSHIP" PROGRAM INCENTIVES

The "Entrepreneurship" program (*label: B*) is intended to promote projects in entrepreneurship for entities of various legal and organizational forms, whereby incentives provided in the form of loans are targeted at priority areas of regional policy in order to contribute to reducing development disparities, increase competitiveness, increase/maintain the number of employees etc.

3.2.1 Results of the incentives of the subprogram "B1-Entrepreneurship"

In order to mitigate the negative consequences of the COVID-19 epidemic, the MEDT prepared the COVID-19 Financial Incentives Implementation Program, in which the Fund is designated as the executor of the measure to ensure liquidity or current operations in the form of loans for investments and working capital for the target group of micro, small and medium-sized enterprises (hereinafter referred to as SMEs), with a registered office or business unit in problem and border problem areas (hereinafter referred to as: the "Measure").

The Fund had assets planned for the implementation of the Measure in the total amount of EUR 26,656,000.00, of which EUR 12,600,000.00 were from the Fund's earmarked assets and EUR 14,056,000.00 were from the budget item (note: item 200601 - Increase in the earmarked property of the Slovenian Regional Development Fund - Article 37 ZIUOOPE - Covid-19, measure no. 2130-20-0020), which the Fund received as earmarked funds based on Article 37 of the Act Determining the Intervention Measures to Mitigate and Remedy the Consequences of the COVID-19 Epidemic, ZIUOOPE (Official Gazette of the Republic of Slovenia, No. 80/2020) and the Contract no. C2130-20G on the increase of earmarked assets for the implementation of financial products, concluded with the line ministry.

With the stated funds in the total amount of EUR 26,656,000.00, the Fund published two public tenders in 2020 under sub-program B1, "Projects of interest to the economy", separately for SMEs (*hereinafter referred to as: the "JR1"*) and for institutions (*hereinafter referred to as: the "JR2"*), which were carried out under State aid rules (*Lot 1*), according to point 3.1. of the Temporary state aid framework, and provided beneficiaries with access to liquidity loans in problem and border problem areas for the purpose of mitigation or elimination of the negative consequences of the COVID-19 epidemic to the economy.

Table 5: Results of the "Entrepreneurship" program incentives - sub-program B1	
Sub-program	B1: Incentives in the economy
The tenderer	Slovenian Regional Development Fund
Source of funding	Earmarked assets
Form and amount of assets	<ul style="list-style-type: none"> JR1: Loan: EUR 20,000,000.00 JR2: Loan: EUR 6,656,000.00
State aid	Lot 1 (according to State aid rules, in accordance with p. 3.1. of the Temporary State Aid Framework)
Call title	<ul style="list-style-type: none"> JR1: Public tender for granting liquidity loans in problem and border problem areas - B1



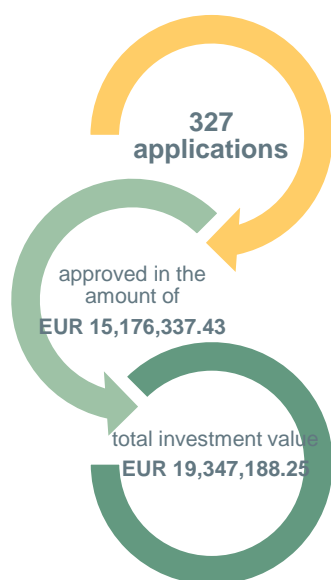


	<ul style="list-style-type: none"> JR2: Public tender for granting liquidity loans in problem and border problem areas for institutions - B1
Publication in the Official Gazette	<ul style="list-style-type: none"> JR1: Official Gazette of the Republic of Slovenia, No. 107 of 31 July 2020, 118 of 4 September 2020 JR2: Official Gazette of the Republic of Slovenia, No. 123 of 18 September 2020
Deadline for application	<ul style="list-style-type: none"> JR1: 1st deadline until 24 August 2020, 2nd deadline until 9 October 2020 JR2: 1st deadline until 25 September 2020, 2nd deadline until 12 October 2020
Beneficiaries	<p>Medium, small and micro enterprises (the provisions of Annex I to EC Regulation No. 651/2014 (GBER)), established before 1 January 2018 are used to define the size of the company) which are:</p> <ul style="list-style-type: none"> JR1: registered as legal entities pursuant to Companies Act: <ul style="list-style-type: none"> - general partnership, - limited partnership, - limited liability company, - joint stock company, - limited joint-stock partnership, - limited partnership, - limited liability company, - joint stock company, - limited joint-stock partnership, - European joint stock company, - economic interest group, - European economic interest group,

"cont."	
	<ul style="list-style-type: none"> - natural person who is independently gainfully employed on the market. <ul style="list-style-type: none"> JR1: registered as a cooperative and a union of cooperatives pursuant to Cooperatives Act. JR2: Legal persons demonstrating a non-profit status and purpose of operation, organized as: institutions. <p>JR2: Legal entities demonstrating a for-profit status and purpose of operation, organized as: institutions.</p>
Conditions of the loan	<p>Interest rate</p> <ul style="list-style-type: none"> 0.00% per year, i.e. interest-free loan <p>Costs</p> <ul style="list-style-type: none"> without costs of concluding a contract and without costs of account management for loans from EUR 5,000.00 to EUR 50,000.00, costs of notarial deed of the contract for loans from EUR 25,001.00 to EUR 50,000.00, which are paid for by the beneficiary. <p>Total return period and other conditions</p> <ul style="list-style-type: none"> up to 60 months including a moratorium on principal repayment, moratorium on principal repayment: up to 6 months, monthly repayment of principal.
Eligible costs	<ul style="list-style-type: none"> Investments in real estate (eg. purchase of office buildings/other business premises with associated land, construction/adaptation of office buildings/other business premises, arrangement of business land) Equipment and other tangible assets (eg. equipment, working machines) Intangible assets (eg. software, patents, licenses, trademarks) Working capital costs (eg. administrative costs, material costs, outsourcing costs, labour costs and other operating costs)
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> regional aspect of the investment location - up to 20 points: market and economic elements of the project - up to 40 points: applicant's assessment - up to 40 points:

Realization according to JR1 (on 31 December 2020)		Received applications	Approved applications	Approved applications (after withdrawals)
	Number of applications	399	328	324
	Amount requested (in EUR)	18,197,741.46	15,233,916.00	15,079,391.43
	Investment value (in EUR)	23,626,114.33	19,409,621.94	19,250,241.94
Realization according to JR2 (on 31 December 2020)		Received applications	Approved applications	Approved applications (after withdrawals)
	Number of applications	7	3	3
	Amount requested (in EUR)	296,946.31	96,946.00	96,946.00
	Investment value (in EUR)	537,577.31	96,946.31	96,946.31

3.2.2 Realization according to program "B-Entrepreneurship"



In accordance with PFN 2020-2021, Amendments 1 and Amendments 2, funds in the amount of EUR 26,656,000.00 were planned, with which the Fund planned to support 700 projects.

In 2020, 327 applications in the amount of EUR 15,176,337.43, required for the implementation of projects with a total investment value of EUR 19,347,188.25, were approved under the program "B-Entrepreneurship".

	Planned in 2020	Realized in 2020	Index RE20/PFN20
Number of applications	700	327	46.71
Amount of appropriations (in EUR)	26,656,000.00	15,176,337.43	56.93

3.3 RESULTS OF INCENTIVES OF THE "A-AGRICULTURE AND FORESTRY" PROGRAM

The "Agriculture and Forestry" program (*label: A*) is intended to provide incentives in agriculture and forestry for agricultural holdings of various legal and organizational forms and for farms, with incentives aimed at rural development in terms of improving employment opportunities in rural areas, as well as reducing production costs, increasing competitiveness, adapting to climate change, conserving and improving the natural environment and reinforcing animal welfare standards.

3.3.1 Results of the incentives of the sub-program "A1-Agricultural production"

In 2020, the Fund published two public tenders under the "A1-Primary agricultural production" sub-program. Initially, a public tender in the amount of EUR 3,000,000.00 of available funds was published, which was formed according to State aid rules (*Lot 1*), and was intended to co-finance working capital in order to maintain activities and jobs on farm holdings that have suffered the negative effects of the COVID-19 epidemic (*hereinafter referred to as: the*



"JR1"). The second public tender, according to which funds in the amount of EUR 3,000,000.00 were initially tendered and were then increased to EUR 7,200,000.00 by changing the tender, which includes funds that were not tendered, as well as the rest of the funds according to JR1, was formed according to State aid rules (*Lot 1*) and not according to State aid rules (*Lot 2*) and was intended to encourage investment.

Table 6: Results of incentives for the "Agriculture and Forestry" program - sub-program A1	
Sub-program	A1: Incentives in the field of agricultural production
The tenderer	Slovenian Regional Development Fund
Source of funding	Earmarked assets
Form and amount of assets	<ul style="list-style-type: none"> JR1: Loan: EUR 3,000,000.00 JR2: Loan: EUR 3,000,000.00 → EUR 7,200,000.00
State aid	<ul style="list-style-type: none"> JR1: Lot 1 JR2: Lot 1 and Lot 2
Call title	<ul style="list-style-type: none"> JR1: Public tender for working capital in primary agricultural production - A1 JR2: Public tender for granting loans for investment projects in primary agricultural production - A1
Publication in the Official Gazette	<ul style="list-style-type: none"> JR1: Official Gazette of the Republic of Slovenia, No. 65 of 8 May 2020 (amendments no. 69 of 15 May 2020 and no. 116 of 28 August 2020) JR2: Official Gazette of the Republic of Slovenia, No. 107 of 31 July 2020 (amendments no. 157 of 30 October 2020)
Deadline for application	<ul style="list-style-type: none"> JR1: 1st deadline: 15 May 2020, 2nd deadline: 29 May 2020, 3rd deadline: 12 June 2020, 4th deadline: 10 July 2020, 5th deadline: 7 August 2020, 6th deadline: 4 September 2020, 7th deadline: 5 October 2020. JR2: 1st deadline: 7 September 2020, 2nd deadline: 12 October 2020, 3rd deadline: 7 December 2020
"cont."	
Beneficiaries	<p>Agricultural holdings as defined in the Agriculture Act which are classified as micro, small or medium-sized enterprises (the provisions of Annex I to the Agricultural Regulation for Block Exemptions (ABER) are used to define the size of said holdings), entered in the register of agricultural holdings before 1 January 2017 and which are organized as:</p> <ul style="list-style-type: none"> JR1: <ul style="list-style-type: none"> farms which are not legal or natural persons carrying out a gainful activity on the market, JR2: <ul style="list-style-type: none"> legal entities, natural persons who are independently gainfully employed on the market, farms which are not legal or natural persons carrying out a gainful activity on the market.
Conditions of the loan	<p>Interest rate</p> <ul style="list-style-type: none"> JR1 according to Lot 1 <ul style="list-style-type: none"> 3-month EURIBOR* + surcharge from 0.50% per year (*in case EURIBOR is negative, a value of 0.00% is used for it). JR2 according to Lot 1 <ul style="list-style-type: none"> 3-month EURIBOR* + surcharge from 0.50% to 0.90% per year (*in case EURIBOR is negative, a value of 0.00% is used for it). JR2 according to Lot 2 <ul style="list-style-type: none"> ROM for the calculation of state aid* + surcharge from 0.10% to 0.50% per year, depending on the development coefficient of the municipality in which the project is located (*ROM includes a base rate to which 100 basis points or 1.0 percentage point are added). <p>Total return period and other conditions</p> <ul style="list-style-type: none"> JR1 <ul style="list-style-type: none"> up to 60 months including a moratorium on principal repayment, moratorium on principal repayment: up to 12 months, monthly repayment of principal, interest is charged and paid monthly.

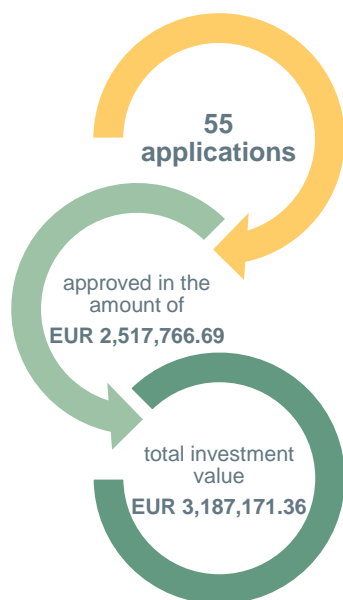
	<ul style="list-style-type: none"> • JR2 <ul style="list-style-type: none"> - up to 180 months including a moratorium on principal repayment, - the total repayment period of the loan must not exceed the economic period of the project, - moratorium on principal repayment: up to 24 months, - the principal is returned monthly, - interest is charged and paid monthly.
Eligible costs	<ul style="list-style-type: none"> • JR1 according to Lot 1 <ul style="list-style-type: none"> - Working capital costs (eg. administrative costs, material costs, outsourcing costs, labour costs and other operating costs) • JR2 according to Lot 1 <ul style="list-style-type: none"> - Purchase of agricultural land up to 10% of the value of the project - Purchase/construction/adaptation and reconstruction of an agricultural building - Equipment and other tangible assets (new/used equipment or working machines, biological assets such as perennial plantations) - Intangible assets • JR2 according to Lot 2 <ul style="list-style-type: none"> - Purchase of agricultural land - Construction/purchase of an agricultural activity building and purchase of farms - Adaptation and reconstruction of an agricultural building - Landscaping of agricultural land - Equipment and other tangible assets (new/used equipment or working machines, biological assets such as perennial plantations and breeding livestock) - Intangible assets

"cont."

Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> • regional aspect of the investment location - up to 30 points, • project evaluation - up to 10 points (JR1) or up to 35 points (JR2), • applicant's assessment - up to 60 points (JR1) or up to 35 points (JR2). 			
Realization according to JR1 (on 31 December 2020)		Received applications	Approved applications	Approved applications (after withdrawals)
	Number of applications	65	50	50
	Amount requested (in EUR)	2,174,094.33	1,726,223.00	1,725,966.69
	Investment value (in EUR)	2,203,954.52	1,754,062.92	1,754,062.92
Realization according to JR2 (on 31 December 2020)		Received applications	Approved applications	Approved applications (after withdrawals)
	Number of applications	13	5*	5*
	Amount requested (in EUR)	2,211,948.80	791,800.00 *	791,800.00 *
	Investment value (in EUR)	1,533,108.14	1,433,108.44*	1,433,108.44*
* 6 applications are still being processed				



3.3.2 Realization according to program "A-Agriculture"



In accordance with PFN 2020-2021, the planned funds amounted to EUR 9,000,000.00, with which the Fund planned to support 70 projects.

In 2020, 55 applications were approved for the "A-Agriculture and Forestry" program (six of them are still being processed) in the amount of EUR 2,517,766.69, which are necessary for the implementation of projects with a total investment value of EUR 3,187,171.36.

	Planned in 2020	Realized in 2020	Index RE20/PFN20
Number of applications	70	55*	78.57*
Amount of appropriations (in EUR)	9,000,000.00	2.517.766.69*	27.98*

* 6 applications are still being processed

3.4 RESULTS OF "PF-PRE-FINANCING" PROGRAM INCENTIVES

The Pre-financing program (*label: PF*) is intended to provide incentives in the form of favourable bridging loans which are intended for investors who have successfully applied for public tenders for European funds; however, the condition for the actual transfer of these loans is a completed and paid project. The incentive bridges the gap until the disbursement of European funds.

In 2020, incentives in the field of pre-financing were focused on granting favourable loans for the implementation of projects under three sub-programs, namely for (PF1) pre-financing of non-profit organization projects, (PF2) pre-financing of agricultural holding projects, and (PF3) pre-financing of entrepreneurship projects.

3.4.1 Results of the incentives of the subprogram "PF1-Projects of non-profit organisations"

In 2020, the Fund published a public tender under the sub-program "PF1 Projects of non-profit organizations", which initially tendered funds in the amount of EUR 3,000,000.00, which were then reduced by two amendments to the tender, for the first time to EUR 2,000,000.00 and then to EUR 1,500,000.00. That tender was not made according to the State aid rules (*Lot 2*).

Table7: Results of "Pre-financing" program incentives - sub-program PF1	
Sub-program	PF1: Incentives for projects of non-profit organisations
The tenderer	Slovenian Regional Development Fund
Source of funding	Earmarked assets
Form and amount of assets	Loan: EUR 3,000,000.00 → EUR 2,000,000.00 → EUR 1,500,000.00
State aid	Lot 2 (not according to the State aid rules)
Call title	Public tender for granting loans for pre-financing projects of non-profit organisations - PF1
Publication in the Official Gazette	Official Gazette of the Republic of Slovenia, No. 93 of 3 July 2020, No. 123 of 18 September 2020, No. 145 of 16 October 2020 and No. 164 of 13 November 2020
Deadline for application	1st deadline: 27 July 2020, 2nd deadline: 31 August 2020, 3rd deadline: 21 September 2020, 4th deadline: 19 October 2020, 5th deadline: 14 December 2020
Beneficiaries	<ul style="list-style-type: none"> Institutions: public institute, institute, privately owned institute, public commercial institute, public research institute, socially-owned institute, community of institutes, Chamber: chamber, chamber of commerce; Funds: public fund, fund;

	<ul style="list-style-type: none">• Societies: society, association of societies;• Institutions: institution;• Organisations as defined in the Companies Act, organized as a: limited liability company, general partnership, joint stock company, economic interest association (GIZ);• Other organisations organized as a: charity, non-governmental organisation, student organisation, ethnic community, public agency, public company, <p>which have been granted European funds through a positive decision or another document and that have signed a co-financing agreement, but must fully implement and repay the investment themselves before obtaining the funds.</p>																
Conditions of the loan	<p>Interest rate</p> <ul style="list-style-type: none">• according to Lot 2<ul style="list-style-type: none">- ROM for the calculation of State aid* + surcharge from 1.00% <p>(*in case the initial interest rate is negative, the value of 0.0% + 100 base points shall be used for it).</p> <p>Total return period and other conditions</p> <ul style="list-style-type: none">• The total return period amounts to a maximum of 36 months.• The applicant repays the loan on a regular basis each time that it receives European funding for the applied project. If the applied project or the payment of the last request is not carried out earlier, the applicant is obliged to repay the loan no later than three years after signing the contract. All deadlines are defined in the loan agreement.																
Eligible costs	Approved and unpaid European funds																
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none">• regional aspect - up to 30 points,• project evaluation - up to 10 points,• applicant's assessment - up to 60 points.																
Realization according to JR (on 31 December 2020)	<table><tr><td></td><td>Received applications</td><td>Approved applications</td><td>Approved applications (after withdrawals)</td></tr><tr><td>Number of applications</td><td>41</td><td>17*</td><td>16*</td></tr><tr><td>Amount requested (in EUR)</td><td>2,133,700.32</td><td>851,825.00 *</td><td>807,883.00 *</td></tr><tr><td>Investment value (in EUR)</td><td>5,094,199.23</td><td>2,092,922.35*</td><td>1,918,538.22 *</td></tr></table> <p>*15 applications are still being processed</p>		Received applications	Approved applications	Approved applications (after withdrawals)	Number of applications	41	17*	16*	Amount requested (in EUR)	2,133,700.32	851,825.00 *	807,883.00 *	Investment value (in EUR)	5,094,199.23	2,092,922.35*	1,918,538.22 *
	Received applications	Approved applications	Approved applications (after withdrawals)														
Number of applications	41	17*	16*														
Amount requested (in EUR)	2,133,700.32	851,825.00 *	807,883.00 *														
Investment value (in EUR)	5,094,199.23	2,092,922.35*	1,918,538.22 *														

3.4.2 Results of incentives of the sub-program »PF2-Agricultural projects«

In 2020, the Fund published two public tenders under the "PF2 Agricultural holding projects", which were not designed under State aid rules (*Lot 2*). One call for tenders (*hereinafter referred to as: the "JR1"*) was intended for natural persons, according to which funds in the amount of EUR 1,400,000.00 were initially tendered, and then reduced to EUR 600,000.00 by changing the tender. The second public tender (*hereinafter referred to as: the "JR2"*) was intended for legal entities, according to which funds in the amount of EUR 600,000.00 were initially tendered, but were then first reduced to EUR 400,000.00 by changing the tender, and then the public tender was closed prematurely since there was no demand. (*Note: Funds have been redeployed to sub-program PF3*).

Table8: Results of "Pre-financing" program incentives - sub-program PF2	
Sub-program	PF2: Incentives for agriculture holding projects
The tenderer	Slovenian Regional Development Fund
Source of funding	Earmarked assets
Form and amount of assets	<ul style="list-style-type: none"> JR1: Loan: EUR 1,400,000.00 → EUR 600,000.00 JR2: Loan: EUR 600,000.00 → EUR 400,000.00 → EUR 0.00
State aid	Lot 2
Call title	<ul style="list-style-type: none"> JR1: Public tender for pre-financing of agricultural holding projects (natural persons) - PF2





	<ul style="list-style-type: none"> JR2: Public tender for pre-financing of agricultural holding projects (legal entities) - PF2
Publication in the Official Gazette	<ul style="list-style-type: none"> JR1: Official Gazette of the Republic of Slovenia, No. 113 of 28 August 2020 (amendments no. 145 of 16 October 2020 and No. 164 of 13 November 2020) JR2: Official Gazette of the Republic of Slovenia, No. 113 of 28 August 2020 (amendments no. 145 of 16 October 2020 and No. 164 of 13 November 2020)
Deadline for application	<ul style="list-style-type: none"> JR1: 1st deadline: 28 September 2020, 2nd deadline: 26 October 2020, 3rd deadline: 21 December 2020 JR2: 1st deadline: 28 September 2020, 2nd deadline: 26 October 2020, 3rd deadline: 23 November 2020
Beneficiaries	<p>Agricultural holdings, as defined in the Agriculture Act and entered in the register of agricultural holdings, are organized as:</p> <ul style="list-style-type: none"> JR1: <ul style="list-style-type: none"> farms which are not legal or natural persons carrying out a gainful activity on the market, holders of supplementary activities on a farm, JR2: <ul style="list-style-type: none"> legal entities, natural persons who are independently gainfully employed on the market, <p>which have been granted European funds through a positive decision or another document and that have signed a co-financing agreement, but must fully implement and finance the project themselves before obtaining the funds.</p>
Conditions of the loan	<p>Interest rate</p> <ul style="list-style-type: none"> JR1 and JR2 according to Lot 2 <ul style="list-style-type: none"> ROM for the calculation of State aid* + surcharge of 1.00% per year (*in case the initial interest rate is negative, the value of 0.0% + 100 base points shall be used for it). <p>Total return period and other conditions</p> <ul style="list-style-type: none"> The total return period amounts to a maximum of 36 months. The applicant repays the loan on a regular basis each time that it receives European funding for the applied project. If the applied project or the payment of the last request is not carried out earlier, the applicant is obliged to repay the loan no later than three years after signing the contract. All deadlines are defined in the loan agreement.
Eligible costs	Approved and unpaid European funds
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> regional aspect - up to 30 points, project evaluation - up to 10 points, applicant's assessment - up to 60 points.

Realization according to JR1 (on 31 December 2020)		Received applications	Approved applications	Approved applications (after withdrawals)
	Number of applications	4	1*	1*
	Amount requested (in EUR)	332,915.07	250,000.00 *	250,000.00 *
	Investment value (in EUR)	1,542,480.40	1,352,583.68*	1,352,583.68*
*3 applications are still being processed				

Realization according to JR2 (on 31 December 2020)		Received applications	Approved applications	Approved applications (after withdrawals)
	Number of applications	0	0	0
	Amount requested (in EUR)	0.00	0.00	0.00
	Investment value (in EUR)	0.00	0.00	0.00
As there was no demand, the tender was closed prematurely.				

3.4.3 Results of incentives of the sub-program »PF2-Agricultural holding projects«

In 2020, the Fund published a public tender under the sub-program "PF2 Projects in the economy", which initially tendered funds in the amount of EUR 1,000,000.00, which were then increased by three changes to the tender, most recently to EUR 3,900,000.00. That tender was not made according to the State aid rules (Lot 2).

Table9: Results of "Pre-financing" program incentives - sub-program PF3	
Sub-program	B1: Incentives for projects in the economy
The tenderer	Slovenian Regional Development Fund
Source of funding	Earmarked assets
Form and amount of assets	Loan: EUR 1,000,000.00 → EUR 2,000,000.00 → EUR 3,500,000.00 → EUR 3,900,000.00
State aid	Lot 2
Call title	Public tender for granting loans for pre-financing of entrepreneurial projectsPF3
Publication in the Official Gazette	Official Gazette of the Republic of Slovenia, No. 93 of 3 July 2020, No. 123 of 18 September 2020, No. 145 of 16 October 2020 and No. 164 of 13 November 2020
Deadline for application	1st deadline: 27 July 2020, 2nd deadline: 31 August 2020, 3rd deadline: 21 September 2020, 4th deadline: 19 October 2020, 5th deadline: 16 November 2020, 6th term: 14 December 2020
Beneficiaries	<ul style="list-style-type: none"> Entities as defined in the Companies Act, which are registered as a: <ul style="list-style-type: none"> legal entity: unlimited liability company, limited partnership, limited liability company, public limited company, limited partnership, European joint stock company, economic interest grouping, European economic interest grouping, natural person who is independently gainfully employed on the market; sole proprietor; entities as defined in the Cooperatives Act, which are registered as: <ul style="list-style-type: none"> cooperative, cooperative union, <p>which have been granted European funds through a positive decision or another document and that have signed a co-financing agreement, but must fully implement and finance the project themselves before obtaining the funds.</p>
Conditions of the loan	<p>Interest rate</p> <ul style="list-style-type: none"> according to Lot 2 <ul style="list-style-type: none"> ROM for the calculation of State aid* + surcharge of 1.00% per year (*in case the initial interest rate is negative, the value of 0.0% + 100 base points shall be used for it). <p>Total return period and other conditions</p> <ul style="list-style-type: none"> The total return period amounts to a maximum of 36 months. The applicant repays the loan on a regular basis each time that it receives European funding for the applied project. If the applied project or the payment of the last request is not carried out earlier, the applicant is obliged to repay the loan no later than three years after signing the contract. All deadlines are defined in the loan agreement.

