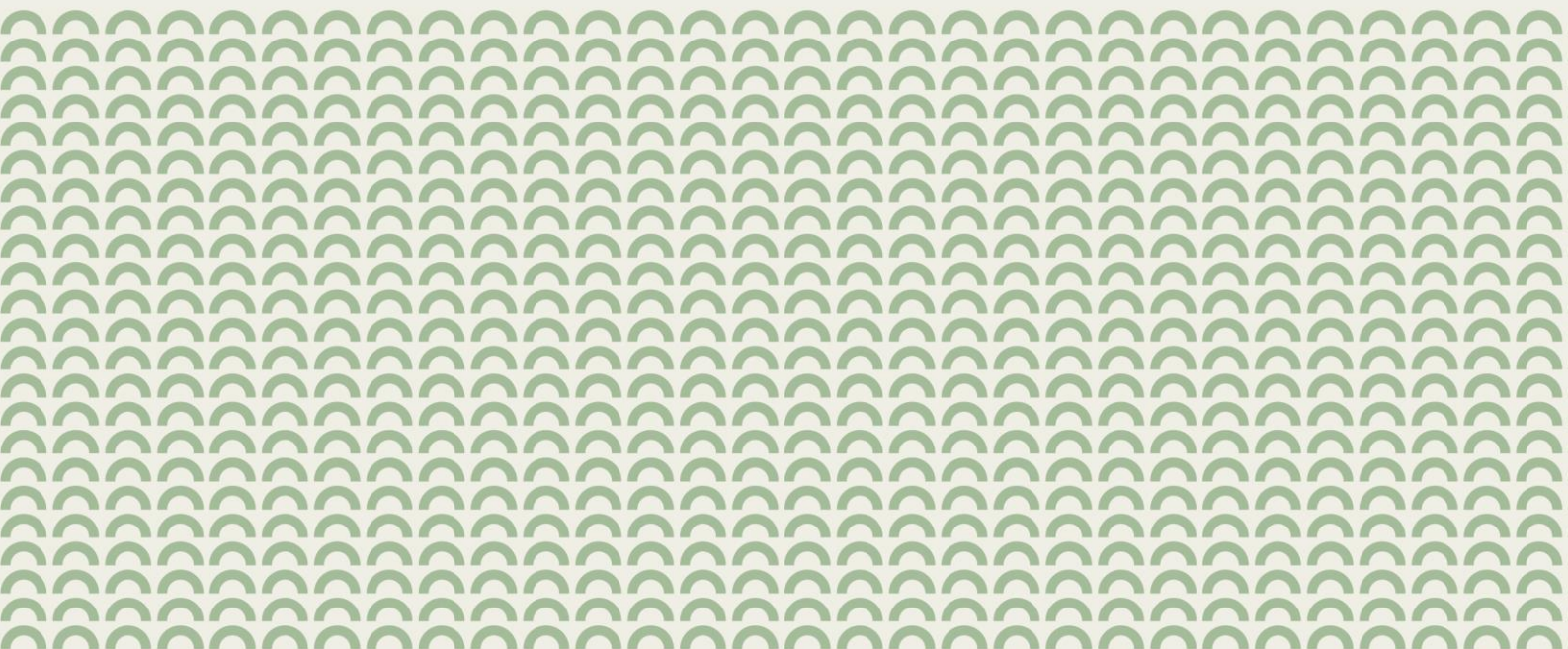




Slovenski regionalno  
razvojni sklad  
Slovenian Regional  
Development Fund



# ANNUAL REPORT 2021

## OF THE SLOVENIAN REGIONAL DEVELOPMENT FUND

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## Summary

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 the implementation of endogenous regional policy measures.

The main area of operation of the Fund is the implementation of regional policy measures and programmes through the placement of financial incentives aimed at various organisations, institutions, and companies operating in individual regions. In addition to its main activity, the Fund also performs the function of the Certification Authority. The Fund was appointed as the executor of the tasks of the Certification Authority for three cross-border cooperation programmes, namely INTERREG V-A Slovenia-Austria, INTERREG V-A Slovenia-Hungary, and INTERREG V-A Slovenia-Croatia, in the 2014-2020 financial perspective, based on a decision of the Government of the Republic of Slovenia. The implementation of this task will continue until the end of 2023.