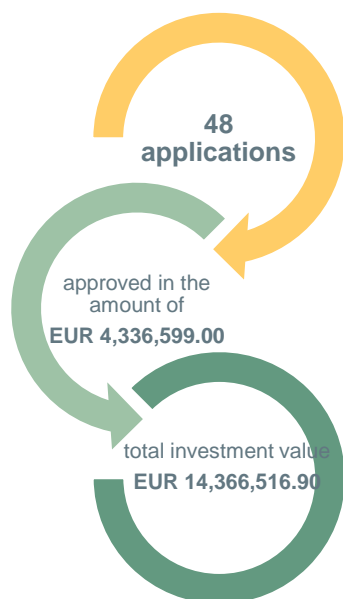
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Eligible costs	Approved and unpaid European funds		
Selection criteria	The total number of points is 100, which are distributed among the following criteria: <ul style="list-style-type: none"> • regional aspect of the investment location - up to 30 points, • project evaluation - up to 10 points, • applicant's assessment - up to 60 points. 		
Realization according to JR (on 31 December 2020)		Received applications	Approved applications
	Number of applications	63	33
	Amount requested (in EUR)	6,457,482.54	3,608,320.00*
	Investment value (in EUR)	19,089,729.22	11,417,779.58*
Approved applications (after withdrawals)			
			31
			3,278,716.00*
			11,095,395.00*

* 6 applications are still being processed

3.4.4 Realization according to the "PF-Pre-financing" program



In accordance with PFN 2020-2021, the planned funds amounted to EUR 6,000,000.00, with which the Fund planned to support 100 projects.

In 2020, 48 applications were approved for the "PF-Pre-financing" program (24 of them are still being processed) in the amount of EUR 4,336,599.00, which are necessary for the implementation of projects with a total investment value of EUR 14,366,516.90.

	Planned in 2020	Realized in 2020	Index RE20/PFN20
Number of applications	70	48*	68.57
Amount of appropriations (in EUR)	6,000,000.00	4.336.599,00 *	72.28

*24 applications are still being processed

3.5 RESULTS OF INCENTIVES UNDER PUBLIC TENDERS FROM 2019

Due to objective circumstances, such as the publication of a public tender towards the end of the year and/or the open type of deadline with a final deadline of 2020, the Fund had eight public tenders which were published in 2019 but for which the processing of (a part of) the application was postponed to 2020. As a result, their final realization could not be reported in the Annual Report 2019, so the final realization of these public tenders, including (partial) withdrawals of already approved applications in 2019, is given below.

In 2020, 134 applications were approved under public tenders from 2019 in the amount of EUR 16,403,113.73. Following (partial) withdrawals, the final realization amounts to 128 approved applications with the requested amount of EUR 15,491,791.29, with which the Fund will contribute to the implementation of projects with a total investment value of EUR 28,555,095.13.

Table 10: Results of incentives following public tenders from 2019

Table 10: Results of incentives following public tenders from 2019						
Sub-program B1		Public tender for favourable loans for entrepreneurial projects - B1 2019				
The purpose or the goal of the tender		The public tender was intended to promote projects in the economy with the aim of promoting entrepreneurial activity, competitiveness, market orientation and technological development etc.				
Source of funding		Earmarked assets				
Form and amount of assets		Loan: EUR 2,000,000.00 → EUR 3,000,000.00				
Tender results						
	Received applications according to JR	Applications approved in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	Approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	13	4	3	4	4	7
Amount requested (in EUR)	3,136,852.22	1,894,902.80	1,464,902.80	1,037,329.00	1,037,329.00	2,502,231.80
Investment value (in EUR)	5,803,367.61	2,975,433.08	2,115,433.08	1,428,774.54	1,428,774.54	3,544,207.62
Sub-program B4		Public tender for development loans in problem and border problem areas - BP3				
The purpose or the goal of the tender		The public tender was intended to promote projects in the economy in (border) problem areas with a high unemployment rate.				
Source of funding		State budget funds (MEDT)				
Form and amount of assets		Loan: EUR 11,529,735.99				
Tender results						
	Received applications according to JR	No. of approved applications in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	44	15	14	17	15	29
Amount requested (in EUR)	14,309,349.77	5,732,483.77	5,283,650.66	3,655,235.00	3,399,235.00	8,682,885.66
Investment value (in EUR)	23,375,085.34	11,436,864.09	10,781,233.09	5,242,265.02	4,899,388.50	15,680,621.59
Sub-program A1, A2, A3		Public tender for favourable loans for agricultural and forestry projects				
The purpose or the goal of the tender		The public tender was intended to promote projects in the field of primary agricultural production (A1), agricultural processing and marketing (A2) and initial investment in forestry (A3). Due to similar conditions and contents, one public tender was published for all sub-programs (A1, A2, A3).				
Source of funding		Earmarked assets				
Form and amount of assets		Loan: EUR 5,000,000.00				
Tender results						





	Received applications according to JR	No. of approved applications in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	41	16	15	14	14	29
Amount requested (in EUR)	6,684,214.00	2,028,958.00	1,979,958.00	2,777,965.00	2,777,963.56	4,757,921.56
Investment value (in EUR)	9,467,315.15	2,869,980.18	2,839,980.18	3,963,335.03	3,963,335.03	6,803,315.21

"cont."

Sub-program A1 Public tender for favourable loans for agricultural and forestry projects

The purpose or the goal of the tender The public tender was intended to promote primary agricultural production (A1), with which the Fund issued incentives for the purchase of agricultural and forest land.

Source of funding Earmarked assets

Form and amount of assets Loan: EUR 3,000,000.00

Tender results

	Received applications according to JR	No. of approved applications in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	56	0	0	45	45	45
Amount requested (in EUR)	3,293,734.33	0.00	0.00	2,565,625.73	2,537,625.73	2,537,625.73
Investment value (in EUR)	3,480,443.38	0.00	0.00	2,704,327.58	2,704,327.58	2,704,327.58

Sub-program C1 Second public tender for granting favourable loans to municipalities - C1

The purpose or the goal of the tender The public tender was intended for municipalities to finance local and regional public infrastructure projects that are majority-owned by the state or by the municipality.

Source of funding Earmarked assets

Form and amount of assets Loan: EUR 3,000,000.00

Tender results

	Received applications according to JR	No. of approved applications in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	5	0	0	5	4	4
Amount requested (in EUR)	3,054,942.00	0.00	0.00	3,000,000.00	2,704,942.00	2,704,942.00
Investment value (in EUR)	4,611,362.91	0.00	0.00	4,611,362.91	4,215,649.64	4,215,649.64

Sub-program PF1, PF2, PF3 Public tender for pre-financing of development projects with approved European funds

The purpose or the goal of the tender The public tender was intended for the granting of favourable bridging loans for investors who have successfully applied for public tenders for European funds; however, the condition for the transfer of these loans is a completed and paid project. Due to similar conditions, one public tender for non-profit organisations (PF1), agricultural holdings (PF2) and for-profit organizations (PF3) was published.

Source of funding Earmarked assets

Form and amount of assets Loan: EUR 7,000,000.00 → EUR 6,000,000.00

Tender results





	Received applications according to JR	No. of approved applications in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	48	28	28	11	11	39
Amount requested (in EUR)	3,876,676.49	2,062,325.00	2,062,325.00	949,301.00	949,301.00	3,011,626.00
Investment value (in EUR)	15,824,859.96	7,726,445.65	7,726,445.65	3,743,054.62	3,743,054.62	11,469,500.27

Sub-program PF1, PF3		Second public tender for pre-financing of projects with approved European funds				
The purpose or the goal of the tender		The public tender was intended for the granting of favourable bridging loans for investors who have successfully applied for public tenders for European funds; however, the condition for the transfer of these loans is a completed and paid submitted project. Due to similar conditions, a second public tender of this kind was published, combining two sub-programs, ie. non-profit organizations (PF1) and for-profit organizations (PF3).				
Source of funding		Earmarked assets				
Form and amount of assets		Loan: EUR 1,600,000.00				
Tender results						
	Received applications according to JR	No. of approved applications in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	35	0	0	22	20	20
Amount requested (in EUR)	1,872,905.19	0.00	0.00	1,213,224.00	1,060,961.00	1,060,961.00
Investment value (in EUR)	9,248,452.94	0.00	0.00	4,773,709.09	4,706,420.85	4,706,420.85
Sub-program PF2		(Second) public tender for pre-financing of projects with approved European funds				
The purpose or the goal of the tender		The public tender was intended for the granting of favourable bridging loans for investors who have successfully applied for public tenders for European funds; however, the condition for the transfer of these loans is a completed and paid submitted project. A second public tender of this kind was separately published for the sub-program, i.e. for the sub-program of agricultural holdings (PF2)				
Source of funding		Earmarked assets				
Form and amount of assets		Loan: EUR 2,000,000.00				
Tender results						
	Received applications according to JR	No. of approved applications in 2019 as at 31 December 2019	Applications approved in 2019 (after withdrawals) as at 31 December 2020	Approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Final realization of approvals according to JR (after withdrawals)
Number of applications	21	0	0	16	15	15
Amount requested (in EUR)	1,504,421.36	0.00	0.00	1,204,434.00	1,024,434.00	1,024,434.00
Investment value (in EUR)	4,392,433.94	0.00	0.00	3,777,166.57	2,894,144.37	2,894,144.37



3.6 SUMMARY REVIEW OF THE IMPLEMENTATION OF INCENTIVES IN 2020

3.6.1 Realization of incentives for tenders published in 2020

The Fund implements incentives based on the approved Business Financial Plan (BFP). By Resolution no. 47602-7/2020/3 of 27 March 2020, the Government of the Republic of Slovenia adopted the BFP for 2020 and 2021. Due to the declaration of the COVID-19 epidemic and the expected negative consequences for the economy, two more amendments to the BFP for 2020 were made. In accordance with the received BFP (with amendments 1 and 2) for 2020, the Fund planned incentives for the earmarked assets in the amount of EUR 47,056,000.00, all in the form of favourable loans.

In 2020, the Fund tendered funds for the Entrepreneurship-B program from the earmarked assets in the amount of EUR 26,656,000.00, for the Agriculture and Forestry-A program in the amount of EUR 9,000,000.00 (*in addition, funds in the amount of EUR 1,200,000.00, which represented the draft after the closure of the call for working assets were tendered anew*) and for the Pre-financing-PF program in the amount of EUR 6,000,000.00, which amounts to a total of EUR 41,656,000.00, which represents 88.52% of the planned amount of tendered funds, as the Fund did not tender funds for incentives under the program of municipalities and autochthonous national communities.

In 2020, the Fund received a total of 592 applications in the total amount of requested funds of EUR 31,804,828.69 after eight published public tenders. The final realization after (partial) withdrawals is the approval of 430 applications in the total amount of EUR 22,030,703.12, which represents 46.81% of the realization in relation to the planned amount of incentives (according to the BFP). The Fund supported 430 applications, which represents 47.57% of the realization compared to the planned number of approved applications under the BFP. According to the announced deadlines, 30 applications are still being processed, so the final realization of unprocessed applications will be shown in the 2021 Annual Report.

Table 11: Review of the realization of tendered incentives in 2020							
Program	Plan for 2020 (PFN + amendment 1, 2)		Realization as at 31 December 2020			Index RE20/Plan20	
	Amount of funds (in EUR)	No. of applic ations	Amount of tendered funds (in EUR)	Amount of approvals after withdrawals (in EUR)	No. of approvals (after withdrawals)	Amount of approvals (in EUR)	No. of applicati ons
Program B: Entrepreneurship	26,656,000.00	700	26,656,000.00	15,176,337.43	327	56.93	46.71
Program A: Agriculture and forestry	9,000,000.00	70	9,000,000.00	2,517,766.69*	55*	27.98*	78.57*
Program C: Municipalities	3,400,000.00	8	0.00	0.00	0	0	0
Program PF: Pre-financing	6,000,000.00	100	6,000,000.00	4,336,599.00	48*	72.28 *	48.00 *
Program ANC: Autochthonous national communities	2,000,000	26	0.00	0.00	0	0	0
Total	47,056,000.00	904	41,656,000.00	22,030,703.12	430	46.81	47.57

*the processing of part of the applications has been postponed to 2021

3.6.2 Full realization of incentives in 2020

Table 12: Review of the realization of incentives in 2020

Program	No. of tenders	No. of approved applications in 2020	No. of approved applications in 2020 (after withdrawals)	Amount of approvals in 2020 (after withdrawals) in EUR	Investment value of approved applications in 2020 (after withdrawals) in EUR
Program B: Entrepreneurship	2 from 2020 2 from 2019	352	346	19,612,901.43	25,675,351.29
Program A: Agriculture and forestry	2 from 2020 2 from 2019	114	114	7,833,355.98	9,854,833.97
Program C: Municipalities	1 from 2019	5	4	2,704,942.00	4,215,649.64
Program PF: Pre-financing	4 from 2020 3 from 2019	100	94	7,371,295.00	25,710,136.74
Program ANC: Autochthonous national communities	-	0	0	0.00	0.00
Total		571	558	37,522,494.41	65,455,971.64

In 2020, the Fund approved a total of 571 applications following 16 public tenders, eight of which were published in 2019 and eight in 2020. The final realization after all tenders after withdrawals is the approval of 558 applications in the amount of EUR 37,522,494.41 required for the implementation of projects with a total investment value of EUR 65,455,971.64.

3.7 INCENTIVE ANALYSIS

After eight published tenders from 2019 (the processing of the applications of which was postponed to 2020) and eight public tenders in 2020 (with considered withdrawals), the Fund approved 558 applications in the total amount of EUR 37,522,494.41 in 2020.

The following is an analysis of approved applications in 2020 with considered (partial) withdrawals according to statistical regions, deprived areas (*i.e. problem areas with high unemployment rate and border problem areas*), statistical regions and programs and purpose of funding. As the tenders from individual years are comparable in terms of content, the data are presented in summary form.

3.7.1 Analysis of incentives according to statistical regions

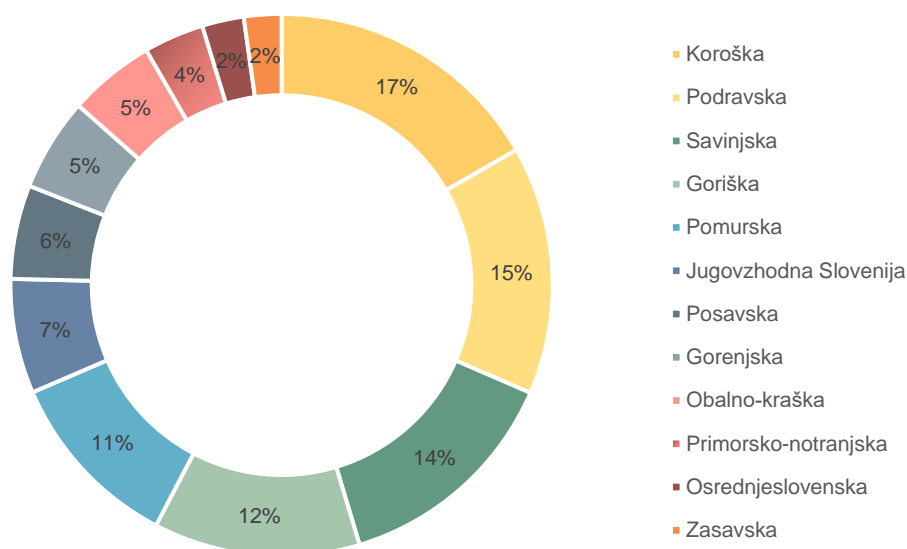
As Graph 2 shows, in terms of statistical regions, the largest share of approved incentives was observed in the statistical region of Koroška, namely 101 applications in the total amount of EUR 6,259,246.00, which represents 17% of all allocations. Koroška is followed by the Podravska statistical region with a 15% share of allocations in the total amount of EUR 5,561,790.70 (68 approved applications), the Savinjska statistical region with a 14% share of allocations in the total amount of EUR 5,197,542.98 (87 approved applications), the Goriška statistical region with a 12% share of allocations in the total amount of EUR 4,619,036.00 (38 approved applications), the Pomurska statistical region with an 11% share of allocations in the total amount of EUR 4,077,188.40 (55 approved applications), SE Slovenia with a 7% share of allocations in the total amount of EUR 2,564,921.00 (38 approved applications), the Posavska statistical region with a 6% share of allocations in the total amount of EUR 2,100,541.00 (42 approved applications), the statistical region of Gorenjska with a 6% share of allocations in the total amount of EUR 2,084,023.33 (34 approved applications), the coastal Karst statistical region with 5% of approvals in the total amount of EUR 1,937,957.00 (37 approved applications), the Primorsko-Notranjska statistical region with a 4% share of allocations in the total amount of EUR 1,345,981.00 (29 approved applications), the Central Slovenian statistical region with a 2% share of allocations in the amount of 934,728 .00 EUR (14 approved applications) and the Zasavska statistical region with a 2% share of allocations in the amount of EUR 839,539.00 (15 approved applications).





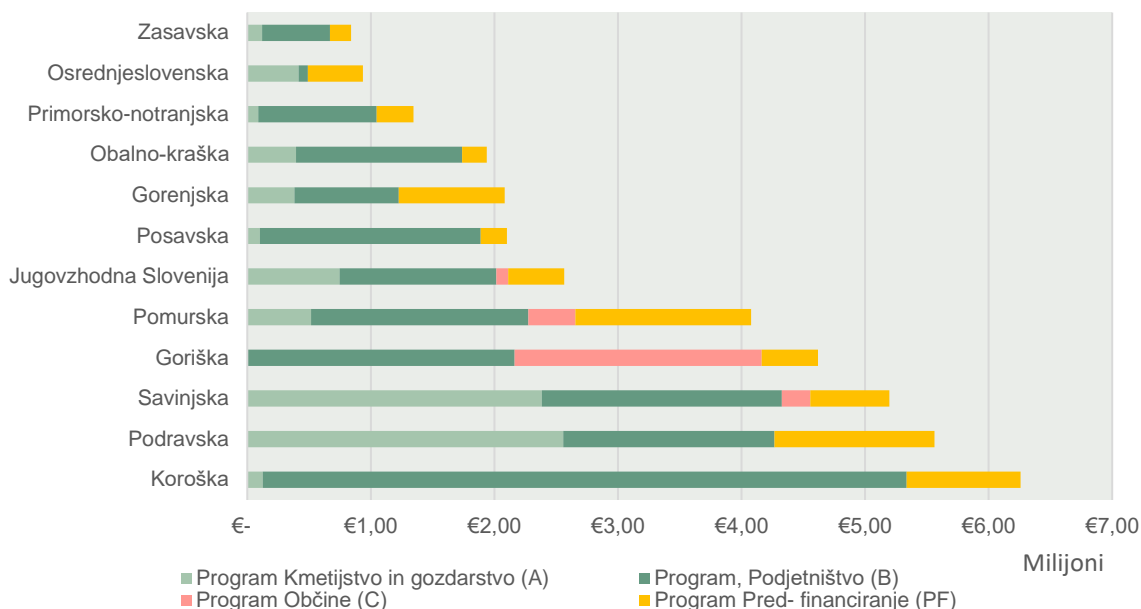
According to the index of development endangerment of development regions in the programming period 2014-2020 (Rules on the classification of development regions by level of development for the programming period 2014-2020, Official Gazette of the Republic of Slovenia, No. 34/14), the most developmentally endangered region is the Pomurje statistical region (development endangerment index of 161.8), followed by the Zasavska statistical region (125.1), the Primorsko-Notranjska statistical region (124.8), the Podravska statistical region (123.9), the Koroška statistical region (121.6), the Posavska statistical region (101.5) and the Goriška statistical region (100.4); other development regions have a threat index below 100. In development regions with a threat index above 100, the share of approvals totals 67% or EUR 24,803,322.10.

Graph 2: Analysis of incentives according to statistical regions and to the amount of allocated funds



In 2020, the Fund approved incentives under four programs, namely the Entrepreneurship-B, Agriculture and Forestry-A, Municipalities-C and Pre-Financing-PF programs. Graph 3 shows the analysis of incentives according to statistical regions and the incentive program concerned.

Graph 3: Analysis of incentives according to statistical regions and the incentive program concerned



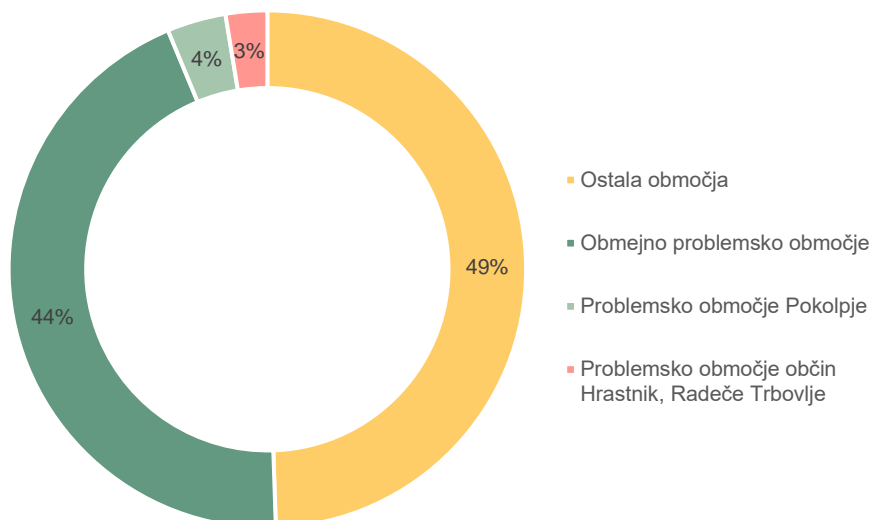
3.7.2 Analysis of incentives according to (border) problem areas

The problem areas with high unemployment rates include the area of the municipalities of Pokolpje (Kočevje, Loški Potok, Osilnica, Kostel, Črnomelj, Semič and Metlika) and the area of the municipalities of Hrastnik, Radeče and Trbovlje.

Among the border problem areas determined by the Decree determining problematic border areas (Official Gazette of the Republic of Slovenia, No. 22/11, 97/12, 24/15, 35/17 and 101/20) are the municipalities of Ajdovščina, Apače, Bistrica ob Sotli, Bohinj, Bovec, Brda, Brežice, Cankova, Cerkno, Cirkulane, Črenšovci, Črna na Koroškem, Črnomelj, Divača, Dobrovnik, Dolenjske Toplice, Dornava, Dravograd, Gorje, Gornji Grad, Gornji Petrovci, Grad, Hodoš, Hrpelje-Kozina, Ilirska Bistrica, Jezersko, Kanal, Kobarid, Kobilje, Kočevje, Komen, Kostanjevica na Krki, Kostel, Kozje, Kranjska Gora, Kungota, Kuzma, Lendava, Loška dolina, Loški Potok, Lovrenc na Pohorju, Luče, Majšperk, Makole, Metlika, Mežica, Miren-Kostanjevica, Moravske Toplice, Muta, Ormož, Osilnica, Pesnica, Pivka, Podčetrtek, Podlehnik, Podvelka, Poljčane, Postojna, Preddvor, Prevalje, Puconci, Radlje ob Dravi, Ravne na Koroškem, Renče-Vogrsko, Ribnica na Pohorju, Rogaška Slatina, Rogašovci, Rogatec, Ruše, Selnica ob Dravi, Semič, Sežana, Slovenj Gradec, Solčava, Središče ob Dravi, Sveta Ana, Sveti Tomaž, Šalovci, Šentjernej, Šmarje pri Jelšah, Tišina, Tolmin, Tržič, Velika Polana, Videm, Vipava, Vuzenica, Zavrč, Žetale and Žirovnica.

In the analysis of incentives according to problem areas with high unemployment rates and border problem areas, municipalities belonging to the Pokolpje problem area were exempted from approvals in border problem areas, otherwise they would be doubled since these municipalities are located in both the Pokolpje problem area and the border problem area. . The analysis of the data shows that 51% of all approved funds were allocated to (border) problem areas, of which 44% were allocated to border problem areas (excluding the municipalities in Pokolpje) in the total amount of EUR 16,782,850.00 (255 applications), followed by the problem area of Pokolpje with a 4% share of allocations in the total amount of EUR 1,396,654.00 (25 applications) and the problem area of the municipalities of Hrastnik, Radeče and Trbovlje with a 3% share of allocations in the total amount of EUR 984,618.00 (18 applications). In other regions that do not belong to the (border) problem areas, 49% of incentives were awarded in the total amount of EUR 18,767,120.73 (260 applications).

Graph 4: Analysis of incentives by (border) problem areas according to the amount of allocated funds

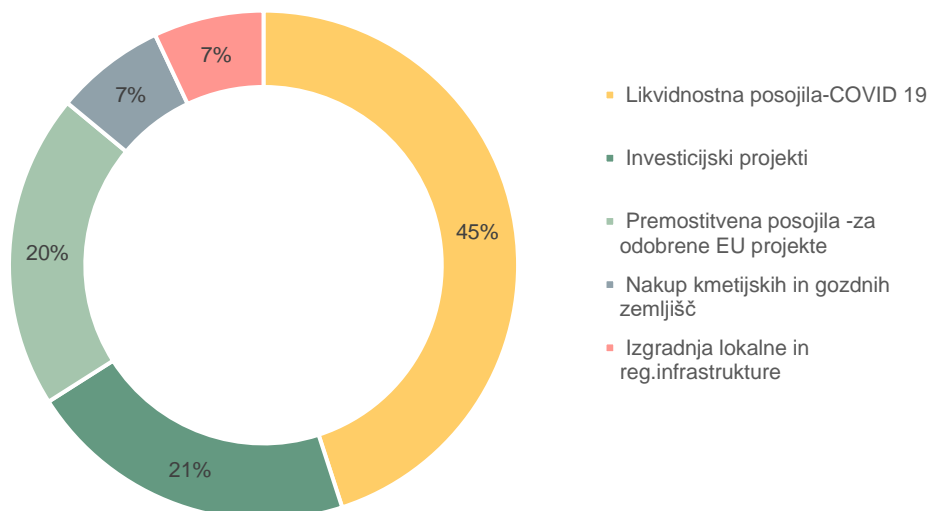


3.7.3 Analysis of incentives according to the purpose of financing

In 2020, the Fund financed projects for (1) providing liquidity to entities affected by the negative effects of the COVID-19 epidemic, (2) providing bridging loans for the implementation of projects with European approved funds, (3) purchasing agricultural and forest land, (4) co-financing investment projects and (5) co-financing construction of local and regional infrastructure.

As Graph 5 shows, most funds were granted to provide liquidity loans to mitigate the negative effects of COVID-19, namely in the total amount of EUR 16,902,304.12 (377 applications), which represents 45% of all incentives granted. This is followed by co-financing of investment projects in the total amount of EUR 8,006,327.56 (38 applications), which represents a share of 21%, followed by the provision of bridging loans for approved EU projects in the total amount of EUR 7,371,295.00 (94 applications), which represents a share of 20%, co-financing of agricultural and forest land in the total amount of EUR 2,537,625.73 (45 applications), which represents a share of 7%, and co-financing of construction of local and regional infrastructure in the total amount of 2,704,942 .00 EUR (4 applications), which represents a share of 7%.

Graph 5: Analysis of incentives according to the purpose of financing



3.8 EFFECTS OF INCENTIVES

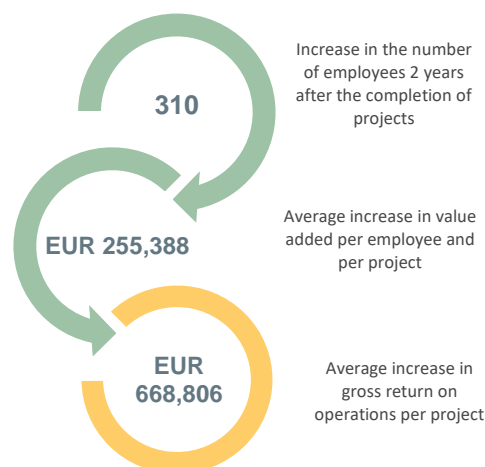
Monitoring of State Aids Act (Official Gazette of the Republic of Slovenia, No. 37/04) stipulates in Article 4 that providers of aid granted on the basis of a regional State aid scheme must report on the granted aid to the State body responsible for regional development. Monitoring and evaluation of the effects of this aid is provided by the State body, on the basis of data on granted regional state aid and regional development indicators. Decree on data submission and on the reporting of granted state aid and de minimis aid (Official Gazette of the Republic of Slovenia, No. 61/04, 22/07, 50/14) regulates the manner and deadlines for sending data, the content and form of the annual report, and also determines the records of State aid according to the "de minimis" rule.

Regional development indicators are monitored on the basis of statistics for individual territorial levels, i.e. for the country as a whole, for statistical regions and for municipalities as defined by the Decree on Standard Classification of Territorial Units (Official Gazette of the Republic of Slovenia, No. 9/07) and Regulation (EC) No. 1059/2003 of the European Parliament and of the Council of 26 May 2003 establishing a common classification of territorial units for statistics (OJ L No. 154, 21 June 2003) with amendments and supplements.

In 2020, the Fund monitored the effects of projects completed two years ago, except for the Municipality-C program. The Fund monitored the effects through verification in publicly available records, through investor reports and from its own records. The Fund monitors the effects of all approved projects, including projects without State aid.

3.8.1 Effects for supported projects under programs B, ANC and RGS

In 2020, the Fund monitored 67 projects completed in 2017, and the effects are monitored on the basis of publicly available financial statements for 2019. The number of employees increased by 310 or by an average of 4.64 employees per co-financed project. Value added per employee increased by an average of EUR 255,388.00 per investor, while gross operating income increased by an average of EUR 668,805.00 per co-financed project. The monitored projects are grouped according to the anticipated effects, and were approved under the Entrepreneurship-B, Autochthonous National Communities-ANC and Regional Guarantee Schemes-RGS programs.

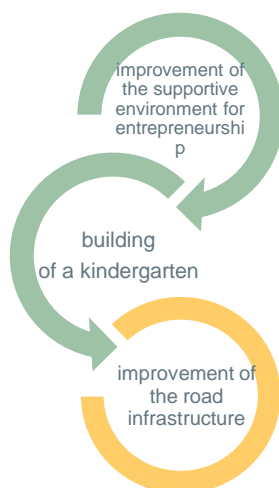


KLET BRDA, z.o.o., Dobrovo

EXAMPLE OF GOOD PRACTICE: Entrepreneurship program

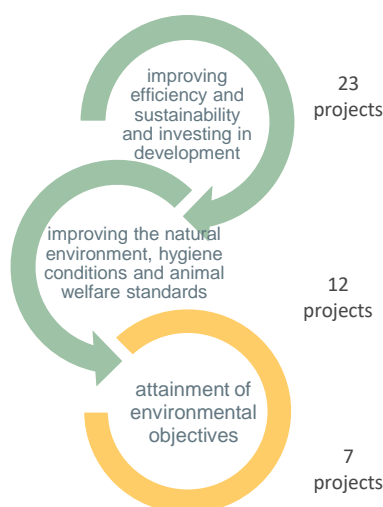
The association is located in a border problem area, namely in the area of Goriška brda, which is one of the nine wine-growing districts in Slovenia. The previous premises were no longer suitable for an efficient operation of the store, so they built a new, modern supply center with 2,400 m² of sales, storage and other areas, where most registered grape growers from Goriška Brda and other surrounding places are supplied.

3.8.2 Effects for supported projects on programs C



In the Municipalities-C program, the Fund co-financed five municipal projects in 2020: in one project, the Fund invested in building a supportive environment for entrepreneurship, in another, the Fund invested in building social infrastructure for preschool children, while the remaining three projects focused on building or improving roads and roadside infrastructure, including the construction of a bicycle path.

3.8.3 Effects for supported projects on programs A



In 2020, the Fund monitored 50 projects in the Agriculture and Forestry-A program. Among the projects completed in 2018, 23 improved the efficiency and sustainability and invested in development, 12 improved the natural environment and hygienic conditions and animal welfare standards, while 7 achieved environmental and climate goals. The Fund also monitored investors who were granted loans to finance working capital in order to maintain fruit and wine growing activities after two consecutive frosts in 2016 and 2017. All 25 investors retained the activity of fruit growing and viticulture.



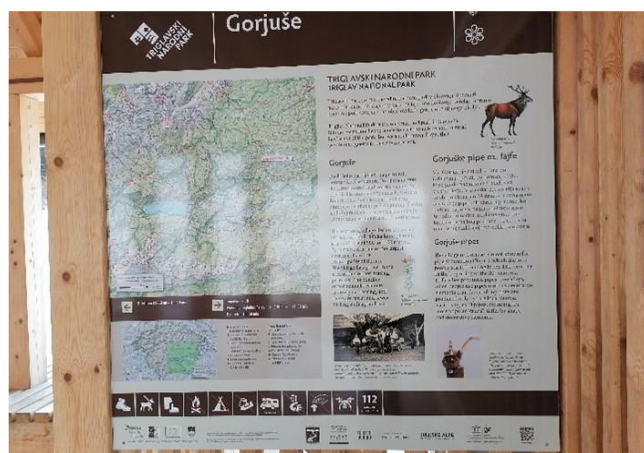
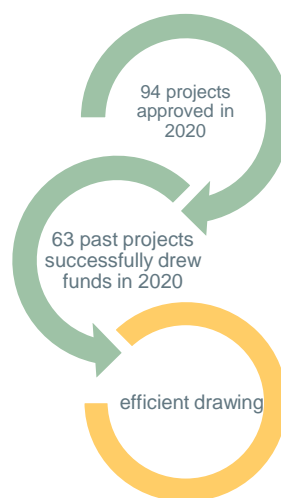
KMETIJA LAZNIK

EXAMPLE OF GOOD PRACTICE: Agriculture program

The Laznik farm is located in the village of Ravne in the mountain area of OMD and is focused on the breeding of brown dairy cows and the breeding of heifers for herd renewal. The main selling product of the farm is high-quality raw milk without GMOs. The COVID-19 epidemic had a negative impact on the operations of the farm, which was addressed with a loan from the Fund.

3.8.4 Effects for supported projects on programs PF

In the Pre-financing-PF program, the Fund approved funds to 94 investors in 2020 for the purpose of bridging financing of projects with approved European funds, with the purpose of project implementation and, consequently, efficient absorption of European funds. Of the projects approved in the past three years, 63 of said projects were projects that successfully acquired European funds in 2020.



TURIZEM BOHINJ

EXAMPLE OF GOOD PRACTICE: Pre-financing program

In 2020, the Fund pre-financed five projects with approved European funds of the investor Turizem Bohinj: Fish cultural heritage, Bringing UNESCO biosphere reserves closer to the population, Directing visits to the Triglav National Park - TNP, E-say on a Bike, and Culinary travel. As part of the project "Directing visits to the Triglav National Park - TNP", information boards were made, and study tours along the Juliana Trail hiking trail are also organized.



4 RESULTS IN THE FIELD OF EUROPEAN DEVELOPMENT PROJECTS

4.1 CERTIFICATION AUTHORITY 2014-2020

4.1.1 Functions of the Certifying Authority

With its decision no. 30300-2/2014/5 of 17 December 2014, the Government of the Republic of Slovenia determined the organisational structure of the implementation of European Territorial Cooperation programs in the financial perspective 2014-2020, within which the Fund was appointed as the responsible institution for performing the tasks of the Certifying Authority for the following programs:

- the INTERREG V-A Slovenia-Austria cooperation program 2014-2020,
- the INTERREG V-A Slovenia-Hungary cooperation program 2014-2020,
- the INTERREG V-A Slovenia-Croatia cooperation program 2014-2020.

The tasks of the Certifying Authority in the financial perspective 2014-2020 are set out in Article 126 of Regulation (EU) no. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006

Said legal basis imposes the following responsibilities and powers on the Certifying Authority:

- drawing up and submitting payment applications to the Commission, and certifying that they result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the managing authority,
- drawing up the accounts referred to in point (a) of Article 59(5) of the Financial Regulation,
- certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the operational program and complying with applicable law,
- ensuring that there is a system which records and stores, in computerised form, accounting records for each operation, and which supports all the data required for drawing up payment applications and accounts, including records of amounts recoverable, amounts recovered and amounts withdrawn following cancellation of all or part of the contribution for an operation or operational program,
- ensuring, for the purposes of drawing up and submitting payment applications, that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure,
- taking account, when drawing up and submitting payment applications, of the results of all audits carried out by or under the responsibility of the audit authority,
- maintaining, in a computerised form, accounting records of expenditure declared to the Commission and of the corresponding public contribution paid to beneficiaries,
- keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the budget of the Union prior to the closure of the operational programme by deducting them from the subsequent statement of expenditure.

4.1.2 Activities of the Certifying Authority in 2020

4.1.2.1 Cooperation programs for the period 2014-2020

The Fund actively participated in the implementation of European Territorial Cooperation programs, and prepared updated instructions of the Certifying Authority (version 5.0), which were adapted to the amended and supplemented procedures for monitoring the implementation of cooperation programs. Furthermore, the Fund also participated in the ex-post audit of part of the management and control system with the Certifying Authority and in the audit of refunds carried out by the Budgetary Control Office. The Certifying Authority also carried out an additional control on the topic of up-to-date records of the Managing Authority on irregularities.



In February 2020, the Certifying Authority received an annual advance payment from the European Commission for individual cooperation programs.

In 2020, it performed inspections and disbursements of project reports on all three cooperation programs; as part of dealing with irregularities, it also performed inspections and recoveries of financial corrections. The Fund regularly sent requests for payment to the EC and prepared financial statements for the fifth accounting year in February (1 July 2018 - 30 June 2019).

Pursuant to Regulation (EU) no. 2020/460 of the European Parliament and of the Council of 30 March 2020 and due to the COVID-19 situation, the EC did not issue a recovery order to the Member State for recoverable amounts for the accounts submitted in 2020. Uncollected amounts will be cleared or recovered at the end of the programs.

Table 13: Amount of funds transferred to leading partners in 2020 in EUR for PS 2014-2020	
Cooperation program	Amount of transferred funds
INTERREG V-A Slovenia-Austria	8,935,903.36
INTERREG V-A Slovenia-Hungary	3,084,810.44
INTERREG V-A Slovenia-Croatia	15,720,870.14
Total	27,741,583.94

Table 14: Amount of sent requests for payment of the EC in 2020 in EUR for PS 2014-2020		
Cooperation program	Amount of transferred funds*	Total claims**
INTERREG V-A Slovenia-Austria	7,643,134.18	9,205,511.80
INTERREG V-A Slovenia-Hungary	2,659,742.21	2,955,269.13
INTERREG V-A Slovenia-Croatia	13,900,446.94	15,444,941.03
Total	24,203,323.33	27,605,721.96

*No annual advance payment.

**In accordance with Article 130 of Regulation (EU) No 1303/2013, the EC shall reimburse as interim payments 90 % of the amount resulting from applying the co-financing rate for each priority, laid down in the decision adopting the cooperation program, to the eligible expenditure for the priority included in the payment application.

By 15 February of the current year, the Certifying Authority shall prepare the financial statements for the previous accounting year. Sending financial statements is an annual task until 2025 inclusive.

4.1.2.2 Financial monitoring of cooperation programs 2007-2013

The Fund has also been appointed as the responsible function of performing the tasks of the Certifying Authority for the financial perspective 2007-2013. In 2019, the Fund already carried out all necessary activities for the completion of operational programs for cross-border cooperation Slovenia-Austria 2007-2013, Slovenia-Croatia 2007-2013 and Slovenia-Hungary 2007-2013.

All three cooperation programs have remaining earmarked funds for the preparations for the new financial perspective 2021-2027. The Fund therefore continues to maintain transaction accounts and carry out financial monitoring for the 2007-2013 programming period.

In the cross-border cooperation program Slovenia-Hungary 2007-2013, proceedings are underway that have not yet been completed in court.

For the cross-border operative program Slovenia-Austria 2007-2013, the Monitoring Committee adopted a decision on the conditions for disposing of the remaining funds. According to the decision of the 7th meeting of the Monitoring Committee, payments for the services of planning the cross-border cooperation program between Slovenia and Austria in the financial perspective 2021-2027 up to a maximum of EUR 150,000.00 shall be made to the debit of these funds. Free funds on the current account are only intended to provide liquidity in the FP 2014-2020.



4.2 CERTIFICATION AUTHORITY FOR THE PERIOD 2021-2027

The Certifying Authority as a program structure is not foreseen in the upcoming programming period 2021-2027; it will be replaced by the so-called accounting function. In the light of the preparation of programs for the next financial perspective, the Fund prepared (in 2020) a description of tasks and of the establishment of appropriate procedures, organisational structure and personnel, and has shown interest in performing this function, as it has the necessary experience, capacity and appropriate staff.

The members of the programming groups of the three Interreg programs for the period 2021-2027 agreed that the Fund would take over the accounting function in the next period. The accounting officer will be confirmed by the Government of the Republic of Slovenia.

5 GENERAL OPERATING RESULTS

5.1 ACTIVITIES REGARDING THE ISO CERTIFICATE

In 2015, the revised ISO 9001: 2015 standard was issued. This standard is built on the principles of quality management, which are used today by successful organisations around the world, with the greatest emphasis on the management of the organisation and the processes that take place in the organisation. It focuses primarily on the effectiveness of the quality management system in meeting customer requirements. It is intended for all types of organisations that wish to manage and improve their business transactions, as well as increase the satisfaction of their customers. The standard specifies requirements for the quality management system, management operation, resource management, performance of core business, and control. Meeting all the requirements of the standard enables the organisation to obtain a quality management system certificate after successfully completing the certification process.

In the past, the Fund approached the establishment of a quality management system in accordance with the requirements of the ISO 9001: 2008 standard and, after successfully completing the certification procedure in 2012, received the ISO 9001: 2008 quality mark. In 2018, the Fund successfully completed the transition to ISO 9001: 2015 and thus obtained the ISO 9001: 2015 quality mark. With the adopted standard, the Fund focuses mainly on the efficiency of the quality management system in meeting the requirements of customers (recipients of regional incentives) and performing the tasks of the Certifying Authority. The fund thus directly connects its business goals with its business performance through a process approach.



In 2020, despite the COVID-19 epidemic, the Fund continued to supplement and update documents within the ISO 9001: 2015 standard, to which the Fund switched in 2018. The quality manual is supplemented and updated according to the processes that take place within the framework of the Fund's operation. The Catalogue of Processes is also being updated, as the Fund is reorganizing its work process, which dictates the transition to electronic business transactions. In 2020, both internal and external audits were carried out. Both audits found that the Fund's quality management system still meets the requirements of ISO 9001: 2015. Thus, the Fund maintains a high level of quality and proves its commitment to the standard.

5.2 IMPLEMENTATION OF CONTROLS AND MONITORING OF PROJECTS

The Fund has adopted the Rules on the review and monitoring of projects financed by the public fund of the Republic of Slovenia for regional and rural development of 4 September 2012 (hereinafter the Rules), which determine the system of on-site inspection of investment projects and the review of investors in the event of irregular payments, and also defines the system from the point of view of monitoring the effects of projects. On-site inspection of investment projects may be performed before or upon approval of the application, in the project implementation phase, at the end of the project, as well as in the case of irregular payments and breach of other contractual provisions. In 2020 and on the basis of the Rules, the Fund only carried extraordinary inspections of projects for which, due to various reasons, it was necessary to carry out a review of the project during the year. In the first half of the year, the inspections were postponed due to decrees of the Government of the Republic of Slovenia and intervention measures to curb the spread of COVID-19 virus infections. In the second half of the year, the Fund

executed the measure of guaranteeing liquidity assets in problem and border problem areas according to Article 37 of the ZIUOPE, which received more than 400 applications; in addition, the epidemic was re-declared in the country in October.

Table 15: Realization of project controls in 2020 in EUR		
Reason for the control	Clarification	No. of inspections
Before or upon application approval	Insurance dilemma: approval documentation dilemma	1
During the implementation/completion of the project	Investment value over EUR 150,000 Change of deadlines: conclusion of contracts/drawing/closing of investments	7
While repaying the loan	Irregular payment or violation of other contractual provisions	3
Total		11

As can be seen from Table 15, in 2020, the Fund carried out 11 extraordinary reviews of projects, namely through various public tenders, most of them under sub-program (B4), i.e. following public tenders under which the Fund implements measures as an external contractor. Project reviews were proposed by professional services during the year.

Extraordinary inspections were carried out for the purpose of reviewing projects before the approval of the application, at the end of the project, reviews due to irregular payments, reviews of the realization of set goals and other contractual provisions. The inspections found that most of the projects were implemented in accordance with the contractual provisions, that the projects were completed, and that the objectives were achieved. In the case of for-profit companies, it was found that the co-financed project generates revenue from the production of new products or the provision of new services, or due to capacity increase.

However, certain irregularities were identified in two projects. With both project beneficiaries, it was established that the beneficiaries no longer operate or that there is no evidence of the existence or operation of the company at the project location. In these two projects, the Fund also found that the funds were not used for a specific purpose, as in one project, it was discovered that most of the funds that were the subject of the project were located at another company's location, while in another project, it was not possible to verify the intended use of the funds due to inability to contact the partner and the legal representative. In view of the identified irregularities, the Fund terminated the contract of both beneficiaries and initiated the enforcement procedure.

In one project, the number of employees, their tasks in the company and the correctness of the location of the project were checked on the spot during the inspection of the project before approving the application, in order to obtain a liquidity loan for working costs. No irregularities were found after the project review, so a proposal for funding was submitted for the project.

In order to determine whether the project is completed, whether the funds are used for a specific purpose and whether the co-financed project generates revenue, the Fund conducted two project reviews in 2020 for one project and finally found that the project was completed, that the funds were used for a specific purpose and that the project generates revenues.

In the case of two applicants with approved projects under the pre-financing measure, it was established after the executed review that the project of one beneficiary is in the final phase, while the other beneficiary has implemented the project in full. The beneficiaries have not yet received repayment under the last claim, which means that there is no breach of the loan agreement. The Fund monitors both beneficiaries in order to determine whether the beneficiary of an individual project has already received repayment under the last application, as it must, in accordance with the contractual provisions, repay the loan within eight days of receiving European funds.

5.3 EXTERNAL COMMUNICATION

In 2020, the Fund published eight public tenders from earmarked assets, and the realization of eight public tenders was postponed to 2020 from 2019. External communication was marked in 2020 by the declaration of the COVID-19 virus epidemic, which forced the Fund to adapt the implementation of promotion plans to the situation in the





country. Presentations and events were first cancelled and then started being proposed online; numerous events were also cancelled.

In 2020, the Fund did not participate in as many events as in previous years, but carried out promotion and consulting through the media, websites, online advertising and online consulting. In addition to the above, the Fund also carried out extensive media advertising in problem and border problem areas for the execution of liquidity loans, which resulted in the receipt of more than 400 applications.

1. Media

In 2020, the Fund carried out commercial advertising through spoken media (radio, TV) through the following providers: Radio 94, Radio Veseljak, Radio Koper, Radio 1, Radio Ognjišče and others. Topics included the publication of public tenders and invitations to submit applications, while by far the most active activities were informing the public about the measure of liquidity loans in problem and border problem areas.

The Fund advertised its policies and planned incentives in the print media: SBC Podjetnik, Ekodežela, Glas Gospodarstva, Kmečki glas, Družina, Finance, etc., according to their paid commercial offer. The response was as expected, but still significantly lower than through the voice media.

The fund also advertised through its website and through the websites of other institutions such as regional development agencies, ministries (including the Rural Network) business centres and municipalities.

2. "Agrobiznis" project

In 2020, the Fund signed an agreement on cooperation in the "Agrobiznis" project, within which it carried out numerous substantive and promotional activities, of course to a limited extent, as many events were cancelled due to the epidemic.

3. Membership

In 2015, the Fund already became a member of the European Association of Guarantee Institutions (AECM), which it continued in 2020. At the time of the declaration of the epidemic, the AECM was an important partner through which the Fund became acquainted with practices and responses in other countries; in addition, we were also able to share many experiences.

4. Web presentations and more

Given the situation due to COVID-19, the Fund also conducted web presentations, where it presented the content of published tenders and informed participants about the use of the new application "e-Rsklad", through which it was possible to submit applications for tenders in 2020. Most of the direct communication at the Fund is still represented by telephone advice of project managers during office hours.

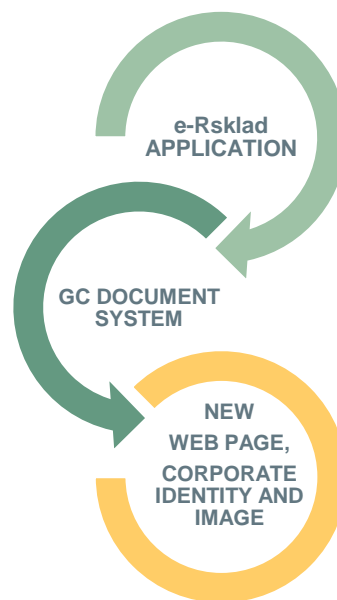
6 INVESTMENT RESULTS

6.1 INFORMATION SYSTEM

In 2017, the Fund started activities for the development of the Application for comprehensive processing and monitoring of applications (hereinafter referred to as: the "Application"). Based on the public procurement under the low value procedure, a bidder was selected for the design of said Application, which will enable (1) electronic preparation of the public tender, (2) electronic submission of applications for public tenders, (2) handling of the application throughout the processing process, (3) implementation of controls for monitoring the deadlines and effects of the project, (4) monitoring the implementation of incentives in accordance with the adopted business and financial plan and the annual report, (5) providing statistical data processing, (6) establishing links with information systems within the Fund and external information systems, which will be integrated with the Application, which will enable data transfer and will result in faster and better processing of the application.

In 2020, the Fund completed the creation of the PFN-public tender-application cycle, which enables the entry of PFN data for the purpose of monitoring the implementation of incentives, electronic preparation of public tenders and electronic submission of applications. In May 2020, the first public tender was published, which was generated through the Application and to which applicants submitted their applications electronically. Furthermore, the construction of an entity to handle the application throughout the entire processing process took place. Completion of the construction of the Application by the remaining entities is planned for 30 June 2021.

In addition to the construction of the Application, the Fund also carried out activities for the transition to the new Government Connect document system, for which testing was carried out. The transition to the production environment is planned for the first half of 2021. Due to the introduction of a new information systems, it was necessary to make connections with the already-existing programs for automatic data transfer.



6.2 WEBSITE AND NEW GRAPHIC IMAGE

In 2020, the Fund started creating a new website, which was established in December 2020 on a new domain, which replaced the domain regionalnisklad.si. The address of the new website is www.srrs.si.

The Fund has also started to create a new corporate identity, which includes a change of logo, colour scheme, correspondence elements etc.