The Fund's incentives are substantively and financially related to the implementation of the national policy for regional and rural development and were implemented within five programmes in 2021, namely the Entrepreneurship programme (B), the Municipality programme (C), the Agriculture and Forestry programme (A), the programme for projects in the area inhabited by the Italian and Hungarian autochthonous national communities (hereinafter referred to as the ANC), and the pre-financing programme (PF). Individual incentives within each programme have been designed based on the targeting and financial incentive form. The primary form of the Fund's incentives are loans with a more favourable interest rate and a longer maturity than bank loans for similarly risky investments.

As with 2020, the virus SAR-Cov-2, which causes COVID-19, caused a significant halt in economic activity and at times hampered the company's overall operation in 2021. As in 2020, the Fund was heavily invested in mitigating the epidemic's negative effects on the Slovenian economy in 2021.

According to the Business and Financial Plan for 2020-2021 and its subsequent amendments and additions (hereinafter referred to as the BFP), the Fund intended to tender for €57.7 million in financial incentives from its own funds in 2021, as well as drawdowns based on concluded contracts in the same amount. A €2.0 million tender for ANC was also planned as part of this. The Fund's plan also included the implementation of a programme of non-refundable incentives for social enterprises (mentoring schemes) for the account of MEDT (from the Republic of Slovenia's budget with ESF funds), which was postponed until 2022.

The plan to publish tenders from own resources was fully realised, including the ANS tender, which occurred for the first time in several years. The drawdown plan under the signed contracts was realised for €30.9 million, which is 43% less than the plan. Nevertheless, withdrawals were significantly higher than the previous year (€24.2 million) and the highest ever recorded.

The Fund's expert panels prepared 484 proposals, which were decided on by the Investment Committee. In 2021, 337 proposals for the approval of funds in the amount of €36.6 million and 38 proposals for the rejection of applications were prepared at the recommendation of the expert services, and 78 proposals for rejection and 31 for resignation were issued.

As in 2020, five-year interest-free loans for working capital (so-called COVID liquidity loans) were the Fund's most important financial incentive in 2021, accounting for up to 68% of all concluded loan contracts in terms of volume. The lower number of contracts concluded under other tenders is due to both the market's low interest rates and the increased attractiveness of bank loans, as well as the effect of the cannulation of COVID loans for other tenders, as some investors preferred interest-free five-year loans this year over more expensive return on investment incentives, which also require longer treatment, insurance, and, from the investor's perspective, the preparation of more extensive application documentation.

Concluded non-interest-bearing COVID loans also had an impact on the Fund's interest income and, as a result, the Fund's total income in 2021. This will remain smaller in the next five years than would otherwise be the case, because the Fund will not receive interest income from these loans, and no



other compensation for lost interest income is planned.

Regular work on the Certification Authority's tasks has continued under the 2014-2020 programme, which will run until November 2023. The Fund intends to participate in the European Territorial Cooperation programmes from 2021 to 2027, in accordance with the decision of the participating Member States' programme partners and the consent of the Government of the Republic of Slovenia. Participation in the following programmes is envisaged: Interreg Slovenia-Austria 2021-2027, Interreg Slovenia-Hungary 2021-2027, Interreg Slovenia-Croatia 2021-2027

Appropriate internal organisation is also required for the successful implementation of the Fund's areas of work. In 2021, it 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 organised. On 31 December 2021, the Fund employed a director, 18 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 programmes.

Because the Fund recognises that human resources are key capital, it continually invests in education and the systematic development of employees' competencies. As a result, Fund employees attended a variety of events with educational content related to the transition to digital business or directly related to their work area and the Fund's needs.

The Fund is the holder of the ISO standard. In 2021, an internal and external renewal assessment was carried out. Internal and external audits revealed no nonconformities, and the ISO certificate was renewed until 2024.

Business information and technology support is critical for the implementation of the financial incentive process and the monitoring of loans granted. To that end, significant effort and resources were invested in 2021 to improve the operation of the Fund's information systems. €34,811 was spent on upgrading existing computer programmes, and €16,915 was spent on computer equipment. The volume of investments was lower than anticipated due to the greater complexity of the solutions than anticipated. The development of the Fund's information system will be able to proceed more efficiently and quickly in the future, as 2022 anticipates the hiring of a business technologist who has not previously worked for the Fund.