ACCOUNTING REPORT

7 FINANCIAL STATEMENTS OF THE FUND	51
8 NOTES TO THE FINANCIAL STATEMENTS	57
9 MANAGEMENT OF THE FINANCIAL ASSETS AND INVESTMENTS OF THE FUND	70
10 RISK MANAGEMENT	77

Declaration of the CEO on the financial statements of the Fund



Slovenski regionalni razvojni sklad
Škrabčev trg 9a, 1310 Ribnica

T 01836 19 53 E info@srrs.si W www.srrs.si

Št. dokumenta: 450-001/2021

Datum: 31. 3. 2021

Zadeva: Izjava direktorja glede Letnega poročila 2020

Spodaj podpisani Matjaž Ribaš, direktor Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja, skrajšan naziv Slovenije za regionalni razvoj in razvoj podeželja, skrajšan naziv Slovenski regionalni razvojni sklad (v nadaljevanju Sklad), Škrabčev trg 9a, 1310 Ribnica, matična številka 5940117, podajam izjavo

- da po datumu bilance stanja na dan 31. 12. 2020 in do sprejetja Letnega poročila 2020 ni bilo pomembnejših dogodkov, ki bi imeli vpliv na računovodske izkaze Sklada za leto 2020,
- da je bilo Letno poročilo Sklada za leto 2020 sprejeto na kolegiju direktorja dne 2. 3. 2021,
- da sem odgovoren za pripravo letnega poročila in za pošten prikaz sredstev in obveznosti ter finančnega položaja Sklada,
- da je letno poročilo sestavljeno v skladu z Zakonom o računovodstvu in Pravilnikom o sestavljanju letnih poročil za proračun, proračunske uporabnike in druge osebe javnega prava,
- da sem odgovoren za ustrezno vodenje računovodstva, za sprejem ustreznih ukrepov za zavarovanje premoženja ter za preprečevanje in odkrivanje prevar in drugih nepravilnosti oziroma nezakonitosti,
- da so računovodske ocene izdelane po načelu previdnosti in dobrega gospodarjenja,
- da se Letno poročilo Sklada za leto 2020 lahko objavi.



Matjaž Ribaš, MBA
Direktor

Independent auditor's report on the financial statements of the Fund



Resni d.o.o., Parmova ulica 45, 1000 Ljubljana
041 754 360, info@resni.si

POROČILO NEODVISNEGA REVIZORJA

Vladi Republike Slovenije in nadzornemu svetu

Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja

Poročilo o letnem poročilu

Mnenje

Revidirali smo računovodske izkaze Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja, Škrabčev trg 9a, Ribnica, ki vključujejo bilanco stanja na dan 31. decembra 2020 ter izkaz prihodkov in odhodkov drugih uporabnikov s sestavnima deloma izkazom računa finančnih terjatev in naložb ter izkazom računa financiranja, za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne informacije. Pregledali smo tudi letno poročilo.

Po našem mnenju računovodska izkaza s sestavnima deloma v vseh pomembnih pogledih pošteno predstavljata finančni položaj Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja, Škrabčev trg 9a, Ribnica na dan 31. decembra 2020 in izkaz prihodkov ter odhodkov drugih uporabnikov za tedaj končano leto v skladu z Zakonom o računovodstvu.

Podlaga za mnenje

Revizijo smo opravili v skladu z Mednarodnimi standardi revidiranja (MSR). Naše odgovornosti na podlagi teh pravil so opisane v tem poročilu v odstavku *Revizorjeva odgovornost za revizijo računovodskih izkazov*. V skladu s Kodeksom etike za računovodske strokovnjake, ki ga je izdal Odbor za mednarodne standarde etike za računovodske strokovnjake (Kodeks IESBA) ter etičnimi zahtevami, ki se nanašajo na revizijo računovodskih izkazov v Sloveniji, potrjujemo svojo neodvisnost od sklada in, da smo izpolnili vse druge etične zahteve v skladu s temi zahtevami in Kodeksom IESBA.

Verjamemo, da so pridobljeni revizijski dokazi zadostni in ustrezni kot osnova za naše revizijsko mnenje.

Druge informacije

Za druge informacije je odgovorno poslovodstvo. Druge informacije obsegajo poročilo o poslovanju, ki je sestavni del letnega poročila Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja, Škrabčev trg 9a, Ribnica, vendar ne vključujejo računovodskih izkazov in našega revizorjevega poročila o njih.

Naše mnenje o računovodskih izkazih se ne nanaša na druge informacije in o njih ne izražamo nobene oblike zagotovila.

V povezavi z opravljeno revizijo računovodskih izkazov je naša odgovornost prebrati druge informacije in pri tem presoditi ali so druge informacije pomembno neskladne z računovodskimi izkazi, zakonskimi zahtevami ali našim poznavanjem, pridobljenim pri revidiranju, ali se kako drugače kažejo pomembno napačne. Če na podlagi opravljenega dela zaključimo, da obstaja pomembna napačna navedba drugih informacij, moramo o takih okoliščinah poročati. V zvezi s tem na podlagi opisanih postopkov poročamo, da:

- so druge informacije v vseh pomembnih pogledih usklajene z revidiranimi računovodskimi izkazi;
- so druge informacije pripravljene v skladu z veljavnimi zakoni in predpisi; ter
- na podlagi poznavanja in razumevanja sklada in njenega okolja, ki smo ga pridobili med revizijo, v zvezi z drugimi informacijami nismo ugotovili bistveno napačnih navedb.

Odgovornost posloводства in pristojnih za upravljanje za računovodske izkaze

Posloводство je odgovorno za pripravo in pošteno predstavitev teh računovodskih izkazov v skladu z Zakonom o računovodstvu in za tako notranje kontroliranje, kot je v skladu z odločitvijo posloводства potrebno, da omogoči pripravo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake.

Posloводство je pri pripravi računovodskih izkazov sklada odgovorno za oceno njegove sposobnosti, da nadaljuje kot delujoče podjetje, razkritje zadev, povezanih z delujočim podjetjem in uporabo predpostavke delujočega podjetja kot podlago za računovodenje, razen če namerava ustanovitelj podjetje likvidirati ali zaustaviti poslovanje, ali če nima druge možnosti, kot da napravi eno ali drugo.

Nadzorni svet je odgovoren za nadzor nad pripravo računovodskih izkazov in za potrditev revidiranega letnega poročila.

Revizorjeva odgovornost za revizijo računovodskih izkazov

Naši cilji so pridobiti sprejemljivo zagotovilo o tem, ali so računovodski izkazi kot celota brez pomembno napačne navedbe zaradi prevare ali napake, in izdati revizorjevo poročilo, ki vključuje naše mnenje. Sprejemljivo zagotovilo je visoka stopnja zagotovila, vendar ni jamstvo, da bo revizija, opravljena v skladu z MSR, vedno odkrila pomembno napačno navedbo, če ta obstaja. Napačne navedbe, lahko izhajajo iz prevare ali napake, ter se smatrajo za pomembne, če je upravičeno pričakovati, da posamič ali skupaj vplivajo na gospodarske odločitve uporabnikov, sprejete na podlagi teh računovodskih izkazov.

Med izvajanjem revidiranja v skladu z MSR uporabljamo strokovno presojo in ohranjamo poklicno nezaupljivost. Prav tako:

- prepoznamo in ocenimo tveganja pomembno napačne navedbe v računovodskih izkazih, bodisi zaradi napake ali prevare, oblikujemo in izvajamo revizijske postopke kot odzive na ocenjena tveganja ter pridobivamo zadostne in ustrezne revizijske dokaze, ki zagotavljajo podlago za naše mnenje. Tveganje, da ne bomo odkrili pomembno napačne navedbe, ki izvirajo iz prevare, je višje od tistega, povezanega z napako, saj prevara lahko vključuje skrivne dogovore, ponarejanje, namerno opustitev, napačno razlago ali izogibanje notranjih kontrol;
- pridobimo razumevanje notranjih kontrol, pomembnih za revizijo z namenom oblikovanja revizijskih postopkov, ki so okoliščinam primerni, vendar ne z namenom izraziti mnenje o učinkovitosti notranjih kontrol družbe;
- presodimo ustreznost uporabljenih računovodskih usmeritev in sprejemljivost računovodskih ocen ter z njimi povezanih razkritij posloводства;
- na podlagi pridobljenih revizijskih dokazov o obstoju pomembne negotovosti glede dogodkov in okoliščin, ki zbuja dvom v sposobnost organizacije, da nadaljuje kot delujoče podjetje, sprejmemo sklep o ustreznosti posloводства uporabe predpostavke delujočega podjetja kot podlage računovodenja. Če sprejmemo sklep o obstoju pomembne negotovosti, smo dolžni v revizorjevem poročilu opozoriti na ustrezna razkritja v računovodskih izkazih ali, če so taka razkritja neustrezna, prilagoditi mnenje. Revizorjevi sklepi temeljijo na revizijskih dokazih, pridobljenih do datuma izdaje revizorjevega poročila. Vendar kasnejši dogodki ali okoliščine lahko povzročijo prenehanje sklada kot delujočega podjetja;
- ovrednotimo splošno predstavitev, strukturo, vsebino računovodskih izkazov vključno z razkritji, in ali računovodski izkazi predstavljajo zadevne posle in dogodke na način, da je dosežena poštena predstavitev;
- pristojne za upravljanje med drugim obveščamo o načrtovanem obsegu in času revidiranja in pomembnih revizijskih ugotovitvah vključno s pomanjkljivostmi notranjih kontrol, ki smo jih zaznali med našo revizijo.

Poročilo o drugih zakonskih in regulativnih zadevah

Revidirali smo tudi skladnost naložb premoženja Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja s 26. členom, skladnost podeljevanja kreditov pod ugodnimi pogoji s 28. členom, skladnost poroštev in prevzetih obveznosti s 29. členom, skladnost naložb v kapital drugih pravnih oseb s 32. členom, skladnost zadolževanja s 37. členom in oblikovanje rezervacij za kreditna tveganja skladno s 36. členom Zakona o javnih skladih, ter

izpolnjevanje pravil o obvladovanju kreditnih tveganj na dan 31.12.2020. Prav tako smo revidirali skladnost zadolževanja z drugim stavkom drugega odstavka 10. člena Zakona o spodbujanju skladnega regionalnega razvoja.

Za skladnost in izpolnjevanje pravil je odgovorno poslovodstvo Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja. Odgovornost revizorja je, da izrazi mnenje o skladnosti in izpolnjevanju pravil.

Revizijo skladnosti z zakonskimi regulativami smo opravili v skladu z Mednarodnimi standardi revidiranja. Ti standardi zahtevajo od nas izpolnjevanje etičnih zahtev ter načrtovanje in izvedbo revizije za pridobitev sprejemljivega zagotovila, da so naložbe premoženja in podeljeni krediti Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja skladni s 26., 28. in 32. členom, prevzete obveznosti in zadolževanje skladno s 29. in 37. členom Zakona o javnih skladih ter drugim stavkom drugega odstavka 10. člena Zakona o spodbujanju skladnega regionalnega razvoja in oblikovanje rezervacij za kreditna tveganja skladno s 36. členom Zakona o javnih skladih in da so izpolnjena pravila o oblikovanju kreditnih tveganj.

Po našem mnenju so naložbe premoženja, podeljeni krediti, poročstva in prevzete obveznosti ter oblikovane rezervacije za kreditna tveganja na dan 31.12.2020 skladne z določili Zakona o javnih skladih ter zadolževanje skladno s 37. členom Zakona o javnih skladih v povezavi z drugim stavkom drugega odstavka 10. člena Zakona o spodbujanju skladnega regionalnega razvoja.

Resni d.o.o.

Boštjan Šink

pooblaščen revizor



V Ljubljani dne, 31.3.2021

7 FINANCIAL STATEMENTS OF THE FUND

7.1 BALANCE SHEET

Table 16: Balance sheet on 31 December 2020 (in EUR)

Konto 1	Naziv konta 2	Stanje na dan 31.12.2020 4.	Stanje na dan 31.12.2019 5.	Finančni načrt 2020 6.	Indeks 4/5 7.	Indeks 4/6 8.
SREDSTVA						
	DOLGOROČNA SREDSTVA IN SREDSTVA V UPRAVLJANJU	111.947.715,00	105.532.038,84	123.946.287	106	90
00	NEOPREDMETENA SREDSTVA IN DOLGOROČNE AČR	331.079,49	315.822,60	420.223	105	79
01	POPRAVEK VREDNOSTI NEOPREDMETENIH SREDSTEV	242.849,76	230.479,00	261.387	105	93
02	NEPREMIČNINE	508.719,65	508.719,65	508.720	100	100
03	POPRAVEK VREDNOSTI NEPREMIČNIN	273.217,19	257.955,60	273.517	106	100
04	OPREMA IN DRUGA OPREDMETENA OSNOVNA SREDSTVA	332.333,51	342.676,53	342.316	97	97
05	POPRAVEK VREDNOSTI OPREME IN DRUGIH OPRED OS	273.003,37	268.961,25	321.433	102	85
06	DOLGOROČNE FINANČNE NALOŽBE	938.315,00	957.498,19	333.234	98	282
07	DOLGOROČNO DANA POSOJILA IN DEPOZITI	110.626.337,67	104.164.717,72	123.198.131	106	90
08	DOLGOROČNE TERJATVE IZ POSLOVANJA	0,00	0,00	0	0	0
09	TERJATVE ZA SREDSTVA, DANA V UPRAVLJANJE	0,00	0,00	0	0	0
	KRATKOROČNA SREDSTVA, RAZEN ZALOG IN AČR	78.896.230,79	71.154.271,21	59.059.820	111	134
10	DENARNA SREDSTVA V BLAGAJNI IN TAKOJ UNOVČ VRED			0	0	0
11	DOBROIMETJE PRI BANKAH IN DRUGIH FINANČNIH USTANOVAH	4.238.057,74	5.099.238,19	2.368.000	83	179
12	KRATKOROČNE TERJATVE DO KUPCEV	35.502,42	33.323,87	36.000	107	99
13	DANI PREDUJMI IN VARŠČINE	666,89	974,40	0	68	0
14	KRATKOROČNE TERJATVE DO UPORABNIKOV EKN	34.792.459,77	25.950.794,66	22.243.999	134	156
15	KRATKOROČNE FINANČNE NALOŽBE	31.101.651,17	35.095.616,74	31.801.821	89	98
16	KRATKOROČNE TERJATVE IZ FINANCIRANJA	1.417.475,02	1.434.059,77	430.000	99	330
17	DRUGE KRATKOROČNE TERJATVE	7.221.751,32	3.461.943,50	2.100.000	209	344
18	NEPLAČANI ODHODKI	88.666,46	78.320,08	80.000	113	111
19	AKTIVNE ČASOVNE RAZMEJITVE	0,00	0,00	0	0	0
	ZALOGE	0,00	0,00	0	0	0
	AKTIVA SKUPAJ	190.843.945,79	176.686.310,05	183.006.107	108	104
99	AKTIVNI KONTI IZVENBILANČNE EVIDENCE	18.254.623,66	11.839.118,73	12.500.000	154	146
	OBVEZNOSTI DO VIROV SREDSTEV					
	KRATKOROČNE OBVEZNOSTI IN PČR	16.478.840,95	13.715.469,91	9.454.973	120	174
20	KR. OBVEZVEZNOSTI ZA PREJETE PREDUJME IN VARŠČ.	0,00	0,00	0	0	0
21	KRATKOROČNE OBVEZNOSTI DO ZAPOSLENIH	54.110,19	55.426,56	60.000	98	90
22	KRATKOROČNE OBVEZNOSTI DO DOBAVITELJEV	13.827,19	14.746,07	17.736	94	78
23	DRUGE KRATKOROČNE OBVEZNOSTI IZ POSLOVANJA	4.409.430,82	4.709.862,40	3.000.000	94	147
24	KRATKOROČNE OBVEZNOSTI DO UPORABNIKOV E.K.N.	890.753,56	1.095.296,93	600.000	81	148
25	KRATKOROČNE OBVEZNOSTI DO FINANCERJEV	3.177.236,62	3.177.236,62	3.177.237	100	100
26	KRATKOROČNE OBVEZNOSTI IZ FINANCIRANJA	0,00	0,00	0	0	0
28	NEPLAČANI PRIHODKI	7.932.815,68	4.661.926,93	2.600.000	170	305
29	PASIVNE ČASOVNE RAZMEJITVE	666,89	974,40	0	68	0
	LASTNI VIRI IN DOLGOROČNE OBVEZNOSTI	174.365.104,84	162.970.840,14	173.551.134	107	100
90	SPLOŠNI SKLAD	0,00	0,00	0	0	0
91	REZERVNI SKLAD	13.961.828,14	13.793.880,63	13.100.000	101	107
92	DOLGOROČNE PASIVNE ČASOVNE RAZMEJITVE	0,00	0,00	0	0	0
93	DOLGOROČNE REZERVACIJE	0,00	0,00	0	0	0
940	SKLAD NAMENSKEGA PREMOŽENJA V JAVNIH SKLADIH	116.225.453,84	101.825.741,51	116.106.954	114	100
96	DOLGOROČNE FINANČNE OBVEZNOSTI	12.601.742,24	15.778.978,90	12.770.180	80	99
97	DRUGE DOLGOROČNE OBVEZNOSTI	31.576.080,62	31.572.239,10	31.574.000	100	100
980	OSNOVNA SREDSTVA	0,00	0,00	0	0	0
981	OBVEZNOSTI ZA DOLGOROČNE FINANČNE NALOŽBE	0,00	0,00	0	0	0
985	PRESEŽEK PRIHODKOV NAD ODHODKI	0,00	0,00	0	0	0
986	PRESEŽEK ODHODKOV NAD PRIHODKI	0,00	0,00	0	0	0
	I. PASIVA SKUPAJ	190.843.945,79	176.686.310,05	183.006.107	108	104
99	PASIVNI KONTI IZVENBILANČNE EVIDENCE	18.254.623,66	11.839.118,73	12.500.000	154	146

7.1.1 Balance and movement of intangible assets and tangible fixed assets

Table 17: Balance and movement of intangible assets and tangible fixed assets

	Naziv	Nabavna vrednost 1. 1. 2020	Popravek vrednost 1. 1. 2020	Povečanje nabavne vrednosti	Povečanje popravka vrednosti	Zmanjšanje nabavne vrednosti	Zmanjšanje popravka vrednosti	Amortizacija	Neodpisana vrednost na dan 31.12.2020	Prevrednotenje zaradi okrepitve	Prevrednotenje zaradi oslabilve
1	2	3	4	5	6	7	8	9	10 (3-4+5-6-7+8-9)	11	12
I.	Neopredmetena sred. in opredmetena OS v upravljanju	0	0	0	0	0	0	0	0	0	0
II.	Neopredmetena sred. in opredmetena OS v lasti	1.167.219	757.396	28.153	0	23.239	22.949	54.624	383.062	0	0
A.	Dolgoročno odloženi stroški	0	0	0	0	0	0	0	0	0	0
B.	Dolgoročne premoženjske pravice	315.823	230.479	17.029	0	1.772	1.772	14.143	88.230	0	0
C.	Druga neopredmetena sredstva	0	0	0	0	0	0	0	0	0	0
D.	Zemljišča	0	0	0	0	0	0	0	0	0	0
E.	Zgradbe	508.720	257.956	0	0	0	0	15.262	235.502	0	0
F.	Oprema	342.677	268.961	11.124	0	21.467	21.177	25.219	59.330	0	0
G.	Druga opredmetena osnovna sredstva	0	0	0	0	0	0	0	0	0	0
III.	Neopredm.sred. in opredmetena OS v finančnem najemu	0	0	0	0	0	0	0	0	0	0

7.1.2 Balance and changes in long-term investments and loans

Table 18: Balance and changes in long-term investments and loans

	Vrsta naložbe oz. posojil	Znesek naložb in danih posojil na dan 1. 1. 2020	Znesek popravkov naložb in posojil na dan 1. 1. 2020	Znesek povečanja naložb in danih posojil	Znesek povečanja popravkov naložb in danih posojil	Znesek zmanjšanja naložb in danih posojil	Znesek zmanjšanja popravkov naložb in danih posojil	Znesek naložb in danih posojil na dan 31.12.2020	Znesek popravkov naložb in danih posojil na dan 31.12.2020	Knjigovodska vrednost naložb in danih posojil na dan 31.12.2020	Znesek odpisanih naložb in danih posojil
1	2	3	4	5	6	7	8	9 (3+5-7)	10 (4+6-8)	11 (9-10)	12
I.	Dolgoročne finančne naložbe	957.498	0	0	0	19.183	0	938.315	0	938.315	0
A.	Naložbe v delnice	0	0	0	0	0	0	0	0	0	0
B.	Naložbe v deleže	957.498	0	0	0	19.183	0	938.315	0	938.315	0
1.	Naložbe v deleže v javna podjetja	937.498	0	0	0	19.183	0	918.315	0	918.315	0
2.	Naložbe v deleže v finančne institucije	0	0	0	0	0	0	0	0	0	0
3.	Naložbe v deleže v privatna podjetja	20.000	0	0	0	0	0	20.000	0	20.000	0
4.	Naložbe v deleže državnih družb, ki imajo obliko d. d.	0	0	0	0	0	0	0	0	0	0
5.	Naložbe v deleže državnih družb, ki imajo obliko d. o. o.	0	0	0	0	0	0	0	0	0	0
6.	Naložbe v deleže v tujini	0	0	0	0	0	0	0	0	0	0
C.	Naložbe v plemenite kovine, drage kamne, umetniška dela in podobno	0	0	0	0	0	0	0	0	0	0
D.	Druge dolgoročne kapitalske naložbe	0	0	0	0	0	0	0	0	0	0
II.	Dolgoročno dana posojila in depoziti	138.946.082	0	42.689.017	0	40.410.268	0	141.224.830	0	141.224.830	61.067
A.	Dolgoročno dana posojila	84.176.668	0	25.820.630	0	16.846.074	0	93.151.224	0	93.151.224	0
3.	Dolgoročno dana posojila javnim pod.	2.377.656	0	582.893	0	850.385	0	2.110.163	0	2.110.163	0
5.	Dolgoročno dana posojila privatnim pod.	45.515.024	0	22.503.196	0	10.391.245	0	57.626.975	0	57.626.975	61.067
6.	Dolg. dana posojila drugim ravnam držav	36.283.989	0	2.734.540	0	5.604.444	0	33.414.086	0	33.414.086	0
B.	Dolg. dana posojila z odkupom v red.pap	4.749.004	0	997.450	0	0	0	5.746.454	0	5.746.454	0
1.	Domačih vrednostnih papirjev	4.749.004	0	997.450	0	0	0	5.746.454	0	5.746.454	0
2.	Tujih vrednostnih papirjev	0	0	0	0	0	0	0	0	0	0
C.	Dolgoročno dani depoziti	29.174.217	0	10.266.000	0	21.038.501	0	18.401.715	0	18.401.715	0
1.	Dolg. dani depoziti poslovnim bankam	27.016.000	0	10.266.000	0	20.766.000	0	16.516.000	0	16.516.000	0
2.	Drugi dolgoročno dani depoziti	2.158.217	0	0	0	272.501	0	1.885.715	0	1.885.715	0
D.	Druga dolgoročno dana posojila	20.846.194	0	5.604.937	0	2.525.693	0	23.925.438	0	23.925.438	0
E.	SKUPAJ	139.903,58	0	42.689.017	0	40.429.452	0	142.163.145	0	142.163.145	61.067

7.2 REVENUE AND EXPENDITURE ACCOUNT

Table 19: Income statement as at 31 December 2020 (in EUR)

ČLENITEV KONTOV	NAZIV KONTA	Pojasnilna točka	REALIZACIJA 2020	REALIZACIJA 2019	FINANČNI NAČRT 2020	Indeks REAL. 2020 /NAČRT 2020	Indeks REAL. 2020 REAL. 2019
1.	2.	3.	4.	5.	6.	7.(4/6)	8.(4/5)
I. SKUPAJ PRIHODKI			1.473.392,98	1.281.231,82	1.565.157,00	94,14	115,00
TEKOČI PRIHODKI			1.357.221,74	1.023.641,81	1.222.138,00	111,05	132,59
70 DAVČNI PRIHODKI			0,00	0,00	0,00	0,00	0,00
71 NEDAVČNI PRIHODKI			1.357.221,74	1.023.641,81	1.222.138,00	111,05	132,59
710	UDELEŽBA NA DOBIČKU IN DOHODKI OD PREMOŽENJA		1.217.627,10	890.631,38	1.100.000,00	110,69	136,72
7100	Prihodki od udeležbe na dobičku, dividend ter presežkov prihod. nad odh.				0,00	0,00	0,00
7102	Prihodki od obresti		1.217.627,10	890.631,38	1.100.000,00	110,69	136,72
7103	Prihodki od premoženja		0,00	0,00	0,00	0,00	0,00
711	UPRAVNE TAKSE IN PRISTOJBINE		0,00	0,00	0,00	0,00	0,00
712	GLOBE IN DRUGE DENARNE KAZNI		0,00	0,00	0,00	0,00	0,00
713	PRIHODKI OD PRODAJE BLAGA IN STORITEV		125.792,95	115.908,37	105.000,00	119,80	108,53
714	DRUGI NEDAVČNI PRIHODKI		13.801,69	17.102,06	17.138,00	80,53	80,70
7140	Drugi prostovoljni prispevki za socialno varnost		0,00	0,00	0,00	0,00	0,00
7141	Drugi nedavčni prihodki		13.801,69	17.102,06	17.138,00	80,53	80,70
72	KAPITALSKI PRIHODKI		0,00	3.900,00	0,00	0,00	0,00
720	PRIHODKI OD PRODAJE OSNOVNIH SREDSTEV		0,00	3.900,00	0,00	0,00	0,00
7200	Prihodki od prodaje zgradb in prostorov		0,00	0,00	0,00	0,00	0,00
7201	Prihodki od prodaje prev. oznih sredstev		0,00	3.900,00	0,00	0,00	0,00
7202	Prihodki od prodaje opreme		0,00	0,00	0,00	0,00	0,00
7203	Prihodki od prodaje drugih osnovnih sredstev		0,00	0,00	0,00	0,00	0,00
721	PRIHODKI OD PRODAJE ZALOG		0,00	0,00	0,00	0,00	0,00
722	NEOPREDMETENIH SREDSTEV		0,00	0,00	0,00	0,00	0,00
73	PREJETE DONACIJE		0,00	18.808,21	0,00	0,00	0,00
731	PREJETE DONACIJE IZ TUJINE		0,00	18.808,21	0,00	100,15	0,00
74	TRANSFERNI PRIHODKI		43.189,26	163.492,26	273.116,00	15,81	26,42
740	TRANSFERNI PRIHODKI IZ DRUGIH JAVNOFINANČNIH INSTITUCIJ		43.189,26	163.492,26	273.116,00	15,81	26,42
7400	Prejeta sredstva iz državnega proračuna		43.189,26	163.492,26	273.116,00	15,81	26,42
741	SREDSTEV PRORAČUNA EVROPSKE UNIJE IN IZ		0,00	0,00	0,00	0,00	0,00
78	PREJETA SREDSTVA IZ EVROPSKE UNIJE IN IZ DRUGIH DRŽAV		72.981,98	71.389,54	69.903,00	104,40	102,23
782	STRUKTURNIH SKLADOV		72.981,98	71.389,54	69.903,00	104,40	102,23
7821	Prejeta sredstva iz proračuna EU iz Evropskega sklada za regionalni razvoj		0,00	71.389,54	69.903,00	0,00	0,00
II. SKUPAJ ODHODKI			1.385.175,36	1.138.598,53	1.288.041,00	107,54	121,66
40 TEKOČI ODHODKI			1.351.340,76	1.023.632,85	1.160.380,00	116,46	132,01
400	PLAČE IN DRUGI IZDATKI ZAPOSLENIM		714.625,65	676.125,75	731.747,00	97,66	105,69
4000	Plače in dodatki		651.489,49	622.275,96	663.706,00	98,16	104,69
4001	Regres za letni dopust		21.476,58	19.505,86	22.025,00	97,51	110,10
4002	Povračila in nadomestila		33.286,51	33.766,42	39.120,00	85,09	98,58
4003	Sredstva za delovno uspešnost		3.850,73	0,00	4.079,00	94,40	0,00
4004	Sredstva za nadurno delo		2.198,30	0,00	500,00	439,66	0,00
4005	Plače za delo nerezidentov po pogodbi		0,00	0,00	0,00	0,00	0,00
4009	Drugi izdatki zaposlenim		2.324,04	577,51	2.317,00	100,30	402,42
401	PRISPEVKI DELODAJALCEV ZA SOCIALNO VARNOST		113.097,13	108.910,93	117.032,00	96,64	103,84
4010	Prispevek za pokojninsko in invalidsko zavarovanje		56.074,25	55.165,18	59.134,00	94,83	101,65
4011	Prispevek za zdravstveno zavarovanje		46.666,68	44.194,47	47.374,00	98,51	105,59
4012	Prispevek za zaposlovanje		745,60	646,82	750,00	99,41	115,27
4013	Prispevek za starševsko varstvo		658,28	623,50	668,00	98,54	105,58
4015	Premije kolektivnega dodatnega pokojninskega zavarovanja na podlagi ZKD		8.952,32	8.280,96	9.106,00	98,31	108,11

ČLENITEV KONTOV	NAZIV KONTA	Pojasnilna točka	REALIZACIJA 2020	REALIZACIJA 2019	FINANČNI NAČRT 2020	Indeks REAL. 2020 /NAČRT 2020	Indeks REAL. 2020 REAL. 2019
1.	2.	3.	4.	5.	6.	7.(4/6)	8.(4/5)
402	IZDATKI ZA BLAGO IN STORITVE		240.252,03	235.171,38	306.308,00	78,43	102,16
4020	Pisarniški in splošni material in storitve		89.699,12	68.861,19	91.218,00	98,33	130,26
4021	Posebni material in storitve		3.799,37	756,12	2.220,00	171,14	502,48
4022	Energija, voda, komunalne storitve in komunikacije		31.810,15	30.329,29	31.260,00	101,76	104,88
4023	Prevozni stroški in storitve		6.251,04	12.969,30	12.100,00	51,66	48,20
4024	Izdatki za službena potovanja		335,47	6.848,95	14.000,00	2,40	4,90
4025	Tekoče v zadrževanje		23.365,19	18.300,83	27.971,00	83,53	127,67
4026	Poslovne najemnine in zakupnine		14.025,16	5.646,66	23.659,00	59,28	248,38
4027	Kazni in odškodnine		0,00	0,00	0,00	0,00	0,00
4028	Davek na izplačane plače		0,00	0,00	0,00	0,00	0,00
4029	Drugi operativni odhodki		70.966,53	91.459,04	103.880,00	68,32	77,59
403	PLAČILA DOMAČIH OBRESTI		0,00	0,00	0,00	0,00	0,00
404	PLAČILA TUJIH OBRESTI		3.165,90	3.424,79	5.293,00	59,81	92,44
4040	institucijam		0,00	0,00	0,00	0,00	0,00
4041	Plačila obresti od kreditov - tujim vladam		0,00	0,00	0,00	0,00	0,00
4042	finančnim institucijam		3.165,90	3.424,79	5.293,00	59,81	92,44
4043	Plačila obresti od kreditov - drugim tujim kreditodajalcem		0,00	0,00	0,00	0,00	0,00
4044	Plačila obresti od vrednostnih papirjev, izdanih na tujih trgih		0,00	0,00	0,00	0,00	0,00
405	Prenos proračnu pripadajočega dela rezultata poslovanja sistema EZR preteklega leta		0,00	0,00	0,00	0,00	0,00
409	REZERVE		280.200,05	0,00	0,00	0,00	0,00
4090	Splošna proračunska rezervacija		0,00	0,00	0,00	0,00	0,00
4091	Proračunska rezerva		0,00	0,00	0,00	0,00	0,00
4092	Druge rezerve		0,00	0,00	0,00	0,00	0,00
4093	Sredstva za posebne namene		0,00	0,00	0,00	0,00	0,00
4098	Rezervacije za kreditna tveganja v javnih skladih		280.200,05	0,00	0,00	0,00	0,00
41	TEKOČI TRANSFERI		0,00	9.614,85	0,00	0,00	0,00
410	SUBVENCIJE		0,00	0,00	0,00	0,00	0,00
411	TRANSFERI POSAMEZNIKOM IN GOSPODINJSTVOM		0,00	0,00	0,00	0,00	0,00
412	USTANOVAM		0,00	0,00	0,00	0,00	0,00
413	DRUGI TEKOČI DOMAČI TRANSFERI		0,00	9.614,85	0,00	0,00	0,00
4133	Tekoči transferi v javne zavode		0,00	2.715,46	0,00	0,00	0,00
4135	Tekoča plačila drugim izvajalcem javnih služb, ki niso posredni proračunski u		0,00	6.899,39	0,00	0,00	0,00
414	TEKOČI TRANSFERI V TUJINO		0,00	0,00	0,00	0,00	0,00
42	INVESTICIJSKI ODHODKI		32.073,59	75.785,06	125.900,00	25,48	42,32
420	NAKUP IN GRADNJA OSNOVNIH SREDSTEV		32.073,59	75.785,06	125.900,00	25,48	42,32
4200	Nakup zgradb in prostorov		0,00	0,00	0,00	0,00	0,00
4201	Nakup prevoznih sredstev		0,00	21.000,00	0,00	0,00	0,00
4202	Nakup opreme		11.124,33	15.525,87	20.000,00	55,62	71,65
4203	Nakup drugih osnovnih sredstev		0,00	0,00	0,00	0,00	0,00
4204	Novogradnje, rekonstrukcije in adaptacije		0,00	0,00	0,00	0,00	0,00
4205	Investicijsko vzdrževanje in obnove		4.286,50	1.319,43	1.500,00	285,77	324,88
4206	Nakup zemljišč in naravnih bogastev		0,00	0,00	0,00	0,00	0,00
4207	Nakup nematerialnega premoženja		16.662,76	37.939,76	104.400,00	15,96	43,92
43	INVESTICIJSKI TRANSFERI		1.761,01	29.565,77	1.761,00	100,00	5,96
	INV. TRANSFERI PRAVNIM IN FIZIČ. OS., KI NISO						
431	PRORAČUNSKI UPORAB.		1.761,01	29.565,77	1.761,00	100,00	5,96
4313	Investicijski transferi privatnim podjetjem		1.761,01	29.565,77	1.761,00	100,00	5,96
450	PLAČILA SREDSTEV V PRORAČUN EVROPSKE UNIJE		0,00	0,00	0,00	0,00	0,00
III/1 PRESEŽEK PRIHODKOV NAD ODHODKI			88.217,62	142.633,29	277.116,00	31,83	61,85
III/2 PRESEŽEK ODHODKOV NAD PRIHODKI			0,00	0,00	0,00	0,00	0,00
	Povprečno število zaposlenih na podlagi delovnih ur v obračunskem obdobju (celo število)		22	19	22	100,00	115,79
	Število mesecev poslovanja		12	12	12	100,00	100,00

7.3 ACCOUNT OF FINANCIAL RECEIVABLES AND INVESTMENTS

Table 20: Account of financial receivables and investments as at 31 December 2020 (in EUR)

ČLENITEV KONTOV	NAZIV KONTA	REALIZACIJA 2020	REALIZACIJA 2019	FINANČNI NAČRT 2020	Indeks REAL. 2020 /NAČRT 2020	Indeks REAL. 2020 REAL. 2019
1.	2.	4.	5.	6.	7.(4/6)	8.(4/5)
IV. PREJETA VRAČILA DANIH POSOJIL IN PRODAJA 75 KAPITALSKIH DELEŽEV		15.927.337,44	17.960.841,19	15.106.418,00	105,43	88,68
750	PREJETA VRAČILA DANIH POSOJIL	15.927.337,44	17.960.841,19	14.623.418,00	108,92	88,68
7500	Prejeta vračila danih posojil od posamez. in zasebnikov	4.152.080,67	4.580.640,64	2.926.959,00	141,86	90,64
7501	Prejeta vračila danih posojil od javnih skladov	0,00	0,00	0,00	0,00	0,00
7502	Prejeta vračila danih posojil od javnih podjetij in družb, ki so v lasti države ali občin	1.276.452,66	1.083.472,57	1.180.000,00	108,17	117,81
7503	Prejeta vračila danih posojil od finančnih institucij	272.501,48	97.233,75	223.418,00	121,97	280,25
7504	Prejeta vračila danih posojil od privatnih podjetij	5.052.689,41	5.825.882,45	4.946.945,00	102,14	86,73
7505	Prejeta vračila danih posojil od občin	5.173.613,22	6.373.611,78	5.346.096,00	96,77	81,17
751	PRODAJA KAPITALSKIH DELEŽEV	0,00	0,00	483.000,00	0,00	0,00
7510	Sredstva, pridobljena s prodajo kapitalskih deležev v javnih podjetjih in družbah, ki so v lasti države ali občin	0,00	0,00	483.000,00	0,00	0,00
752	KUPNINE IZ NASLOVA PRIVATIZACIJE	0,00	0,00	0,00	0,00	0,00
753	PREJETA VRAČILA DANIH POSOJIL SUBJEKTOM, VKLJUČENIM V ENOTNO UPRAVLJANJE SREDSTEV SISTEMA EZR	0,00	0,00	0,00	0,00	0,00
44 V. DANA POSOJILA IN POVEČANJE KAPITALSKIH DELEŽEV		24.169.963,01	19.362.965,43	40.000.000,00	60,42	124,83
440	DANA POSOJILA	24.169.963,01	19.362.965,43	40.000.000,00	60,42	124,83
4400	Dana posojila posameznikom in zasebnikom	12.884.742,78	10.004.755,09	11.000.000,00	117,13	128,79
4401	Dana posojila javnim skladom	0,00	0,00	0,00	0,00	0,00
4402	Dana posojila javnim podjetjem in družbam, ki so v lasti države ali občin	841.115,00	1.491.076,00	3.000.000,00	28,04	56,41
4403	Dana posojila finančnim institucijam	0,00	0,00	0,00	0,00	0,00
4404	Dana posojila privatnim podjetjem	7.967.786,79	2.916.771,60	18.297.445,00	43,55	273,17
4405	Dana posojila občinam	2.476.318,44	4.950.362,74	7.702.555,00	32,15	50,02
441	POVEČANJE KAPITALSKIH DELEŽEV IN NALOŽB	0,00	0,00	0,00	0,00	0,00
4410	Povečanje kapitalskih deležev v javnih podjetjih in družbah, ki so v lasti države ali občin	0,00	0,00	0,00	0,00	0,00
4411	Povečanje kapitalskih deležev v finančnih institucijah	0,00	0,00	0,00	0,00	0,00
4412	Povečanje kapitalskih deležev v privatnih podjetjih	0,00	0,00	0,00	0,00	0,00
4413	Skupna vlaganja (joint ventures)	0,00	0,00	0,00	0,00	0,00
4414	Povečanje kapitalskih deležev v tujino	0,00	0,00	0,00	0,00	0,00
4415	Povečanje drugih finančnih naložb	0,00	0,00	0,00	0,00	0,00
442	PORABA SREDSTEV KUPNIN IZ NASLOVA PRIVATIZACIJE, SKLADIH IN DRUGIH PRAVNIH OSEBAH JAVNEGA	0,00	0,00	0,00	0,00	0,00
443	PRAVA, KI IMAJO PREMOŽENJE V SVOJI LASTI	0,00	0,00	0,00	0,00	0,00
444	DANA POSOJILA SUBJEKTOM VKLJUČENIM V ENOTNO UPRAVLJANJE SREDSTEV SISTEMA EZR	0,00	0,00	0,00	0,00	0,00
VI/1 PREJETA MINUS DANA POSOJILA IN SPREMENBA KAPITALSKIH DELEŽEV		0,00	0,00	0,00	0,00	0,00
VI/2 DANA MINUS PREJETA POSOJILA IN SPREMENBA KAPITALSKIH DELEŽEV		8.242.625,57	1.402.124,24	24.893.582,00	33,11	587,87

7.4 FINANCING ACCOUNT STATEMENT

Table 21: Financing account statement as at 31 December 2020 (in EUR)

ČLENITEV KONTOV	NAZIV KONTA	Pojasnilna točka	REALIZACIJA 2020	REALIZACIJA 2019	FINANČNI NAČRT 2020	Indeks REAL. 2020 /NAČRT 2020	Indeks REAL. 2020 REAL. 2019
1.	2.	3.	4.	5.	6.	7.(4/6)	8.(4/5)
50 VII. ZADOLŽEVANJE			0,00	0,00	0,00	0,00	0,00
500	DOMAČE ZADOLŽEVANJE		0,00	0,00	0,00	0,00	0,00
5000	Najeti krediti pri Banki Slovenije		0,00	0,00	0,00	0,00	0,00
5001	Najeti krediti pri poslovnih bankah		0,00	0,00	0,00	0,00	0,00
5002	Najeti krediti pri drugih finančnih institucijah		0,00	0,00	0,00	0,00	0,00
5003	Najeti krediti pri drugih domač. kreditodajalcih		0,00	0,00	0,00	0,00	0,00
5004	Sredstva, pridobljena z izdajo vrednostnih papirjev na domačem trgu		0,00	0,00	0,00	0,00	0,00
501	ZADOLŽEVANJE V TUJINI		0,00	0,00	0,00	0,00	0,00
5010	Najeti krediti pri mednar. finančnih institucijah		0,00	0,00	0,00	0,00	0,00
5011	Najeti krediti pri tujih vladah		0,00	0,00	0,00	0,00	0,00
5012	institucijah		0,00	0,00	0,00	0,00	0,00
5013	Najeti krediti pri drugih tujih kreditodajalcih		0,00	0,00	0,00	0,00	0,00
5014	Sredstva, pridobljena z izdajo vrednostnih papirjev		0,00	0,00	0,00	0,00	0,00
55 VIII. ODPLAČILA DOLGA			3.177.236,66	3.177.236,62	3.177.237,00	100,00	100,00
550	ODPLAČILA DOMAČEGA DOLGA		0,00	0,00	0,00	0,00	0,00
5500	Odplačila kreditov Banki Slovenije		0,00	0,00	0,00	0,00	0,00
5501	Odplačila kreditov poslovnim bankam		0,00	0,00	0,00	0,00	0,00
5502	Odplačila kreditov drugim finančnim institucijam		0,00	0,00	0,00	0,00	0,00
5503	Odplačila kreditov drugim domačim kreditodajalcem		0,00	0,00	0,00	0,00	0,00
5504	Odplačila glavnice vrednostnih papirjev, izdanih na domačem trgu		0,00	0,00	0,00	0,00	0,00
551	ODPLAČILO DOLGA V TUJINO		3.177.236,66	3.177.236,62	3.177.237,00	100,00	100,00
5510	Odplačila dolga mednarodnim finančnim institucijam		0,00	0,00	0,00	0,00	0,00
5511	Odplačila dolga tujim vladam		0,00	0,00	0,00	0,00	0,00
5512	Odplačila dolga tujim poslovnim bankam in finančnim institucijam		3.177.236,66	3.177.236,62	3.177.237,00	100,00	100,00
5513	Odplačila dolga drugim tujim kreditodajalcem		0,00	0,00	0,00	0,00	0,00
5514	Odplačila glavnice vrednostnih papirjev, izdanih na tujih trgih		0,00	0,00	0,00	0,00	0,00
IX/1 NETO ZADOLŽEVANJE			0,00	0,00	0,00	0,00	0,00
IX/2 NETO ODPLAČILO DOLGA			3.177.236,66	3.177.236,62	3.177.237,00	100,00	100,00
X/1 POVEČANJE SREDSTEV NA RAČUNIH			0,00	0,00	0,00	0,00	0,00
X/2 ZMANJŠANJE SREDSTEV NA RAČUNIH			11.331.644,61	4.436.727,57	27.793.703,00	40,77	255,41

8 NOTES TO THE FINANCIAL STATEMENTS

8.1 BALANCE SHEET

The balance sheet shows the balance of assets and liabilities. According to maturity, assets are divided into long-term assets that are used for more than one year and short-term assets that are used within one year. Among short-term assets, the Fund discloses assets in the Fund's sub-accounts, trade receivables, users of the single account plan (hereinafter referred to as: the "SAP"), short-term financial investments, financing receivables, other short-term receivables, unpaid expenses and accruals and deferred income. In addition, we also distinguish between short-term and long-term resources of funds. Long-term resources have a maturity of more than one year. These resources can be own or foreign. The Fund discloses its own resources in the form of a special-purpose fund and a reserve fund, as well as foreign sources for borrowings from the European Investment Bank and funds received from the state budget intended for the implementation of favourable development loans in problem areas. Short-term resources include liabilities to employees, to suppliers, to the users of SAP, to financiers, in terms of financing, and other operating liabilities and unpaid revenues.

8.1.1 Long-term assets

Long-term assets which amounted to EUR 111,947,715.00 on 31 December 2020 contained

- intangible assets, real estate and equipment,
- long-term financial investments,
- long-term loans granted, deposits and investments in securities.

8.1.1.1 Intangible assets and tangible fixed assets

As Table 22 shows, the value of intangible assets, real estate and equipment amounted to EUR 383,062.33

- Intangible assets in the amount of EUR 88,229.73 show the value of computer software and the rights from the corporate identity and image of the Fund. The cost of intangible assets increased by EUR 17,028.76 in 2020, due to the upgrade of existing computer programs in the amount of EUR 7,527.40, the creation of a new corporate identity and image of the Fund in the amount of EUR 3,663.66, and the creation of a new website in the amount of EUR 5,837.70 EUR. Due to the calculated depreciation, their value decreased by EUR 14,142.63 in 2020.
- Real estate in the amount of EUR 235,502.46 represents the Fund's business premises. Due to the calculated depreciation, their value decreased by EUR 15,261.59 in 2020.
- Equipment value: EUR 59,330.14. The purchase value of equipment and other tangible fixed assets increased by EUR 11,124.33 in 2020 due to new purchases, namely due to the purchase of computer equipment in the amount of EUR 11,057.35 and of office furniture in the amount of EUR 66.98. Due to the calculated depreciation, their value decreased by EUR 25,219.48 in 2020.
- Due to destruction and wear and tear, some fixed assets were written off, the current value of which amounted to EUR 289.99.

Table 22: Movement of intangible assets, real estate and equipment in 2020 in EUR

Type	Balance 1 January 2020	Increase	Reduction	Depreciation	Balance 31 December 2020
Intangible assets	25,331.60	77,040.76	0.00	14,142.63	88,229.73
Intangible assets under construction	60,012.00	0.00	60,012.00	0.00	0.00
Business buildings	250,764.05	0.00	0.00	15,261.59	235,502.46
Equipment and other tangible fixed assets	73,715.28	11,124.33	289.99	25,219.48	59,330.14
Total	409,822.93	88,165.09	60,301.99	54,623.70	383,062.33

Intangible assets and tangible fixed assets are stated at cost. Depreciable assets are regularly written off individually, using the straight-line method in accordance with the Rules on the method and rates of depreciation of intangible



assets and tangible fixed assets (Official Gazette of the Republic of Slovenia, No. 45/05, 120/07, 112/09, 58/210, 103/13 and 100/15). Calculated depreciation amounted to EUR 54,623.70 in 2020.

Liabilities to the special purpose fund were decreased for the carrying amount of intangible assets, real estate, equipment and small inventory due to the calculated depreciation after the annual calculation and the write-off of the present value of fixed assets.

Fixed assets that are completely written off and are still used by the Fund are small inventory, office equipment, computer equipment and computer programs that do not have a significant impact on the operation of the Fund.

The value of intangible assets and tangible fixed assets in the amount of EUR 414,922.00 was planned for 2020. The Fund planned to purchase office and computer equipment in the amount of EUR 20,000.00, pay investment maintenance costs in the amount of EUR 1,500.00, upgrade existing computer programs for monitoring loans and documentary material, create a new website and prepare a new graphic image in the amount of EUR 104,400.00. In 2020, the computer programs were upgraded to a lesser extent than planned. In 2020, the entire purchase of computer and office equipment was not realized. The present value of assets as at 31 December 2020 amounts to EUR 383,062.33, which means that it is 7.68% lower than planned.

8.1.1.2 Long-term financial investments

As Table 23 shows, long-term financial investments amounted to EUR 938,315.00. In 2020, their value decreased by EUR 19,183.19.

Pursuant to Article 13 of the Rules on breaking down and measuring revenues and expenses of legal entities under public law, financial investments in subsidiaries and associates valued at cost must be valued as a percentage of the total capital of the subsidiary or associate on the basis of relevant documentation. Due to the operations of the company in 2019, the value of the financial investment in PIIC Murania d.o.o. decreased by EUR 19,183.19 in 2020. The reduction of the financial investment is also planned for 2020, but the company has not yet submitted its financial statements before the preparation of the Fund's annual report, so this will be reflected in 2021. As at 31 December 2020, the Fund did not receive a returned IOP form from the companies RRA Zeleni kras d.o.o. and RRA Koroška d.o.o., which is why no changes in value have been shown compared to the situation on 31 December 2019. In accordance with the Opinion of the Court of Auditors No. 330-7/2014/36, the Fund also did not revalue the acquired ownership shares (in BSC d.o.o., RCR d.o.o. and RRA Mura) from 2014 as at 31 December 2019, because these are investments acquired and booked at the estimated value and not at cost. There was no change in the value of the financial investment in RRA Celje, where the bankruptcy proceedings are underway, meaning that it will be necessary to reduce it after these proceedings are completed.

For 2020, the Fund planned the balance of long-term financial investments in the amount of EUR 333,234.00, i.e. for EUR 605,081.00 less than realized. The termination of the operations of PIIC Murania d.o.o. was planned but not realized because its real estate was not sold.

Table 23: Movement of long-term financial investments in 2020 in EUR

Investment	Balance 1 January 2020	Increase	Reduction	Balance 31 December 2020	Share in the company In %
BSC, poslovno podp. center, d.o.o.	43,000.00	0.00	0.00	43,000.00	28.45
PIIC Murania d.o.o.	624,264.84	0.00	19,183.19	605,081.65	100.00
Regionalni center za razvoj d.o.o.	20,000.00	0.00	0.00	20,000.00	11.61
RRA Celje d.o.o.	178,882.45	0.00	0.00	178,882.45	9.71
RRA Koroška d.o.o.	19,917.35	0.00	0.00	19,917.35	33.54
RRA Mura d.o.o.	1.00	0.00	0.00	1.00	39.00
RRA Zeleni kras d.o.o.	71,432.55	0.00	0.00	71,432.55	22.50
Total	957,498.19	0.00	19,183.19	938,315.00	

8.1.1.3 Long-term loans, deposits and investments in securities

The amount of long-term loans, deposits and investments in securities shown in the gross balance sheet amounts to EUR 141,224,830.18. In the balance sheet, loans and deposits are disclosed by maturity, so the corresponding part of long-term loans and deposits maturing in 2021 in the amount of EUR 30,598,492.51 is shown in the balance sheet (according to purpose) among short-term financial investments and short-term receivables to users of the single account plan. Overdue receivables from loans managed by the Fund itself, as well as disputed loans are already disclosed during the year among short-term financial investments and short-term receivables from users of the single account plan. Their balance as at 31 December 2020 amounts to EUR 5,761,310.11. The amount of long-term loans, investments in securities and deposits shown in the balance sheet therefore amounts to EUR 110,626,337.67.

In 2020, the Fund planned long-term loans and deposits amounting to EUR 123,198,131.00. In 2020, loans were planned to be drawn from the assets of the Fund in the amount of EUR 40,000,000.00; however, only the assets in the amount of EUR 24,169,963.01 were drawn, which affected the lower balance of long-term loans and higher available funds in applications given to the Ministry of Finance. The balance of long-term loans, deposits and investments in securities as at 31 December 2020 amounts to EUR 110,626,337.67, i.e. 10.20% lower than planned. The source for investing in long-term deposits and securities are the free earmarked assets of the Fund and the received funds from the state budget, intended for the implementation of favourable development loans in problem areas. Loans from the state budget are not shown in the account of financial receivables and investments, but are only shown in the balance sheet.