In 2021, there were also preliminary activities for the establishment of the CRM and MSI systems (e.g., diagnosing the need, communicating with potential contractors, etc.), which would enable the collection and display of information on the Fund's contacts with individual stakeholders, and the solution is expected to work in the Office365 environment, which the Fund already uses.

In the future development of information support, where the Fund will be prioritised for the implementation of information system integration, it will follow as closely as possible the development strategies and guidelines established by the EC, the Republic of Slovenia, and state administration documents (focus on cloud services, taking care of cyber security, connectivity, where it is possible to use building blocks for electronic data exchange, etc.).

When talking about the financial operations of the Fund, it should be noted that the Fund manages the designated assets in accordance with the purpose for which it was established and with the aim of maintaining or increasing the value of these assets. Throughout its operations, the Fund carefully plans investments and minimises operating costs. The amount of the Fund's dedicated assets increased by €8.3 million in 2021 compared to the previous year, owing to recapitalisation as well as the Fund's good financial performance in 2021 and thus the preservation of dedicated assets. The increase in dedicated assets is one of the main conditions for increasing the size of the Fund's distributed financial incentives in the future, thus increasing the Fund's importance in the implementation of State regional policy measures.

Essential financial data on the operation of the Fund in 2021 are:

- total revenue: €1,433,206,
- total expenditure: €1,272,123,
- surplus of revenues over expenditure: €161,083,
- dedicated assets: €121,877,167.



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## Explanation of abbreviations

Abbreviation	Explanation
ANC	Autochthonous National Communities (Hungarian and Italian)
ECB	European Central Bank
EC	European Commission
ESF	European Social Fund
EU	European Union
DTI	Developmental Threat Index
MF	Ministry of Finance
MEDT	Ministry of Economic Development and Technology
MAFF	Ministry of Agriculture, Forestry and Food
BPA	Border problem areas
BFP 2022-2023	Business and financial plan of the Fund for the years 2022 and 2023
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 with additions
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 with additions
RGS	Regional guarantee schemes
RRA LUR	Regional Development Agency of the Ljubljana Urban Region
SAZU	Slovenian Academy of Sciences and Arts
Fund	Public Fund of the Republic of Slovenia for Regional and Rural Development / Slovenian Regional Development Fund
GTC	General Terms and Conditions
SVRK	Government Office for Development and European Cohesion Policy



# Annual report

- 01 Key information about the Fund
- 02 Macroeconomic framework
- 03 Legal and strategic bases
- 04 Organisation of work and personnel
- 05 Results in the field of incentives
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## 1.1 Impact of the Fund

### Mission

The Fund is a public financial institution of the Republic of Slovenia that has a significant impact on the promotion of harmonious regional and rural development. When developing financial programmes and instruments, the Fund is closely aligned with state strategies and policies for regional and rural development, with the goal of reducing development disparities between individual regions or areas and promoting the sustainable development of individual regional

### Vision

The Fund aspires to be a key national financial development institution for regional development in Slovenia, with a well-established system of programmes and financial instruments to ensure balanced regional and rural development in Slovenia, offering appropriate measures with its own, state, and foreign funding. In doing so, the Fund will support projects that will aid Slovenia's carbon transition and socially acceptable development.

## 1.2 General data

**Title:** Public Fund of the Republic of Slovenia for Regional and Rural Development

**Short title:** Slovenian Regional Development Fund

**Short title (English):** Slovenian Regional Development Fund

**Headquarters:** Škrabčev trg 9a, 1310

**Website:** [www.srrs.si](http://www.srrs.si)

### Title, Headquarters

**Founder:** Government of the Republic of Slovenia

**Established:** 1995, entry in the Companies Register 19 June 1996, SRG no. 96/01512

**SKD 84.130** Regulation of economic areas for more efficient operations

**Organisational form:** Public Fund

**Responsible Ministry:** MEDT

**Dedicated assets:** €121,877,167.1167 (as of 31 December 2021)

**Tax No.:** 92466834

**Registration No.:** 5940117

### Information on establishment



**Director:** Matjaž Ribaš

The Director is appointed and dismissed by the Government of the Republic of Slovenia on the recommendation of the Supervisory Board for a four-year term with the possibility of re-appointment.