1. Long-term loans

The balance of long-term loans, excluding funds invested in guarantee schemes on the basis of loan agreements under the Fund's tenders, amounted to EUR 122,825,745.92 as at 31 December 2020, of which EUR 5,761,310.11 has already been shown in the gross balance sheet under current assets due to the manner of entry in the accounts. Current assets include cancelled contracts in which court proceedings have been initiated in the amount of EUR 5,411,045.68, and overdue liabilities from loans managed by the Fund itself in the amount of EUR 350,264.43. In 2020, the balance of long-term loans, excluding disputed loans, increased by EUR 11,935,414.90, which is the difference between repaid and remitted funds. The corresponding part of long-term loans, shown in the gross balance due in 2021 in the amount of EUR 18,319,652.42, is shown in the balance sheet among short-term financial investments and short-term receivables from users of the single account plan.

The Fund provides incentives to final recipients within the Fund's professional services. On the basis of contracts on the provision of financial services, a part of the loans is managed by Banka Intesa Sanpaolo d.d. and Deželna banka Slovenije d.d. Shares of individual banks cooperating with the Fund in the management of loan agreements as at 31 December 2020 are shown in Table 24.

Table 24: Review of the management of loan agreements by individual banks as at 31 December 2020			
Bank	in EUR	%	No. of loans
Deželna banka Slovenije d.d.	44,560.62	0.04	5
Banka Intesa Sanpaolo d.d.	12,631,615.65	10.28	69
Slovenian Regional Development Fund	104,738,523.97	85.27	862
Slovenian Regional Development Fund (terminated contracts)	5,411,045.68	4.41	46
Total (principal)	122,825,745.92	100.00	982

2. Long-term deposits

Long-term deposits of free cash assets amounting to EUR 16,516,000.00 as at 31 December 2020 contain financial assets of free earmarked assets invested in long-term deposits with commercial banks. The majority of long-term deposits, in the amount of EUR 11,816,000.00, falls due in 2021, which is why they are shown in the balance sheet under short-term financial investments. The balance of long-term deposits is shown in Table 25.

Table 25: Long-term deposits by individual bank as at 31 December 2020 in EUR		
Bank	Balance of deposits in EUR	Bank share in %
Addiko bank d.d.	4,666,000.00	28.25
Banka Sparkasse d.d.	3,800,000.00	23.01
Deželna banka Slovenije d.d.	3,400,000.00	20.59
Gorenjska banka d.d.	3,450,000.00	20.89
Sberbank d.d.	1,200,000.00	7.27
Total (principal)	16,516,000.00	100.00

Long-term earmarked deposits amounted to EUR 1,885,715.18 as at 31 December 2020 and are intended for the insurance of the guarantees granted by the Fund. The part of deposits in the amount of EUR 450,614.40 that falls due in 2021 is shown in the balance sheet under short-term financial investments. The balance of long-term earmarked deposits is shown in Table 26.

Table 26: Deposits intended to insure guarantees as at 31 December 2020			
Bank	No. of deposits	Balance of deposits in EUR	Bank share in %
Banka Intesa Sanpaolo d.d.	2	35,750.00	1.90
Banka Sparkasse d.d.	14	170,272.99	9.03
Delavska hranilnica d.d.	21	418,903.01	22.21
Lon d.d.	2	31,250.00	1.66
Nova KBM d.d.	29	538,375.07	28.55
Nova Ljubljanska banka d.d.	30	591,164.11	31.35
Primorska hranilnica d.d.	4	100,000.00	5.30
Total (principal)	102	1,885,715.18	100.00

3. Portfolio investments

Investments in long-term securities amounted to EUR 5,746,453.50 as at 31 December 2020, and included only investments in bonds of the Republic of Slovenia. Shares according to individual bonds are shown in Table 40.

4. Regional guarantee schemes

Based on the decision of the Government of the Republic of Slovenia No. 477600-12/2011-4 of 28 July 2011, the Fund took over receivables from long-term deposits of the Republic of Slovenia in regional guarantee schemes with regional development agencies in the total amount of EUR 2,476,596.46. At the end of 2013, all liabilities under the assumed guarantee schemes were due. Given that the providers of guarantee schemes had funds that they were obliged to return to the Fund in different ways, the Fund initiated individual hearings in 2014 and concluded agreements with some beneficiaries on the subsequent return of funds. In 2020, funds in the amount of EUR 3,468.00 were returned to the Fund. Until 31 December 2020, the Fund has not yet received the returned funds on the basis of an agreement with Ekonomski inštitut Maribor, d.o.o. in the amount of EUR 12,225.69. Due to the maturity of the payment, the assets are disclosed in the balance sheet under short-term financial investments.

8.1.2 Short-term assets

As at 31 December 2020, short-term assets amounted to EUR 78,896,230.79 and were composed of

- Cash on accounts in the amount of EUR 4,238,057.74, which contain only the balance of cash on the Fund's sub-accounts.
- Trade receivables in the amount of EUR 35,502.42, which include receivables for loan management and guarantees given; for the part in the amount of EUR 26,553.22, court proceedings are currently underway.
- Advances and securities given in the amount of EUR 666.89.
- Short-term receivables from users of the single account plan in the amount of EUR 34,792,459.77, which contain

- short-term financial investments from applications submitted to the Ministry of Finance in the amount of EUR 27,525,000.00, and accrued interest on bonds of the Republic of Slovenia in the amount of EUR 80,534.10, of which EUR 6,300,000.00 from MEDT funds,
- overdue principal, loan management costs and accrued interest on loans in the amount of EUR 32,207.30,
- investments of the Fund as a Certifying Authority under the European Territorial Cooperation programs in the financial perspective 2007-2013 in the amount of EUR 1,763,000.00,
- overdue receivables in 2021 from loans in the amount of EUR 5,241,805.13 to users of the single account plan,
- receivables of the Fund from MEDT for reimbursement of paid costs of RGS for 2018 and 2019 in the amount of EUR 135,496.55,
- receivables of the Fund as a Certifying Authority to the Municipality of Lendava for unjustifiably paid funds in the amount of EUR 14,416.69. Receivables are credited in Group 17; in the balance sheet, they are disclosed in Group 14 due to the preparation of the asset balance sheet for receivables from the user of the single account plan and according to sectoral affiliation.
- Short-term financial investments in the amount of EUR 31,101,651.17, which include
 - receivables from disputed loans in the amount of EUR 5,411,045.68, which include receivables reported in compulsory settlement proceedings, bankruptcy proceedings and enforcement proceedings,
 - the principal of loans matured in 2021, and the repayment of earmarked deposits in the RGS in the amount of EUR 13,874,605.49,
 - receivables from long-term deposits maturing in 2021 in the amount of EUR 11,816,000.00.
- Short-term receivables from financing in the amount of EUR 1,417,475.02, which include:
 - short-term receivables from accrued interest as at 31 December 2020 in the amount of EUR 613,226.29,
 - receivables from redeemed guarantees for principal in the amount of EUR 781,325.73,
 - receivables for the return of unduly paid grants in the amount of EUR 22,923.00.
- Other short-term receivables in the amount of EUR 7,221,751.32, which mainly include receivables from the Fund as a Certifying Authority under all three European territorial cooperation programs, namely:
 - receivables from the EC for reimbursement of funds paid to lead partners by 31 December 2020 in the amount of EUR 7,013,845.51,
 - receivables from leading partners for unduly paid funds in the amount of EUR 605.43, for which netting will be carried out in 2021,
 - receivables for reimbursement of paid salaries to the Health Insurance Institute in the amount of EUR 163.35,
 - receivables from FURS in the amount of EUR 404.71 for paid advance payments of corporate income tax for 2020,
 - receivables for unduly paid grants on the basis of a contract concluded with the relevant ministry on the implementation of Lot A of the project "Measures in border problem areas in combination with the measure of regional guarantee schemes throughout the country" for the period 2011-2012 in the amount of EUR 206,732.32.
- Unpaid expenses in the amount of EUR 88,666.46.

For 2020, the Fund planned receivables from users of the single account plan in the amount of EUR 22,243,999.00 and receivables from short-term financial investments in the amount of EUR 31,801,821.00. The drawing of granted loans in the amount of EUR 40,000,000.00 was planned; however, loans were only drawn from the Fund in the amount of EUR 24,169,963.01 in 2020. In 2020, loans from MEDT funds received in previous years were not fully disbursed, nor were funds intended for the implementation of liquidity loans used in order to eliminate the consequences of the COVID-19 epidemic fully disbursed and drawn. In particular, lower drawing of loans resulted in an increase in short-term receivables from users of the single account plan. In 2020, the Fund obtained earmarked recapitalization funds from the State budget in the amount of EUR 14,056,000.00 for the implementation of liquidity loans in problem and border problem areas. Free funds from this title are placed in applications submitted to the Ministry of Finance, while a part of them is also placed in the sub-account of the Fund. Short-term receivables from users of the single account plan are therefore 56.41% higher than planned and amount to EUR 34,792,459.77, while short-term financial investments amount to EUR 31,101,651.17 and are 2.20% lower than planned.

The source for investing in short-term receivables from users of the single account plan and short-term financial investments is the Fund's free earmarked assets, received state budget funds for the implementation of favourable development loans, and funds for the implementation of cross-border operational programs Slovenia-Austria,





Slovenia-Hungary and Slovenia-Croatia which are disclosed by the Fund separately from its other (earmarked) assets.

At the meetings of the Trust and Debt Committee, the Fund discussed overdue unpaid receivables and conducted procedures for their recovery in accordance with the GTC and the Rules on the Recovery of Overdue Unpaid Receivables. Outstanding receivables due, which are explained in detail in Section 2.6.3, are presented in groups of

- receivables from disputed loans, which were formed in the initiated proceedings of compulsory settlements, bankruptcy and other court proceedings against the recipients of loans, in the amount of EUR 4,598,299.59,
- short-term interest and commission receivables from disputed loans and guarantees in the amount of EUR 559,374.62,
- receivables for cashed guarantee and repayment of the Fund's grants in the amount of EUR 804,248.73 (excluding accrued interest),
- receivables from borrowers in arrears in the amount of EUR 301,263.80.

8.1.3 Short-term liabilities

As at 31 December 2020, short-term liabilities amounted to EUR 16,478,840.95 and were composed of

- Liabilities to employees in the amount of EUR 54,110.19, which were settled in January 2021.
- Liabilities to suppliers in the amount of EUR 13,827.19, which were settled in accordance with the maturity, most of which are liabilities for payment of postal services in the amount of EUR 1,652.33, promotional costs in the amount of EUR 1,372.50, compensation for the provision of legal services in the amount of EUR 1,317.60 and maintenance costs for computer programs and equipment in the amount of EUR 1,868.09.
- Other short-term operating liabilities in the amount of EUR 4,409,430.82, which include:
 - liabilities for salary contributions and liabilities for supplementary pension insurance in the amount of EUR 8,891.02,
 - obligations of the Fund as a Certifying Authority under European cross-border cooperation programs Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia for received pre-financing funds in the amount of EUR 1,981,556.33,
 - liabilities to the Tax Administration of the Republic of Slovenia for the calculated tax on financial services in the amount of EUR 1,607.90,
 - liabilities of the Fund as a Certifying Authority for funds received under the territorial cooperation programs in the financial perspective 2014-2020 in the INTERREG V-A programs in the amount of EUR 2,407,397.53,
 - liability to pay the management contract for the month of December 2020 in the amount of EUR 4,287.64,
 - liability to pay severance pay to the former CEO due to concluded fixed-term employment contracts, from 1 January 2014 to 29 November 2020, in the amount of EUR 5,690.40.
- Liabilities to users of the single account plan in the amount of EUR 890,753.56, which include:
 - liabilities to suppliers in the amount of EUR 415.47, which were settled in 2021 in accordance with the maturity,
 - liabilities to the MEDT in the amount of EUR 890,338.09 for the reimbursement of unduly paid grants.
- Liabilities to financiers for payment of loan repayment instalments in the total amount of EUR 3,177,236.62 to the European Investment Bank which are due in 2021.
- Unpaid revenues in the amount of EUR 7,932,815.68, representing interest and other receivables, calculated up to 31 December 2020.
- Accrued costs and deferred revenue in the amount of EUR 666.89 for the advance paid.

The Fund settles its liabilities in accordance with the agreed maturities and has no overdue outstanding liabilities.

8.1.4 Equity and non-current liabilities

As at 31 December 2020, long-term liabilities amounted to EUR 174,365,104.84 and consisted of

- reserve fund,
- earmarked assets fund,
- long-term financial liabilities,
- other long-term liabilities.

8.1.4.1 Reserve fund

As is shown in Table 27, the reserve fund amounted to EUR 13,961,828.14 as at 31 December 2020, and includes provisions for credit risks and guarantee fund assets. In 2018, the Fund adopted the Rules for credit risk assessment, monitoring and management; on the basis of Article 13 of the said Rules, the Fund prepared instructions for the classification of financial assets and commitments, which defines the methodology for making provisions. Pursuant to these Rules, the financial sector calculated the required provisions as at 31 December 2020. In order to form provisions for credit risk, a collective classification of financial assets and liabilities was performed on the basis of assessment and evaluation of the clients' ability to meet obligations to the Fund at maturity, judging on the basis of individual client's financial position, assessment of its ability to meet obligations, types and the scope of securing receivables from individual clients, and meeting the client's obligations to the Fund in previous years. The calculated amount of provisions for credit risks amounted to EUR 11,817,666.17, i.e. EUR 280,200.05 more than the provisions that have already been formed. In 2020, the reserve fund decreased by EUR 61,067.24 due to the cancellation of liabilities to borrowers.

The Fund has formed a guarantee fund in the amount of EUR 2,144,161.97 for issued guarantees, which is appropriate given the engaged guarantee potential. Due to the realization of the given guarantees, the guarantee fund decreased by EUR 51,185.30 in 2020. The movement of the reserve fund in 2020 is shown in Table 27.

For information, the necessary provisions for credit risks were calculated on the basis of the Fund's methodology, which will be covered (in the event of losses) by the received recapitalization for liquidity loans or by the long-term liabilities of the Fund to the MEDT, in accordance with the contracts concluded by the MEDT.

Table 27: Movement of the reserve fund in 2020 in EUR

Formed reservations	Balance on 1 January 2020	Increase	Reduction	Balance on 31 December 2020
For credit risks	11,598,533.36	280,200.05	61,067.24	11,817,666.17
RGS Guarantee fund	2,195,347.27	2,000.00	53,185.30	2,144,161.97
Total	13,793,880.63	282,200.05	114,252.54	13,961,828.14

8.1.4.2 Earmarked assets fund

As is shown in Table 28, the earmarked assets fund amounted to EUR 116,225,453.84 as at 31 December 2020, and reflects the balance of this financial investment fund and for other purposes, namely

- the earmarked assets fund for financial investments, which increased by EUR 14,305,944.09 in 2020 due to the recapitalisations received from the State budget, and now amounts to EUR 113,601,565.84.
- the earmarked assets fund for cashed guarantees, in the amount of EUR 51,185.30, for guarantees paid in 2020.
- the earmarked assets fund for other purposes, which amounted to EUR 2,572,702.70 as at 31 December 2020, which represents an increase by EUR 42,582.94 from the situation as at 1 January 2020. Accrued depreciation in 2020 in the amount of EUR 54,623.70, write-off of the present value of fixed assets in the amount of EUR 289.99, adjustment and, therefore, a reduction in financial investments in the amount of EUR 19,183.19 affected the reduction of the earmarked assets fund for other purposes. The increase in the earmarked assets fund for other purposes was influenced by the purchase value of intangible assets and tangible fixed assets in 2020 in the amount of EUR 28,153.09, the accrued revaluation interest in the amount of EUR 309.11 and, especially, the surplus of revenues over expenses in the amount of EUR 88,217.62.

Table 28: Movement of the earmarked assets fund in 2020 in EUR

Account	Name	Balance 1 January 2020	Increase	Reduction	Balance 31 December 2020
	Payment of earmarked assets by the MEDT	70,750,865.37	249,944.09	0.00	71,000,809.46
	Increase of the earmarked assets fund	28,544,756.38	0.00	0.00	28,544,756.38

	Earmarked assets fund- liquidity assets	0.00	14,056,000.00	0.00	14,056,000.00
9401	Earmarked assets fund for financial investments	99,295,621.75	14,305,944.09	0.00	113,601,565.84
9402	Earmarked assets fund for mobilised guarantees	0.00	53,185.30	2,000.00	51,185.30
9403	Earmarked assets fund for other purposes	2,530,119.76	45,521,000.61	4,478,417.67	2,572,702.70
	Financial investment fund	473,140.72	40,502,747.37	40,521,621.45	454,266.64
	Fund for the account of financing	0.00	3,177,236.66	3,177,236.66	0.00
	Excess revenue over expenditure from 2018 and 2019	481,103.60	0.00	338,470.31	142,633.29
	Excess revenue over expenditure from 2020	0.00	1,473,392.98	1,385,175.36	88,217.62
	Earmarked assets fund - unallocated surplus of previous years	1,166,052.51	338,470.31		1,504,522.82
	Earmarked assets fund for intangible assets and tangible fixed assets	409,822.93	298,153.09	55,913.89	383,062.33
Earmarked assets fund		101,825,741.51	59,880,130.00	45,480,417.67	116,225,453.84

8.1.4.3 Long-term financial liabilities

As at 31 December 2020, long-term financial liabilities amounted to EUR 15,778,978.86. The Fund's indebtedness consists of borrowings from the European Investment Bank. The corresponding part of borrowings maturing in 2021 in the amount of EUR 3,177,236.62 is shown in the balance sheet among short-term liabilities to financiers, which is why the value of long-term financial investments in the balance sheet is shown in the amount of EUR 12,601,742.24.

8.1.4.4 Other long-term liabilities

In 2016, the Fund concluded an Agreement with the line ministry for problem areas 2016-2017, within which it received EUR 20,000,000.00 for the management of funds intended for the implementation of favourable development loans. In 2018, an additional contract was concluded for the period 2018-2019, with which additional funds in the amount of EUR 7,290,000.00 were received in 2019, and additional funds in the amount of EUR 4,280,000.00 were received in 2018. The balance of other long-term liabilities as at 31 December 2020 amounts to EUR 31,576,080.62. In 2020, the Fund disbursed loans in the amount of EUR 5,260,147.75. A part of the loans amounting to EUR 1,367,741.54 was paid in 2020. Until 31 December 2020, interest on loans granted and free cash in the amount of EUR 8,809.94 were calculated and paid in the amount of EUR 6,080.62. Funds that were not placed in loans represent free funds and are placed in applications submitted to the Ministry of Finance and in the sub-account of the Fund. Unpaid interest is disclosed under short-term financing receivables. Table 29 shows the types of investments in long-term liabilities as at 31 December 2020.

Table 29: Types of investments in long-term liabilities as at 31 December 2020 in EUR and in %		
Type of investment	Investment value in EUR	Share
Assets in the sub-account of the Fund	522,319.61	1.65
Assets in applications submitted to the Ministry of Finance	6,300,000.00	19.95
Assets in loans	24,756,490.33	78.40
Total (principal and interest)	31,578,809.94	100.00

8.1.4.5 Off-balance sheet records

In the off-balance sheet records, the Fund discloses any liabilities from issued guarantees, namely for issued guarantees from regional guarantee schemes in the amount of EUR 2,528,914.31, the balance of unpaid assets as

at 31 December 2020 for approved loans from the fund's assets in the amount of EUR 13,781,524.67, the balance of approved and unpaid assets from the assets of the MEDT in the amount of EUR 1,937,074.02 to be drawn in 2021 and the balance of small inventory shown in the off-balance sheet in the amount of EUR 7,110.66.

8.1.4.6 Post-balance sheet events

After the balance sheet which was prepared on 31 December 2020, no events have occurred at the Fund that would have a significant impact on balance sheet items.

8.2 REVENUE AND EXPENDITURE ACCOUNT

Recognition and disclosure of revenues and expenditure is performed in accordance with the Rules on the breakdown and measurement of income and expenses of legal entities under public law, based on which revenues and expenditure of other users are recognized on a cash flow basis, which means that revenues or expenditure are recognized when two conditions are met, namely the occurrence of a business event, the consequence of which is the disclosure of revenues or expenditure, and the receipt or payment of money or its equivalent.

Revenues or expenditure are also recognized in the case of settlement of a receivable or liability by offsetting. For the amount of received or given advances relating to revenues or expenditure, revenues or expenditure are recognized upon receipt or payment of funds. The cash flow principle is not taken into account for expenses on formed provisions for credit risks in public funds.

8.2.1 Revenues

Revenues are broken down into tax revenues, non-tax revenues, capital revenues, donations received, transfer revenues and assets received from the EU. The Fund generated non-tax revenues from its activities in 2020, namely from interest, revenues from the sale of goods and services, and other non-tax revenues. In performing the tasks of the Certifying Authority in 2020, the Fund also generated transfer revenues from the State budget and received funds from the EU budget, namely from the European Regional Development Fund.

As shown in Table 30, the Fund's revenues in 2020 amounted to EUR 1,473,392.98, and consisted of

- Property revenues, which include revenues from real and default interest paid on approved loans of the Fund, on deposits of temporarily free funds, and on interest on government securities. In 2020, interest revenues were realized in the amount of EUR 1,217,627.10, i.e. EUR 117,627.10 more than planned, while in 2019, interest revenues were realized in the amount of EUR 890,631.38.
- Revenues from the sale of goods and services, which include payments received from the paid costs of concluding contracts and costs for managing loans in the amount of EUR 125,792.95. Revenues were planned in the amount of EUR 105,000.00 and realized in the amount of EUR 125,792.95, i.e. 9.80% higher than planned. Revenues from the sale of goods and services in 2019 amounted to EUR 115,908.37.
- Other non-tax revenues in the amount of EUR 13,801.69, which include revenues from previous years, mainly from paid court costs, which were EUR 3,336.31 lower than planned. Other non-tax revenues in 2019 were realized in the amount of EUR 17,102.06.
- Transfer revenues from other public financial institutions, which contain inflows from the state budget for the reimbursement of costs incurred due to the performance of the tasks of the Certifying Authority in European territorial cooperation programs from technical assistance assets in the amount of EUR 43,189.26. Revenues were planned in the amount of EUR 273,116.00 in 2020; however, the percentage of their realisation in 2020 was 84.19% lower than planned because the Fund did not receive funds from the State budget in 2020 to reimburse the costs of implementing regional guarantee schemes, planned in the amount of EUR 135,496.55, and to reimburse the costs for the implementation of loans from MEDT funds in the amount of EUR 95,000.00.
- Assets received from the EU budget for structural policy, which include reimbursement of costs incurred in carrying out the tasks of the Certifying Authority in European cross-border cooperation programs from technical assistance funds. Assets in the amount of EUR 72,981.98 were transferred from the EC, which is 4.40% more than planned.

As it can be seen from Table 30, revenues were planned in the amount of EUR 1,565,157.00 and realized in the amount of EUR 1,473,392.98, i.e. 5.86% lower than planned. In 2019, revenues were realized in the amount of EUR 1,281,231.82, i.e. 15.00% less than in 2020.





Table 30: Types of revenues in 2020 in EUR

Subgroup of accounts	Name	Plan 2020	Realisation 2020	Index RE20/NA20	Realisation 2019	Index RE20/RE19
710	Income from assets	1,100,000.00	1,217,627.10	110.69	890,631.38	136.72
713	Revenue from sales of goods and services	105,000.00	125,792.95	119.80	115,908.37	108.53
714	Other non-tax revenues	17,138.00	13,801.69	80.53	17,102.06	80.70
720	Revenues from the sale of fixed assets	0.00	0.00	0.00	3,900.00	0.00
730	Donations received from abroad	0.00	0.00	0.00	18,808.21	0.00
740	Transfer revenues From other public finance institutions	273,116.00	43,189.26	15.81	163,492.26	26.42
782	Funds received from the EU structural policy budget	69,903.00	72,981.98	104.40	71,389.54	102.23
Total		1,565,157.00	1,473,392.98	94.14	1,281,231.82	115.00

8.2.2 Expenditure

Expenditure is broken down into current expenditure, current transfer expenditure, investment expenditure, investment transfer expenditure and payments to the EU budget. Current expenses are expenses that include payments incurred due to labour costs, material costs, interest payments, credit risk provisions and other expenses for goods and services. Current transfers show the amount of assets that the Fund transferred from its own assets to RGS providers to reimburse their costs. The Fund had no running costs in 2020. Investment expenses are payments intended for the acquisition of tangible fixed assets and intangible assets, as well as payments for investment maintenance and renovation of buildings and significant tangible fixed assets. Investment transfer expenses are transferred cash grants intended for the payment of investment expenses of recipients of funds.

As can be seen from Table 31, the Fund's expenses in 2020 amounted to EUR 1,385,175.36 and include current expenses, investment expenses and investment transfers.

Table 31: Types of expenditure in 2020 in EUR

Subgroups of accounts	Name	Plan 2020	Realisation 2020	Index RE20/NA20	Realisation 2019	Index RE20/RE19
400	Salaries and other employee costs	731,747.00	714,625.65	97.66	676,125.75	105.69
401	Employer contribution for social security	117,032.00	113,097.13	96.64	108,910.93	103.84
402	Expenses for goods and services	306,308.00	240,252.03	78.43	235,171.38	102.16
404	Interest payments abroad	5,293.00	3,165.90	59.81	3,424.79	92.44
409	Reserves	0.00	280,200.05	0.00	0.00	0.00
413	Other domestic current transfers	0.00	0.00	0.00	9,614.85	0.00
420	Purchase and construction of fixed assets	125,900.00	32,073.59	25.48	75,785.06	42.32
431	Investment transfers to legal and natural persons which are not budget users	1,761.00	1,761.01	100.00	29,565.77	5.96
Total		1,288,041.00	1,385,175.36	107.54	1,138,598.53	121.66

8.2.2.1 Current expenses

1. Salaries and other expenses of employees and employer's social security contributions

Salaries and other expenses of employees and employer's social security contributions in the amount of EUR 827,722.78 were calculated and paid for employees of the Fund in accordance with the Rules amending the Rules on internal organisation, systematisation and evaluation of jobs, as well as pursuant to the Collective agreement for non-commercial activities.