### Fund body/Director

### Supervisory Board: 7 members

The supervisory board is appointed and dismissed by the Government of the Republic of Slovenia on the proposal of the minister responsible for regional development for a four-year term with the possibility of re-appointment. It is composed of representatives:

- Dr. Robert Drobnič, MEDT, President
- mag. Karla Pintar, MEDT
- Rok Zupančič, SVRK
- Hermina Oberstar, MAFF, deputy pres.
- mag. Nataša Kokol Car, MF
- mag. Lilijana Madjar, RRA LUR
- Dr. Nika Razpotnik Visković, SAZU

### Fund body/Supervisory Board

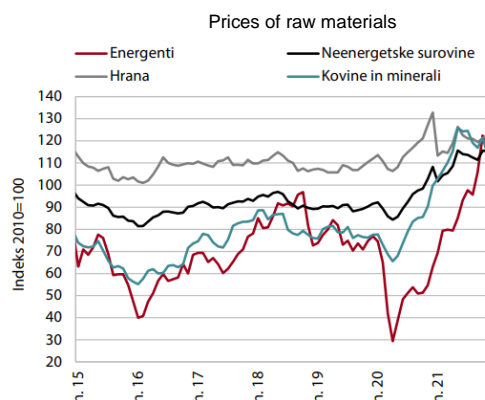


## 2.1 Europe

The COVID-19 pandemic has had a significant impact on global economic activity. The pandemic caused a contraction in economic activity in European countries in 2020, but by the first half of 2021, economic activity had increased significantly in all of these countries as the epidemic situation subsided. Businesses and consumers have adapted to epidemiological constraints better than expected, and increased global economic and trade activity, as well as effective support policy measures, have provided additional impetus.

In addition to adapting to the pandemic situation, 2021 was marked by a number of challenges related to high raw material and energy prices, supply chain disruptions, which influenced the growth of activities in services and manufacturing, and most notably the automotive industry.

Thus, the price of Brent oil was 48.6% higher year on year, owing primarily to the pronounced spread of the new coronavirus strain. On the European market, natural gas prices increased by 549% year on year. As a result, the price of electricity in the European market, which is also heavily influenced by gas-fired power plants, increased significantly in December. According to the World Bank, monthly prices of metals and minerals rose the most, and annual prices of fertilisers increased in particular (by 164%).

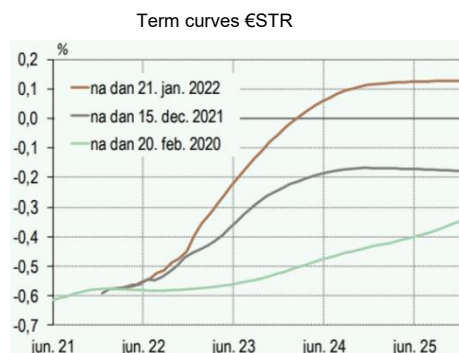


Source: World Bank, *Economic Mirror*, No. 1, volume XXVIII, 2022. UMAR, page 9.

Inflation, which has remained subdued for the past 20 years in the aftermath of the global financial crisis, was also a significant factor in 2021, hovering around 2% in the United States, below 1% in Japan, and between 1% and 2% in the eurozone. However, the period of stable low inflation came to an abrupt end in 2021. Inflation on both sides of the Atlantic rose sharply as a result of the combined impact of large fiscal stimuli, a stronger-than-expected recovery in private demand, and supply constraints, primarily due to logistics bottlenecks and higher raw material and energy prices. In December, eurozone inflation was 5% year on year. In the United States, inflation was even higher, with annual consumer prices rising by 6.2% in October alone.

Specific inflation factors will also have an impact on future central bank confrontations with the dynamics of raising key interest rates. Norges Bank and the Bank of England have already raised their key interest rates. The Federal Reserve scheduled the completion of asset purchasing programmes for March 2022, while also predicting three 0.25 percentage point increases in its key interest rates. The Bank of Japan and the Swiss National Bank, on the other hand, have kept their monetary policies unchanged so far. The European Central Bank (ECB) Governing Council endorsed the closure of the Pandemic Emergency Purchase Programme (PEPP) for late March 2022 at its December monetary meeting, but also announced that it will maintain the necessary support for financing conditions through other measures, thus contributing to the recovery of the eurozone's economies as a whole.

This gradual reduction in the ECB's accommodativeness has resulted in an increase in interest rates across several segments of the euro financial market, but this has not changed the picture of favourable financing conditions. The €STR curve (*the Euro OIS reference curve (Overnight index swap), which reveals market expectations for interest rate hikes*) is a frequent reference to other euro interest rates, which have already fully accounted for the market's expectations that the ECB will exit the negative interest rate environment in about two years. This is significantly faster



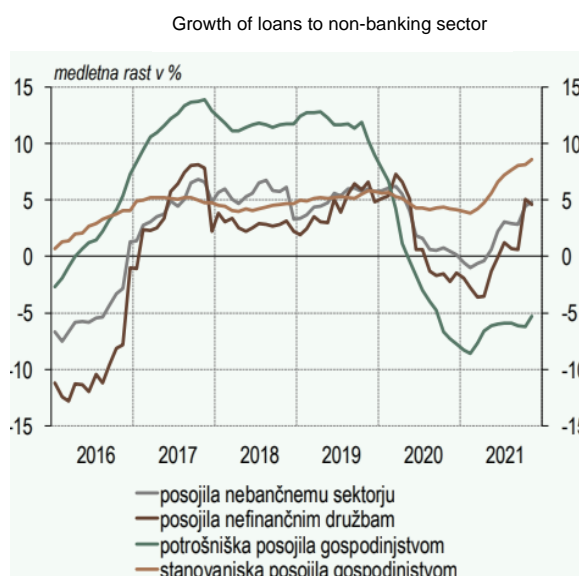
Source: Bloomberg, *Economic and Financial Movements*, January 2022, Banka Slovenije, p.21.

## 2.2 Slovenia

than market expectations prior to the pandemic. As a result, the required yields on euro government bonds and private sector bonds have risen.

In Slovenia, most economic indicators point to the continuation of relatively favourable trends in the export sector and domestic consumption through 2021. Of course, the effects of the worsening epidemiological situation and ongoing supply difficulties on domestic economic activity were felt on an annual basis, particularly the impact on service-related confidence indicators. However, many companies' operating conditions in 2021 have been tightened as a result of the pandemic's expansion as well as high energy costs. After filling the crisis gap in GDP in the third quarter of last year, the situation is easing, and growth is being driven primarily by domestic spending, which is much higher than the eurozone average. On the supply side of the economy, most domestic activities already outperformed pre-crisis levels of added value in the third quarter.

According to financial accounts, the total net creditor position of the domestic sectors remained close to the ten-year average last year. The reduction in net excess savings in the economy is the result of the actions of all groups of entities. The government sector's negative net financial position increased slightly at the end of 2021, but it had decreased since the crisis's bottom in early 2021. Companies and households, on the other hand, increased their net savings in the first year of the epidemic, but this pattern was broken last year. They remain high and continue to flow heavily into bank deposits, which, when combined with lower overall uncertainty and increased confidence in the economy, boost consumer and investment momentum. In the case of households, the increase in long-term loans has already approached the pre-pandemic level, but it is still significantly lower than before the global economic and financial crisis, so household indebtedness remains low and well below the eurozone average. This is also true for companies, as the structure of the increase in corporate liabilities suggests that they are largely funded by internal resources.



Source: Bloomberg, Economic and Financial Movements, January 2022, Banka Slovenije, p.21.

The labour market remained favourable throughout 2021, with 65,969 people registered as unemployed at the end of last year, significantly lower than in the same period in 2020 (24.4%) and 2019 (12.4%). Filling the relevant labour force gap allowed for the hiring of workers from abroad. Wage growth in the public sector was primarily due to the payment of certain epidemic-related allowances, which has slowed since mid-year. The average gross wage in the private sector continued to rise, owing primarily to an increase in the minimum wage at the start of 2021, the return of people involved in intervention measures to work, and a labour shortage in some activities.

Inflation increased further in December 2021 to 4.9%. Higher prices for energy, durable and semi-durable non-energy industrial goods and food were the main contributors to annual inflation. Higher price growth is associated with high raw material and energy product prices on global markets, as well as supply chain difficulties, which increasingly spill over into domestic consumer prices via import prices and prices of industrial products produced by Slovenian producers.

## 2.3 Fund

Just as the Government of the Republic of Slovenia has taken a number of measures to limit the negative consequences of the epidemic on the population and the economy, the Fund (as in 2020) has once again offered five-year interest-free COVID loans for the financing of working capital, in addition to other development programmes.