Salaries and other expenses paid for employees were 2.48% lower than expected, but 5.44% higher than those realised in 2019. The increase in salaries compared to 2019 was influenced by employee promotions to higher salary grades.

2. Expenses for goods and services

Expenses for goods and services amounted to EUR 240,252.03 in 2020 and included

- costs of office supplies and services, cleaning materials and services, building and premises security services, printing services, costs of information support to users, costs of newspapers, magazines, books and professional literature, costs of advertising services, publications, costs of auditing and consulting services, representation and other general materials and services in the total amount of EUR 89,699.12,
- special materials and services in the amount of EUR 3,799.37,
- costs for electricity, utilities and heating, telephone services and postage in the amount of EUR 31,810.15,
- costs for fuel and lubricants, purchase of vignettes and maintenance and insurance of vehicles in the amount of EUR 6,251.04,
- subsistence, transport and other expenses for business trips in the amount of EUR 335.47,
- costs for current maintenance of business facilities and equipment in the amount of EUR 23,365.19,
- costs for renting computer software, compensation for the use of building land and other rent in the amount of EUR 14,025.16,
- payment of student work, meeting fees of members of the Supervisory Board, expenses for professional training of employees, costs of court proceedings, services of lawyers, notaries, costs of payment transactions, payment of bank charges, commissions and other operating costs in the amount of EUR 70,966.53.

Expenditure on goods and services was planned in the amount of EUR 306,308.00 and realized in the amount of EUR 240,252.03, i.e. 21.57% lower than planned. The largest part of costs is represented by costs of office supplies and services, which amounted to EUR 89,699.12 in 2020, followed by other operating expenses in the amount of EUR 70,966.53, and costs of energy, water, utilities and communications in the amount of EUR 31,810.15. Due to the COVID-19 epidemic, travel costs, education costs, and the costs of the Fund's participation in presentations and fairs were lower than planned. Expenditures for business trips were planned in the amount of EUR 14,000.00 and realized in the amount of EUR 335.47. Other operating expenses were planned in the amount of EUR 103,880.00 and realized in the amount of EUR 70,966.53. The costs of student work were higher than planned, as no additional employment in the secretariat was planned in 2020, while the costs of employee training, investment visits and costs of participation in fairs and events were lower.

3. Interest paid abroad

Foreign interest payments amounted to EUR 3,165.90 in 2020 and relate to two loans borrowed abroad, namely from the European Investment Bank. Foreign interest was planned in the amount of EUR 5,293.00. Lower interest rates than planned were influenced by the lower value of EURIBOR, which was lower than the interest rate margin on borrowings for most of 2020. In 2019, interest in the amount of EUR 3,424.79 was realized.

4. Provisions against credit risks

Provisions against credit risks for 2020 were not planned, but due to the deterioration of the creditworthiness of borrowers, they had to be additionally formed in the amount of EUR 280,200.05. However, it was not necessary to create an additional guarantee fund in 2020, as the already formed amount of EUR 2,144,161.97 is currently sufficient.

8.2.2.2 Investment expenses

The purchase of fixed assets represents the value of payments in 2020 for tangible fixed assets and intangible assets in the amount of EUR 32,073.59, namely the purchase of office furniture in the amount of EUR 66.98, the purchase of computer hardware in the amount of EUR 11,057.35 and its investment maintenance in the amount of





EUR 4,286.50, upgrade of computer programs in the amount of EUR 7,161.40, production of a new corporate identity and image in the amount of EUR 3,663.66, and the creation of a website in the amount of EUR 5,837.70.

The Fund planned the purchase and construction of fixed assets in the amount of EUR 125,900.00 for 2020; the realization, however, was lower by EUR 93,826.61. The costs of upgrading the Application for comprehensive processing and monitoring of applications, which were planned in the amount of EUR 40,000.00 and realized only in the amount of EUR 1,403.00, were primarily lower than planned. The new documentary system in the planned amount of EUR 10,000.00 and the purchase of a multimedia device in the planned amount of EUR 5,000.00 were also not realised.

8.2.2.3 *Investment transfers*

Investment transfers in 2020 are disclosed in the amount of EUR 1,761.01 for remitted grants following the 2016 call of the Fund for the allocation of funds intended for projects to create an economic basis for the area inhabited by autochthonous national communities.

8.2.3 Profit or loss - cash flow surplus

The profit or loss from revenues and expenditure shows a surplus of revenues over expenditure in the amount of EUR 88,217.62. The generated surplus of revenues over expenditure is EUR 188,898.38 lower than planned in the amount of EUR 277,116.00. The profit or loss shown in the Fund's books of account increases the earmarked assets fund for other purposes.

The favourable profit of the Fund in 2020 was mainly due to higher revenues from default interest, which amounted to EUR 397,697.94 in 2020, as a result of which interest revenues planned in the amount of EUR 1,100,000.00 were realized in the amount of 1,217,627.10 EUR. Revenues from the management and monitoring of loans were also higher than planned, while revenues from the State budget, which were planned in the amount of EUR 273,116.00 and realized in the amount of EUR 43,189.26, were lower than planned. For 2020, the Fund planned revenues in the amount of EUR 1,565,157.00; however, they were realized in the amount of EUR 1,473,392.98, i.e. EUR 91,764.02 lower than planned.

Expenses were planned in the amount of EUR 1,288,041.00 and realized in the amount of EUR 1,385,175.36, i.e. EUR 97,134.36 higher than planned. The COVID-19 epidemic led to a deterioration in the solvency of borrowers, necessitating the creation of additional provisions for credit risks in the amount of EUR 280,200.05, which were not planned. The epidemic is also reflected in other expenditure of the Fund, as some planned tasks have not been carried out. Expenditures for goods and services were planned in the amount of EUR 306,308.00 and realized in the amount of EUR 240,252.03. Travel expenses, business travel expenses, education expenses, expenses for investment visits and expenses for participation in events were lower. In 2020, the planned full upgrade of the Application for comprehensive processing and monitoring of applications, replacement of the documentary system and purchase of a multimedia device were also not executed, which is reflected in EUR 93,826.41 lower investment expenses, which were planned in the amount of EUR 125,900.00 and realized in the amount of EUR 32,073.59.

8.3 ACCOUNT OF FINANCIAL RECEIVABLES AND INVESTMENTS

The account of financial receivables and investments shows data on received repayments of granted loans and the sale of capital shares, as well as granted loans and increase of capital shares.

As it can be seen from Table 32, the account of financial receivables and investments for 2020 shows

- Repayments of loans granted in the amount of EUR 15,927,337.44, received in 2020 within the framework of the implementation of the Fund's purpose, which are EUR 1,303,919.44 higher than planned.
- The sale of capital shares was planned in the amount of EUR 483,000.00, but the sale of the hall, which represents the capital of the company which is 100.00% owned by the Fund, did not take place in 2020.
- Loans in the amount of EUR 24,169,963.01, comprising disbursed funds for long-term loans granted by the Fund in 2018, 2019 and 2020. In 2020, loans from the Fund were approved in the amount of 35,306,908.73 EUR and drawn in the amount of 20,443,264.08 EUR, which is 57.90% of the realization of drawing approved

funds in 2020. In 2020, loans from tenders from previous years and loans from MEDT funds were also drawn, the transfers of which are not disclosed in the receivables and investments account.

Account of financial receivables and investments as at 31 December 2020 shows a difference between granted loans and received repayments of granted loans in the amount of EUR 8,242,625.57. Loans granted are EUR 15,830,036.99 lower than planned, since tenders for granting liquidity loans were published in the second half of the year, meaning that assets will be drawn in 2021. In 2020, there was a withdrawal of approved loans from the Fund's assets in the amount of EUR 1,680,877.55.

Table 32: Difference between granted and received repayments of loans granted in 2020 in EUR				
Subgroups of accounts	Name	Plan	Realisation	Index RE/NAČ
750	Repayments of loans received	14,623,418.00	15,927,337.44	108.92
751	Purchase of equity stakes	483,000.00	0.00	0.00
440	Loans granted	40,000,000.00	24,169,963.01	60.42
Difference (between loans granted and loan repayments received)		24,893,582.00	8,242,625.57	33.11

Table 33 shows the transferred funds on the basis of concluded loan agreements according to individual purposes in 2020. Funds in the amount of EUR 24,169,963.01 were transferred, namely approved loans from 2018 in the amount of EUR 77,557.41, approved loans from 2019 in the amount of EUR 3,649,141.52, and approved loans from 2020 in the amount of EUR 20,443,264.08. In 2020, loans from MEDT funds in the amount of EUR 5,260,147.75 were also disbursed, which are not disclosed in the statement of the financial receivables and investments account, but are shown in Table 46.

Table 33: Funds transferred under concluded loan agreements in 2020 in EUR				
Incentives	Appropriations		Funds transferred	
	Before 2020	In 2020	For appropriations before 2020	For appropriations in 2020
Entrepreneurship-B program	1,592,589.20	1,037,329.00	1,162,589.20	819,100.19
Municipality-C program	1,028,020.00	3,000,000.00	1,026,322.85	1,449,995.59
Agriculture and Forestry-A program	1,636,047.30	7,861,613.73	1,468,986.88	6,614,424.26
Pre-financing-PF program	68,800.00	8,077,104.00	68,800.00	5,476,238.00
Program B: Liquidity loans	0.00	15,330,862.00	0.00	6,083,506.04
Total	4,325,456.50	35,306,908.73	3,726,698.93	20,443,264.08

Table 34 shows unrealized loan funds according to individual tenders from 2018, 2019 and 2020. In 2020, the beneficiaries withdrew from the approved funds from 2018 in the amount of EUR 2,916.15, from the approved funds from 2019 in the amount of EUR 494,312.08, and from the approved funds from 2020 in the amount of EUR 1,183,649.32. On 31 December 2020, undrawn loans from the Fund amount to EUR 13,781,524.67.

Table 34: Unrealized loan funds from 2018, 2019 and 2020 in EUR					
Incentives	Difference			Withdrawals in 2020	Transfer to 2021
	For appropriations before 2020	For appropriations in 2020	Total		
Entrepreneurship-B program	430,000.00	218,228.81	648,228.81	430,000.00	218,228.81
Municipality-C program	1,697.15	1,550,004.41	1,551,701.56	296,755.15	1,254,946.41
Agriculture and Forestry-A program	167,060.42	1,247,189.47	1,414,249.89	93,788.83	1,320,461.06
Pre-financing-PF program	0.00	2,600,866.00	2,600,866.00	705,809.00	1,895,057.00
Program B: Liquidity loans	0.00	9,247,355.96	9,247,355.96	154,524.57	9,092,831.39
Total	598,757.57	14,863,644.65	15,462,402.22	1,680,877.55	13,781,524.67

8.4 FINANCING ACCOUNT STATEMENT

The financing account statement shows data on repayment of the principal for borrowed loans. The Fund did not borrow any assets in 2020. Table 35 shows the financing account statement which includes the repayment of part of the principal of the loan borrowed from the European Investment Bank in the amount of EUR 3,177,236.66.

Table 35: Financing account statement in EUR				
Subgroups of accounts	Name	Plan	Realisation	Index RE/NAČ
501	Borrowing abroad	0.00	0.00	100.00
551	Debt repayment abroad	3,177,236.62	3,177,236.66	100.00
Net debt repayment		3,177,236.62	3,177,236.66	100.00

In 2020, there was a decrease in funds on the account in the amount of EUR 11,331,644.61, which reflects the difference between the surplus of revenues over expenditure, reduced by the difference between loans granted and repaid and the repayment of borrowed loans. In 2020, the Fund generated a surplus of revenues over expenditure in the amount of EUR 88,217.62, repaid EUR 8,242,625.57 more loans than the loans that have been repaid to the Fund, and repaid a loan in the amount of EUR 3,177,236.66.

8.5 SURPLUS CALCULATED ACCORDING TO THE FISCAL RULE

Public Finance Act (Official Gazette of the Republic of Slovenia, No. 11/11 – UPB, 14/13 – amended, 101/13, 55/15 – ZFisP, 96/15 – ZIPRS1617, 13/18 and 195/20 – Constitutional Court decision) states in Article 9i that institutional units of the State government sector, which are classified in sector S.13, must use the surpluses in accordance with Article 5 of the Fiscal Rule Act (Official Gazette of the Republic of Slovenia, No. 55/15, 177/20). The fiscal rule surplus is the cash flow surplus, reduced by the accounting items that represent outstanding liabilities, except for outstanding liabilities from debt principal, and unused earmarked assets. As at 31 December 2020, the Fund does not show a surplus according to the fiscal rule; as at 31 December 2020, the Fund namely established negative cash flow, i.e. a decrease in funds on the accounts in the amount of EUR 11,331,644.61.

Table 36: Calculation of surplus of revenues over expenditure by cash flow (in EUR)	
Surplus of revenues over expenditure	88,217.62
Difference between received and given funds from financial investments	-8,242,625.57
Net debt payment	-3,177,236.62
= Cash flow deficit as at 31 December 2020	-11,331,644.61
(reduced by) outstanding liabilities as at 31 December 2020	-88,829.81
(reduced by) unused earmarked assets as at 31 December 2020	-44,577,237.77
Deficit according to the fiscal rule as at 31 December 2020	-55,997,712.19

9 MANAGEMENT OF THE FUND'S ASSETS AND INVESTMENTS

9.1 FINANCING OF THE FUND

The only systemic financial resource are the purchase prices acquired by the Fund on the basis of Article 7 of the ZUKLPP in the amount of:

- 11.5% of the funds received for regional development and preservation of the settlement of the Slovenian countryside,
- 2.5% of the funds received to create the economic basis of autochthonous national communities.

In 2020, the Fund received purchase assets in the amount of EUR 249,944.09. Due to the COVID-19 epidemic, the Fund received additional recapitalization funds in the amount of EUR 14,056,000.00 in 2020, which were intended for the allocation of liquidity loans to companies, as a measure to mitigate and eliminate the consequences of the

COVID-19 epidemic. The Fund did not borrow in 2020 and only disposed of the repaid assets arising from granted loans and temporarily free funds.

Work assets were provided by the Fund from its own resources. The largest source was income from property, both interest on free cash received in 2020 in the amount of EUR 145,319.09, and interest on loans granted which were received in 2020 in the amount of EUR 1,072,308.01. This is followed by funds received for concluding and managing loans in the amount of EUR 125,792.95, and funds from the EU budget for reimbursement of technical assistance costs in the amount of EUR 72,981.98. Funds in the amount of EUR 43,189.26 were received from the State budget to reimburse the costs of technical assistance for the performance of the Fund's tasks as a Certifying Authority. The smallest part is represented by other non-tax revenues in the amount of EUR 13,801.69, which the Fund acquired mainly due to the reimbursement of paid court costs from previous years.

For the incentives given and for the repayment of borrowed loan, the Fund used the received repayments of granted loans and temporarily free assets. In 2020, assets from loans granted in the amount of EUR 15,927,337.44 were reimbursed.

9.2 DEDICATED ASSETS

The Fund manages dedicated assets in accordance with the purpose for which it was established, and with the aim of maintaining or increasing the value of said assets.

As shown in Table 37, the earmarked assets of the Financial Investment Fund as at 31 December 2020 amount to EUR 113,601,565.84. It consists of previous payments from purchase prices from the budget of the Republic of Slovenia, transferred PHARE funds, transferred surplus revenues over expenditures from previous years, transferred receivables in 2002 on the basis of a gratuitous cession concluded with the MEDT, transferred receivables in 2011 based on the decision of the Government of the Republic of Slovenia from long-term deposits of the Republic of Slovenia in regional guarantee schemes, and the transfer of business shares from 2014, all of which the Fund discloses at estimated value. In addition to the listed payments for earmarked assets, these assets also comprise other forms of the earmarked assets fund.

Account	Name	Balance 1 January 2020	Increase	Reduction	Balance 31 December 2020
9401	Earmarked assets fund for financial investments	99,295,621.75	14,305,944.09	0.00	113,601,565.84
9402	Earmarked assets fund for mobilised guarantees	0.00	53,185.30	2,000.00	51,185.30
9403	Earmarked assets fund for other purposes	2,530,119.76	45,521,000.61	4,478,417.67	2,572,702.70
94	Earmarked assets fund	101,825,741.51	59,880,130.00	45,480,417.67	116,225,453.84

According to the situation as at 31 December 2020, the earmarked assets fund was by EUR 14,399,712.33 higher than the initial balance as at 1 January 2020. The earmarked assets fund for financial investments increased by EUR 14,305,944.09 in 2020, namely due to a received recapitalisation. Due to the realized guarantees, an earmarked assets fund was created in 2020 for the realized guarantees, which on 31 December 2020 amounted to EUR 51,185.30. According to the situation as at 31 December 2020, the earmarked assets fund for other purposes was by EUR 42,582.94 higher than the initial balance as at 1 January 2020. The increase in the earmarked assets fund for other purposes was mainly due to the surplus of revenues over expenditure amounting to EUR 88,217.62. The increase in the earmarked assets fund was also influenced by the purchase of intangible assets and tangible fixed assets amounting to EUR 28,153.09, as well as the calculated revaluation interest on loans granted amounting to EUR 309.11. The decrease in the earmarked assets fund for other purposes was affected by the calculated depreciation in the amount of EUR 54,623.70, the write-off of the present value of fixed assets in the amount of EUR 289.99 and the decrease in the value of financial investments in the amount of EUR 19,183.19.

Compared to the balance on 31 December 2019, there was an increase in the earmarked assets fund which is, as at 31 December 2020, by EUR 14,399,712.33 higher than its balance as at 1 January 2020. According to the decision of the Government of the Republic of Slovenia, the surplus of revenues over expenditure from 2018, intended for

the operation of the Fund in 2019, increased the value of the unallocated surplus from previous years. The surplus of revenues over expenditure in 2020 in the amount of EUR 88,217.62 had a favourable effect on the earmarked assets fund for other purposes. Since the balance of the earmarked assets fund as at 31 December 2020 is higher than the balance of the earmarked assets fund as at 1 January 2020, this means that the Fund operated in accordance with Article 25 of the ZJS-1.

9.3 INVESTMENTS OF FREE EARMARKED ASSETS

Pursuant to Article 26 of the ZJS-1 and Articles 27 and 28 of the Memorandum of Association, the Fund had free earmarked assets placed in the form of long-term securities and long-term deposits and applications with the Ministry of Finance. Table 38 shows the types of investments of free assets as at 31 December 2020 but does not include the MEDT funds received by the Fund for the implementation of favourable development loans in problem areas and the performance of tasks of the Certification Authority, which are also placed in accordance with the ZJS-1.

Table 38: Types of investments of free earmarked assets as at 31 December 2020 in EUR			
Type of investment	Investment value	Share (%)	Share in earmarked assets of the Fund (in %)
Deposits with commercial banks	16,518,939.48	36.99	14.54
Deposits with the STE system asset manager	21,225,000.00	47.52	18.68
Securities (issued by the Republic of Slovenia)	5,826,987.60	13.05	5.13
Cash in hand	0.00	0.00	0.00
Transaction account balance	1,089,784.27	2.44	0.96
Total (principal and interest)	44,660,711.35	100.00	39.31

Table 39 below shows the types and values of individual investments of free earmarked assets in deposits with individual banks. Investments do not exceed the provisions of the second indent of the third point of Article 26 of the ZJS-1.

Table 39: Investment of free earmarked assets in deposits according to banks as at 31 December 2020 in EUR			
Bank	Balance of deposits	Bank share (in %)	Share in earmarked assets of the Fund (in %)
Addiko bank d.d.	4,666,926.99	28.25	4.11
Banka Sparkasse d.d.	3,800,654.44	23.01	3.35
Deželna banka Slovenije d.d.	3,400,770.77	20.59	2.99
Gorenjska banka d.d.	3,450,499.45	20.89	3.04
Sberbank d.d.	1,200,087.83	7.26	1.06
Total (principal and interest)	16,518,939.48	100.00	14.54

Table 40 shows the types of investments in securities as at 31 December 2020, which are in accordance with Point 3 of Article 26 of the ZJS-1.

Table 40: Investments of free earmarked assets in securities as at 31 December 2020 in EUR			
Bank	Balance of deposits	Bank share (in %)	Share in earmarked assets of the Fund (in %)
RS 49 bonds	834,981.00	14.33	0.74
RS 79 bonds	2,004,064.05	34.39	1.76
RS 80 bonds	976,856.58	16.76	0.86
RS 81 bonds	1,007,382.53	17.29	0.89
RS 84 bonds	1,003,703.44	17.23	0.88
Total (principal and interest)	5,826,987.60	100.00	5.13

9.4 PERFORMANCE OF TASKS UNDER CONTRACTS

9.4.1 Financial report of the Certifying Authority for the period 2007-2013

With the decision of the Government of the Republic of Slovenia, No. 30300-4/2007/74 of 19 April 2007, the Fund was appointed as the institution responsible for carrying out the tasks of the Certifying Authority for the period 2010-2013, for which adequate human and financial resources were provided to the Fund.

In order to carry out the tasks of the Certifying Authority in the years 2009 to 2017, the Fund obtained European pre-financing funds for the purpose of European territorial cooperation for the OP Slovenia-Austria, the OP Slovenia-Hungary and the OP Slovenia-Croatia.

As is shown in Table 41, the value of said assets as at 31 December 2020 amounts to EUR 1,981,372.70. Due to an identified irregularity, funds in the amount of EUR 9,763.55 were returned by the lead partner in the OP Slovenia-Croatia. For the needs of future perspective, assets in the amount of EUR 49,248.00 from the program OP Slovenia-Austria were transferred to external contractors.

Table 41: Movement of European pre-financing funds by individual OPs in 2020 in EUR

Name	Balance 1 January 2020	Assets spent	Assets of leading partners returned	Balance 31 December 2020
OP Slovenia-Austria	1,812,692.53	49,248.00	0.00	1,763,444.53
OP Slovenia-Hungary	2,602.07	0.00	0.00	2,602.07
OP Slovenia-Croatia	205,562.55	0.00	9,763.55	215,326.10
Total	2,020,857.15	49,248.00	9,763.55	1,981,372.70

The Fund has free assets of the Certifying Authority in the amount of EUR 1,763,000.00 which are invested in an application submitted to the Ministry of Finance, and funds in the amount of EUR 218,556.33 in the sub-accounts of individual operational programs. In addition to the liabilities for the assets received, the Fund also discloses liabilities for accrued interest which amount to EUR 183.63 as at 31 December 2020. As at 31 December 2020, the Fund does not show liabilities to the lead partners, but shows a receivable from the lead partner in the OP Slovenia-Hungary in the amount of EUR 14,416.69 due to an established irregularity for which court proceedings are underway.

The balance of funds and sources of funds for the program period 2007-2013 is shown in Table 42.

Table 42: Balance of funds and sources of funds of the FP Certifying Authority 2007-2013 as at 31 December 2020 in EUR

Overview of funds and sources of funds	OP Slovenia-Austria	OP Slovenia-Hungary	OP Slovenia-Croatia	Total
Short-term assets	1,763,491.35	17,132.80	215,348.87	1,995,973.02
Transaction account balance	491.35	2,716.11	215,348.87	218,556.33
Assets in applications submitted to the Ministry of Finance	1,763,000.00	0.00	0.00	1,763,000.00
Receivables from securities	0.00	14,416.69	0.00	14,416.69
Short-term liabilities	1,763,491.35	17,132.8	215,348.87	1,995,973.02
Liabilities to the EU for cross-border OPs	1,763,444.53	2,602.07	215,326.10	1,981,372.70
Liabilities for interest	46.82	114.04	22.77	183.63
Unpaid receivables	0.00	14,416.69	0.00	14,416.69

9.4.2 Financial report of the Certifying Authority for the period 2014-2020

The Fund also performed the tasks of the Certifying Authority in the period 2014-2020 on the basis of the decision of the Government of the Republic of Slovenia No.30300-2/2014/5 of 17 December 2014 in INTERREG V-A cooperation programs.

9.4.2.1 Assets and resources

In 2015-2019, the Fund already obtained advance funds from the European budget in the amount of EUR 41,094,114.49 for the implementation of the tasks of the Certifying Authority. In 2020, additional funds were received from the EC in the amount of EUR 27,470,250.22. Funds in the amount of EUR 27,741,583.94 were transferred to the lead partners, and receivables from 2019 in the amount of EUR 7,951.34 were offset. As is shown in Table 43, the value of said assets as at 31 December 2020 amounts to EUR 2,407,397.53.

Name	Balance 1 January 2020	Increase	Reduction	Balance 31 December 2020
INTERREG V-A Slovenia-Austria	807,610.38	9,082,784.83	8,935,903.36	954,491.85
INTERREG V-A Slovenia-Hungary	249,300.13	3,103,592.66	3,084,810.44	268,082.35
INTERREG V-A Slovenia-Croatia	1,621,820.74	15,283,872.73	15,720,870.14	1,184,823.33
Total	2,678,731.25	27,470,250.22	27,741,583.94	2,407,397.53

The Fund has free assets of the Certifying Authority in the amount of EUR 2,407,397.53 in the sub-accounts of individual operational programs.

On 31 December 2020, the Fund disclosed receivables from the European Commission for the reimbursement of paid claims to leading partners in the amount of EUR 7,013,845.51, while receivables for unduly paid funds to leading partners amount to EUR 605.43. As at 31 December 2020, the Fund discloses liabilities for received pre-financing funds in the amount of

EUR 2,407,397.53, liabilities to employees in the amount of EUR 9,151.23, liabilities to suppliers in the amount of EUR 458.40 and unpaid receivables in the amount of EUR 7,014,450.95. Overview of funds and sources of funds as at 31 December 2020 is shown in Table 44.

Overview of funds and sources of funds	PG Slovenia-Austria	PG Slovenia-Hungary	PG Slovenia-Croatia	Total
Short-term assets	4,505,480.72	1,099,298.41	3,826,679.03	9,431,458.16
Transaction account balance	954,491.85	268,082.35	1,184,823.33	2,407,397.53
Assets in applications submitted to the Ministry of Finance	0.00	0.00	0.00	0.00
Requests for payment to the EC	3,546,866.59	829,370.43	2,637,608.49	7,013,845.51
Receivables for paid assets of securities	388.37	6.50	210.56	605.43
Claims for reimbursement of technical assistance	0.00	0.00	0.00	0.00
Outstanding liabilities	3,733.91	1,839.13	4,036.65	9,609.69
Short-term liabilities	4,505,480.72	1,099,298.41	3,826,679.03	9,431,458.16
Liabilities to the EU for funds received	954,491.85	268,082.35	1,184,823.33	2,407,397.53
Liabilities for transfer to securities	0.00	0.00	0.00	0.00
Liabilities to employees	3,568.96	1,738.71	3,843.56	9,151.23
Liabilities to suppliers	164.95	100.42	193.08	458.45
Unpaid receivables	3,547,254.96	829,376.93	2,637,819.06	7,014,450.95

9.4.2.2 Revenues and expenditures

Expenditures of the Certifying Authority were planned in the amount of EUR 128,692.00 and realized in the amount of EUR 113,378.04. Revenues were planned in the amount of EUR 112,523.00 and realized in the amount of EUR 116,171.24. In February 2021, the Fund submitted for review a request for reimbursement of technical assistance costs for the period from 1 July to 31 December 2020 amounting to EUR 58,279.84. The receivable will be accounted for after the control executed in 2021. An overview of revenues and expenditures is shown in Table 45.

Table 45: Expenditures and revenues of the FP 2014-2020 Certifying Authority as at 31 December 2020 in EUR						
Overview of funds and sources of funds	Plan	PG Slovenia-Austria	PG Slovenia-Hungary	PG Slovenia-Croatia	Realisation 2020	Index RE/NA
Salaries and other employee costs	89,508.00	36,141.88	17,607.49	38,922.01	92,671.38	103.53
Employer contribution for social security	14,184.00	5,892.36	2,870.53	6,345.44	15,108.33	106.52
Expenses for goods and services	24,000.00	2,039.74	1,199.07	2,359.52	5,598.33	23.33
Purchase and construction of fixed assets	1,000.00	0.00	0.00	0.00	0.00	0.00
Total expenses	128,692.00	44,073.98	21,677.09	47,626.97	113,378.04	88.10
Funds received from State budget	42,620.00	13,579.00	11,105.07	18,505.19	43,189.26	101.34
Funds received from the EU budget	69,903.00	31,684.29	11,105.05	30,192.64	72,981.98	104.40
Total revenue	112,523.00	45,263.29	22,210.12	48,697.83	116,171.24	103.24

9.4.3 Accounting monitoring of the tender "NPS border areas" from MEDT funds

The Fund has concluded the Contract no. C1536-11B990001 with the line ministry on the implementation of Lot A of the project "Measures in border and problem areas in combination with the measure of regional guarantee schemes throughout the country" for the period 2011-2012 for the purpose of conducting a public tender for grants for co-financing initial investments and creating new jobs in border problem areas. For this purpose, funds in the amount of EUR 13,640,029.04 were transferred to the beneficiaries in 2011 and 2012.

In accordance with said Contract, the Fund carried out an inspection of the projects that received grants and found certain irregularities, as a result of which it demanded that the companies return unduly paid funds with the corresponding default interest. Some companies have settled their obligations, while others have been sued. For unduly paid funds, the Fund has established liabilities to MEDT, whereby the unpaid liability is reduced by the costs incurred by the Fund due to the filing of court and other proceedings necessary for the recovery of funds. In 2020, due to the judgment of the Supreme Court which rejected the requested revision of the Fund on the ineligibility of the payment of grants, the receivable from the recipient of funds decreased by EUR 272,197.81, and the obligation to return these funds to MEDT was reduced. The balance of receivables from two companies, without accrued default interest, therefore amounted to EUR 206,732.32 as at 31 December 2020. The liability of the Fund to the MEDT as at 31 December 2020 therefore amounted to EUR 890,338.09. From the funds received for the border areas of the NPS from the MEDT funds, the Fund has free assets amounting to EUR 683,605.77 as at 31 December 2020. Part of the funds in the amount of EUR 670,000.00 was returned to the MEDT in February 2021.

9.4.4 Accounting monitoring of the tender "for problem areas" from MEDT funds

In 2016, the Fund concluded a Contract for problem areas 2016-2017 with the line ministry and obtained EUR 20,000,000.00 of funds, which are disclosed as other long-term liabilities. In 2018, the Fund concluded an additional Contract for problem areas 2018-2019 with the line ministry in the amount of EUR 11,570,000.00, of which the part of the funds in the amount of EUR 7,290,000.00 was received in 2018, and the part of the funds in the amount of EUR 4,280,000.00 was received in 2019. In 2020, loans in the amount of EUR 5,260,147.75 were disbursed. The Fund separately discloses receivables and liabilities from assets received by the MEDT. Loans granted and their repayments are not disclosed in the account of financial receivables and investments, but are only disclosed as receivables. The balance of assets is shown in Table 46.

Table 46: Balance of funds and sources of funds of the MEDT as at 31 December 2020 in EUR	
Name	Realisation

Assets	31,578,809.94
Loans granted	24,756,490.33
Assets in the sub-account of the Fund	522,319.61
Applications submitted to the MF	6,300,000.00
Sources of funds	31,578,809.94
Unpaid interest	2,729.32
Long-term liabilities	31,576,080.62

In the period 2017-2020, loans in the amount of EUR 26,783,410.19 were disbursed, of which loans in the amount of EUR 2,029,649.18 were repaid. Interest on loans granted was calculated in the amount of EUR 8,300.17. Until 31 December 2020, interest on loans granted in the amount of EUR 5,570.85 was paid. In 2017, the Fund placed part of its free assets in a long-term deposit with a commercial bank and generated revenues in the amount of EUR 509.77. Accrued interest in the amount of EUR 8,809.94 increases the funds received by the line ministry. On 31 December 2020, the Fund has the majority of free assets, in the amount of EUR 6,300,000.00, placed in the applications submitted to the Ministry of Finance. In 2020, legal proceedings were initiated under two loan agreements due to non-payment. An overview of loan developments under individual contracts with the MEDT is shown in Table 47.

Table 47: Movement of loans granted from MEDT funds in 2020 in EUR				
Loans under contract	Balance on 1 January 2020	Exploitation	Redemption	Balance on 31 December 2020
C2130-16-90001 (2016-2017)	18,106,605.89	1,030,073.85	1,115,767.82	18,020,911.92
C2130-18-90001 (2018-2019)	2,754,748.91	4,230,073.90	251,973.72	6,732,849.09
Total (principal)	20,861,354.80	5,260,147.75	1,376,741.54	24,753,761.01

For information, the necessary provisions for credit risks of loans granted from MEDT funds intended for favourable development loans to start-up business projects in problem areas were also calculated on the basis of the Fund's methodology, where possible non-repayment of borrowers will reduce the Fund's obligations to the MEDT. The expected potential loss on these loans amounts to a maximum of 30% of the tendered funds. Based on the Fund's methodology, provisions in the amount of EUR 3,396,772.34 were currently required for these funds, which represents 12.68% of funds allocated and drawn.

9.4.5 Financial report on the implementation of the RGS

In 2015, the Fund has concluded the Contract no. C2130-15Z113601 with the line ministry on financing the costs of implementing regional guarantee schemes in the Republic of Slovenia through the Slovenian Regional Development Fund in the period 2015-2025 for the purpose of providing financial resources for the implementation of the RGS. The Fund selected contractors for each region and approved funds in the amount of EUR 9,000,000.00. Following the selection, the Fund concluded contracts with selected RGS contractors on long-term financial contributions of the Fund to regional guarantee schemes and contracts on financing the costs of implementing regional guarantee schemes. In 2017, the Fund adopted a decision that RGS providers shall return the free funds of contributions to the Fund, which shall then transfer deposits from the returned funds to banks to which guarantees have been issued. In 2019, the MEDT terminated the contract, as a result of which the Fund concluded agreements with RGS contractors on the termination of contracts for the implementation of RGS and contracts on the assignment of receivables from deposit contracts.

Despite repeated calls, the MEDT did not settle its liabilities towards the Fund for 2018 and 2019 in the amount of EUR 135,496.55, but rejected the claims for their repayment in January 2021, which is why the Fund will start court proceedings in 2021 to repay them.

The source of funds for the implementation of regional guarantee schemes is the recapitalization of the Fund in 2010 and 2011, when the Fund received assets from the MEDT in the amount of EUR 10,000,000.00 for the purpose of increasing the earmarked assets of the Fund, and undertook to use these assets as a source of funds for the implementation of the RGS through regional development organizations, as specified in the valid Business and Financial Plan of the Public Fund for 2010 and 2011; however, the realization did not occur until 2015. Due to the separate disclosure of business events, the Fund began to disclose them at its cost center in 2015. Due to the

termination of the contract concluded with the MEDT, the Fund only shows earmarked deposits and their changes separately from 1 January 2020.

On 31 December 2020, the balance of long-term earmarked deposits granted amounts to EUR 1,885,715.18. Short-term assets consist of receivables for reimbursement of RGS implementation costs in the amount of EUR 135,496.55, receivables for redeemed guarantees in the amount of EUR 51,185.30, and interest receivables for earmarked deposits in the amount of EUR 1,785.63.

9.4.6 Financial report on the implementation of liquidity loans (COVID-19)

The Government of the Republic of Slovenia has decided to increase the earmarked assets and capital of the Fund by paying additional dedicated assets in the amount of EUR 14,056,000.00, in order to provide liquidity assets with financial products for companies, as a measure to mitigate and eliminate the consequences of the COVID-19 epidemic. Pursuant to this decision, the Fund and the MEDT concluded the Contract no. C2130-20G410000 on the increase of earmarked assets for the implementation of financial products in accordance with the Act Determining the Intervention Measures to Mitigate and Remedy the Consequences of the COVID-19 Epidemic. With this Contract, the Ministry undertook to provide funds for the increase of earmarked assets and capital of the Fund, and the Fund undertook to provide additional funds from earmarked assets in the amount of EUR 12,600,000.00. In 2020, the Fund approved loans in the amount of EUR 15,330,862.00 on the basis of two public tenders intended for micro, small and medium-sized enterprises and institutions. In 2020, loans in the amount of EUR 6,083,506.04 were drawn and repaid in the amount of EUR 31,138.18. In 2021, it will be necessary to transfer funds in the amount of EUR 9,092,831.39 from this title. Table 48 shows the balance of loans granted as at 31 December 2020.

Table 48: Movement of funds intended for liquidity loans in 2020 in EUR					
Source of funding	Amount of funds	Share of funds (in %)	Loans drawn	Loans repaid	Loan balance as at 31 December 2020
Dedicated recapitalization	14,056,000.00	52.73	3,207,899.19	16,419.50	3,191,479.69
Other assets of the Fund	12,600,000.00	47.27	2,875,606.85	14,718.68	2,860,888.17
Total	26,656,000.00	100.00	6,083,506.04	31,138.18	6,052,367.86

The Contract no. C2130-20G410000 stipulates that the earmarked assets of the Fund paid under this Contract may be reduced to cover the loss on non-performing loans, but no more than in the amount of 80% of the paid assets. On 31 December 2020, provisions in the amount of EUR 349,964.10 were informatively calculated.

The received unused earmarked assets for recapitalisation of the Fund amounted to EUR 10,500,000.00 on 31 December 2020 and were placed in the application submitted to the Ministry of Finance, while another part in the amount of EUR 364,520.31 was located in the sub-account of the Fund.

10 RISK MANAGEMENT

In its operations, the Fund is mainly exposed to credit, market, interest rate, liquidity and operational risk. In order to manage the aforementioned risks, the Fund has adopted appropriate rules and established procedures that ensure the monitoring, measurement and management of risks.

10.1 CREDIT RISK

Credit risk represents the risk of incurring a loss due to a default of debtors to the Fund at maturity for any reason.

Based on the provisions of the ZJS-1, the Fund adopted a methodology for the classification of on-balance sheet and off-balance sheet items and for the formation of provisions for credit risks. The basis of the adopted methodology of the Fund for the formation of special provisions for credit risks is the requirement from the second paragraph of Article 36 of the ZJS-1, which stipulates that the public fund for credit risk management applies the regulations of the Bank of Slovenia applicable to banks.

The Fund overcomes credit risk through the following measures:



- The Fund has adopted rules for monitoring credit risk, namely the Rules for Credit Risk Assessment, Monitoring and Management, the Rules on Criteria for Amending Contractual Provisions and the Write-Off of Debtors' Obligations of the Slovenian Regional Development Fund, and the Rules on Recovery of Outstanding Receivables.
- The Fund has established procedures and control mechanisms for the implementation of monitoring and credit risk management in accordance with the adopted rules.
- The Fund has adequately insured all receivables from borrowers, mostly with mortgages on real estate.
- As a rule, the Fund invests free earmarked assets with the Ministry of Finance, while another part - with a maturity of over one year - is also invested with commercial banks, in accordance with the legislation.
- The Fund has an information system through which it monitors the operations of debtors throughout the duration of the legal relationship. In accordance with the Bank of Slovenia's methodology, the Fund classifies receivables from debtors in groups A to E. Based on perceived delays and deterioration of creditors' ratings, the Fund forms additionally necessary provisions.
- The Fund has established a guarantee fund for the realization of guarantees under the RGS financial instrument.
- The Fund has started to overhaul the system of assessing the financial capacity of applicants for the Fund's loan tenders. The new system will be fully implemented in parallel with the use of the new IS to monitor tenders and approve incentives.

10.2 MARKET RISK

Market risk is the risk of loss of value of assets or profitability due to fluctuations in market prices, exchange rates or relevant interest rates.

In addressing market risk, it should be noted that:

- the Fund is not exposed to currency risk, as both its sources of funds and investments are in EUR,
- the most important movement for the Fund is the fluctuation of reference interest rates EURIBOR and ROM. Their movement affects both the increase or decrease of interest income and expenses, as well as the increase or decrease of credit risk. The growth of the reference interest rate namely increases the cost of financing the Fund's debtors, which in turn also increases the probability of difficulties in repaying liabilities to the Fund. On the other hand, a decrease or even a negative value of the reference interest rate has a significant effect on the reduction of the Fund's interest income, and thus also affects the provision of an adequate interest margin to cover operating costs and form the necessary provisions.

10.3 INTEREST RISK

The Fund manages its interest rate risk by:

- establishing a policy of balancing sources of funds and investments against the reference interest rate; on the side of the leased resources as well as on the side of the approved incentives, the interest rate is namely based on the 3-month EURIBOR reference interest rate,
- a policy of creating active interest rates that encourage investment in less developed regions while at the same time ensuring a long-term surplus of revenues over expenditures, thus preserving the value of earmarked assets.

10.4 LIQUIDITY RISK

The Fund invests free earmarked assets in accordance with the provisions of Articles 26 and 27 of the ZJS-1. The Fund invests a short-term part (liquidity surpluses) of free earmarked assets, which is intended for the realization of incentive tenders in the current financial year, in the form of deposits with the single treasury account system manager in accordance with regulations governing public finances. The long-term part of free earmarked assets, the so-called portfolio investments, which are intended to provide resources for the realization of incentive tenders in the following years, are invested in accordance with the provisions of Article 26 of the ZJS-1.

10.5 OPERATIONAL RISK

Operational risk is the risk of losses arising from the improper or unsuccessful implementation of internal processes, human behaviour, the operation of systems or due to the influence of external factors. Operational risk also includes information technology risk (i.e. risk of loss as a result of inadequate information technology) and legal risk (i.e. risk of loss resulting from violation or improper compliance with laws, regulations, instructions, recommendations, etc.).

The Fund strives to continuously reduce the need for manual manipulation of documents, thereby reducing the possibility of errors, increasing the effectiveness of customer monitoring and the effects of incentives, and ensuring a complete audit trail throughout the information system. In 2020, the Fund executed the following tasks:

- continued to build an information system for comprehensive processing and monitoring of applications,
- set up a new electronic documentary system,
- upgraded (to a lesser extent) the Finis and SiBank information system,
- carried out ongoing activities to connect individual information technology components into a comprehensive information system.

In the field of implementation of its tasks as the Certifying Authority, the Fund has been, since 2016, the user of eMS, the system for electronic monitoring of European cross-border cooperation programs, which is not connected to iCenter, the accounting system of the Fund. The economic viability of the electronic connection is questionable; operational risks due to manual data transfer are adequately managed by the Fund through the controlled implementation of activities according to the established procedure.

The issue of constitutional review in the RCR case:

- Regionalni center za razvoj, d.o.o. opposed the conclusion of an agreement for the return of investment in the regional guarantee scheme. The Fund had to file a lawsuit which it then won in the first instance, in the higher instance and in the appeal to the Supreme Court. On the basis of the judgment, Regionalni center za razvoj d.o.o. returned the assets of the application to the Fund, together with default interest and costs, but also filed a request for a constitutional review. In 2020, the Constitutional Court has not yet considered the case. Should the Constitutional Court rule in favour of Regionalni center za razvoj d.o.o., the Fund will have to return the assets of the application in the amount of EUR 1,535,316.81, which shall then be managed by Regionalni center za razvoj d.o.o. Furthermore, the Fund will also have to return the received default interest and reimbursed court costs in the amount of EUR 498,744.80.





PERFORMANCE REPORT

11 OPERATING PERFORMANCE REPORT OF THE FUND 81

11 OPERATING PERFORMANCE REPORT OF THE FUND

11.1 SUCCESS ASSESSMENT

11.1.1 ASSESSMENT OF THE PERFORMANCE OF THE PUBLIC FINANCES INTERNAL CONTROL SYSTEM

The Fund has implemented a system of internal control of public finances that provides reasonable assurance of achieving the objectives and is based on a continuous process that allows to identify key risks and the likelihood and impact of a particular risk on achieving objectives, while helping to manage risks effectively, efficiently and economically.

In the field of introducing processes and procedures for internal control of public finances, the Fund has established

- appropriate control environment throughout its business operations,
- realistic and measurable goals throughout its business operations, which means that there are certain indicators to measure the achievement of goals,
- the risks that the objectives will not be met are identified and evaluated throughout its business operations,
- a risk-based system of internal control and control activities that reduce risks to an acceptable level, namely for the majority of business operations,
- an adequate information and communication system for the majority of business operations,
- an appropriate oversight system, including an appropriate internal audit service, throughout the business operations,
- an appropriate system of internal control of public finances, which includes the performance of internal auditing by external contractors.

In 2020, the Fund made the following improvements in the field of internal control:

- upgrading the e-Rsklad application, thus simplifying procedures and increasing efficiency in the preparation of public tenders and application processing,
- constructing a new comprehensive document system GovernmentConnect (implementation in 2021)
- creation of a new corporate graphic image of the Fund and a website.

Despite these improvements, the Fund also perceives risks that it does not yet manage to a sufficient extent, such as technical problems with electronic submission of applications and the incoherence of various applications or programs used by the Fund in its operations, which may lead to data entry errors. At the same time, other risks can be highlighted, which are not directly influenced by the Fund and are the result of its involvement in the public sector, such as changes in legislation in the field of public funds and in the field of human resources where shortage of staff is observed.

For the performance of internal auditing in 2020, the Fund had concluded a contract with the company IN Revizija d.o.o., which in 2020 performed audits according to the following program:

- verification of the functioning of the internal control system in the area of salary costs and the staffing function of the Fund,
- auditing the operation of the internal control system and the adequacy of the organization of work in two public tenders,
- auditing the operation of the internal control system in the field of procurement of goods and services of the Fund.

11.1.2 ASSESSMENT OF SUCCESS IN ACHIEVING OBJECTIVES

11.1.2.1 *Assessment of incentives in 2020*

In 2020, in accordance with PFN 2020-2021 as amended, the Fund planned to publish incentives in the amount of EUR 47,056,000.00 from the Fund's earmarked assets, whereby the Fund for the implementation of the financial product in accordance with Article 37 of ZIUOOPE received funds in the amount of EUR 14,056,000.00 as earmarked assets. The announcement of eight public tenders in the total amount of EUR 41,656,000.00 was realized, which represents an 88.52% realization in relation to the planned amount of tendered funds.





As part of the Entrepreneurship-B program, the Fund tendered EUR 26,656,000.00, which represents a 100% realization in relation to the planned amount of tendered funds. The funds were announced through two public tenders for the allocation of liquidity loans in problem and border problem areas (COVID-19 measure), and were intended for the preservation of activities and jobs in micro, small and medium-sized enterprises and institutions that have suffered negative consequences of the COVID-19 epidemic. The final realization of approved applications (after withdrawals) was 327 applications in the total amount of EUR 15,176,337.43, which represents a 56.93% realization in relation to the amount of tendered funds.

As part of the Agriculture and Forestry-A program, the Fund tendered EUR 9,000,000.00, which represents a 100% realization in relation to the planned amount of tendered funds. Funds were issued through two public tenders, the first of which was intended to finance working capital in primary agricultural production for agricultural holdings that suffered the negative consequences of the COVID-19 epidemic, and the second to co-finance investments in primary agricultural production. The realization of approved applications (after withdrawals) was 55 applications in the total amount of EUR 2,517,766.69, which represents a 27.98% realization in relation to the amount of tendered funds. The final realization will be given in the annual report 2021, as the applications are still being processed.

As part of the Pre-financing-PF program, the Fund tendered EUR 6,000,000.00, which represents a 100% realization in relation to the planned amount of tendered funds. The funds were announced through four public tenders, which were intended to provide bridging loans for the implementation of projects with European approved funds for non-profit organizations, entrepreneurial projects and for agricultural holdings. The realization of approved applications (after withdrawals) was 48 applications in the total amount of EUR 4,336,599.00, which represents a 72.28% realization in relation to the amount of tendered funds. The final realization will be given in the annual report 2021, as the applications are still being processed.

11.1.2.2 Assessment of incentives according to previous public tenders

As part of the Entrepreneurship-B program, the Fund continued to process applications following two public tenders which were published from funds for 2019. Following a public tender for favourable loans to entrepreneurial projects (B1), according to which funds were tendered in the amount of EUR 3,000,000.00, four applications in the amount of EUR 1,037,329.00 were approved in 2020 from the Fund's earmarked assets. The final realization according to the public tender (B1) amounts to the approval of seven applications in the amount of EUR 2,502,231.80, which represents 83.41% of the realization of the tendered funds. Following the public tender for development loans in problem and border problem areas (B4), according to which the funds were tendered in the amount of EUR 11,529,735.99 and received by the Fund from the State budget, 15 applications were approved in the amount of EUR 3,399,235.00. The final realization after the public tender (B4) amounts to the approval of 29 applications in the amount of EUR 8,682,885.66, which represents 75.31% of the realization of tendered funds.

As part of the Agriculture and Forestry-A program, the Fund continued to process applications following two public tenders which were published from funds for 2019. Following the public tender for favourable loans for agricultural and forestry projects, according to which funds were tendered in the amount of EUR 5,000,000.00, 29 applications were approved in the total amount of EUR 4,757,921.56, which represents a 95.16% realization of tendered funds. The final realization according to the public tender for the purchase of agricultural and forest land, according to which the funds were tendered in the amount of EUR 3,000,000.00, is the approval of 45 applications in the amount of EUR 2,537,625.73, which represents a 84.59% realization of tendered funds.

As part of the Municipality-C program, the Fund fully processed applications according to a public tender published from the funds for 2019 in the amount of EUR 3,000,000.00. In 2020, five applications were approved in the total amount of EUR 3,000,000.00. The final realization after the public tender (after withdrawals) amounts to the approval of four applications in the amount of EUR 2,704,942.00, which represents 90.16% of the realizations of the tendered funds.

As part of the Pre-financing-PF program, the Fund continued to process applications following three public tenders which were published from funds for 2019. In 2020, 46 applications in the amount of EUR 3,034,696.00 were approved. The final realization according to public tenders amounts to the approval of 74 applications in the amount of EUR 5,097,021.00, which represents 84.95% of the realization of the tendered funds.

11.1.3 COST-EFFECTIVENES AND EFFICIENCY ANALYSIS

In 2020, the Fund acted as a good manager and managed earmarked assets in accordance with Article 25 of the ZJS-1.

In 2020, according to public tenders published in that year, the Fund granted loans in the amount of EUR 22,030,703.12, which supported 430 projects and contributed to the implementation of projects in the amount of EUR 36,900,876.51. Applications are still pending.

In 2020, it also granted loans in the amount of EUR 15,491,791.29 under public tenders from 2019; these incentives supported 128 projects and contributed to the implementation of projects in the amount of EUR 28,555,095.13.

The Fund successfully closed its operations in 2020, as a surplus of revenues over expenditures in the amount of EUR 88,217.62 was generated, which had an impact on the increase of the earmarked assets fund and thus on the preservation of the Fund's assets. As at 31 December 2020, the earmarked assets fund is higher (by EUR 14,399,712.33) than the initial balance as at 1 January 2020 due to received recapitalisations in 2020 amounting to EUR 14,305,944.09, as well as successful operations in 2020, which means that the Fund operated in accordance with Article 25 of the ZJS-1.

11.2 EXPLANATIONS FOR FAILURE TO ACHIEVE OBJECTIVES

In 2020, the Fund directed all its resources to the implementation of intervention measures aimed at reducing the negative consequences of the COVID-19 epidemic on the Slovenian economy, also at the expense of the Fund's regular incentives. In 2020, the Fund does not record the realization according to the Municipality-C program, since it did not tender the planned amount of EUR 3,400,000.00 due to the implementation of intervention measures.

The Fund also does not record the realization under the Autochthonous National Community-ANC program in the amount of EUR 2,000,000.00. In order to implement it, the Fund convened three meetings of the ANC Committee, and prepared several proposals for the program for the development of economic bases for ANC and draft tenders; however, the incentives were not implemented, either due to the lack of quorum or to a disagreement with the proposed programs and tenders.