The so-called COVID loans, which the Fund also made in 2020, have an impact on the Fund's interest income already in 2021, and this part of the portfolio will have to be considered in the Fund's operations in the coming years. Specifically, the external costs of financing by the European Investment Bank were determined in 2021 in light of trends in the return on bonds of the Republic of Slovenia, and this expected increase in interest rate will affect both state borrowing and new financial products of the Fund in the future.

### 3.1 Fundamental laws and regulations

#### Public Funds Act



The 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 ...



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 - ZSRR, 22/00 - ZJS, 67/01, 47/02), which determines the share of purchase prices with which the Fund's dedicated assets increase. This is also the only systemic source for increasing the Fund's dedicated assets.

#### Promotion of Balanced Regional Development Act



The 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. Article 10 defines the role of the Fund, which on the basis of a public authorisation:

- 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 dedicated 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 may also implement urgent regional policy measures.

#### 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. 78/19, 208/21),
- 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)
- Rules on the classification of development regions by the level of development for the programming period 2021-2027 (Official Gazette of the Republic of Slovenia, No. 118/21)
- 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)



### 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, 121/21)
- 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 and C/2021/473 of 24 November 2021)



### 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)



### 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. 11/11-official consolidated text, 14/13-corr., 101/13, 55/15 -ZFisP, 96/15 – ZIPRS1617, 13/18 and 195/20 dec. US)
- 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, 79/19, 10/21 and 203/21)
- 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, 80/19 and 153/21)
- 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).

## 3.2 Fundamental internal acts



### Instrument of Incorporation

The Instrument of Incorporation of the Fund, no. 01401-4/2009/6 of 23 July 2009 (with amendments and supplements, clean copy SV 451/20 of 3 September 2020), which harmonises the operation of the Fund with the provisions of ZJS-1 and ZSRR-2.



### General Terms and Conditions

General Terms and Conditions of 8 November 2019 (with amendments and supplements of 8 May 2020, hereinafter referred to as the GTC), which derive from the provisions of the ZSRR-2 and are the basis for awarding incentives, are considered an integral part of the public tender for each form of incentive 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

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, 22 May 2019 and 5 October 2021), which together with the GTC represents the basis for granting incentives and defines the implementation of measures in the fields 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, and (6) changes in the dynamics of payment, rescheduling, and write-off of liabilities to the Fund.



### **Rules on Insurance of Incentives**

The Rules on Insurance of Incentives of the Fund of 15 January 2021, which determine the forms and restrictions of insurance in the design of incentives, determine the minimum conditions of individual forms of insurance and the method of assessing the adequacy of the insurance proposal in the granting of incentives.



## 3.3 EU and RS Strategy Papers



### Europe 2020 - A strategy for smart, sustainable and inclusive growth

A strategy for smart, sustainable and inclusive growth (EC Communication, 3 March 2021) contains a vision of the social market economy of Europe for the 21st century, with the overarching objectives of:

- 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.



### Partnership Agreement

The Partnership Agreement (October 2014; approved by the EC on 30 October 2014) 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

The Development Strategy of Slovenia 2030 (adopted by the Government on 7 December 2017) represents the umbrella development framework of the country. It draws attention to Slovenia's demographic trends, which are characterised by an increase in the number of elderly people, low fertility, and a decrease in population.

The strategy outlines twelve development objectives for the period up to 2030. These include objectives such as economic stability, the transition to a low-carbon circular economy, and sustainable natural resource management. The central objective of the strategy is to ensure the quality of life for all.



### Smart Specialisation Strategy

The Smart Specialisation Strategy (adopted by the Government of the Republic of Slovenia on 20 September 2015; approved by the EC on 5 November 2015) 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.



### Rural Development Programme of the Republic of Slovenia for the period 2014-2020

The Rural Development Programme of the Republic of Slovenia for the period 2014-2020 (adopted by the EC on 22.9.2019) is a programming document by which Slovenia implements rural development measures. The programme 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.



### INTERREG Cooperation Programme

INTERREG V-A cooperation programmes: Slovenia-Austria, Slovenia-Hungary Slovenia-Croatia is a programming document prepared jointly by the participating countries in European territorial cooperation programmes and approved by the EC. The conceptual orientation of the cooperation programme 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".



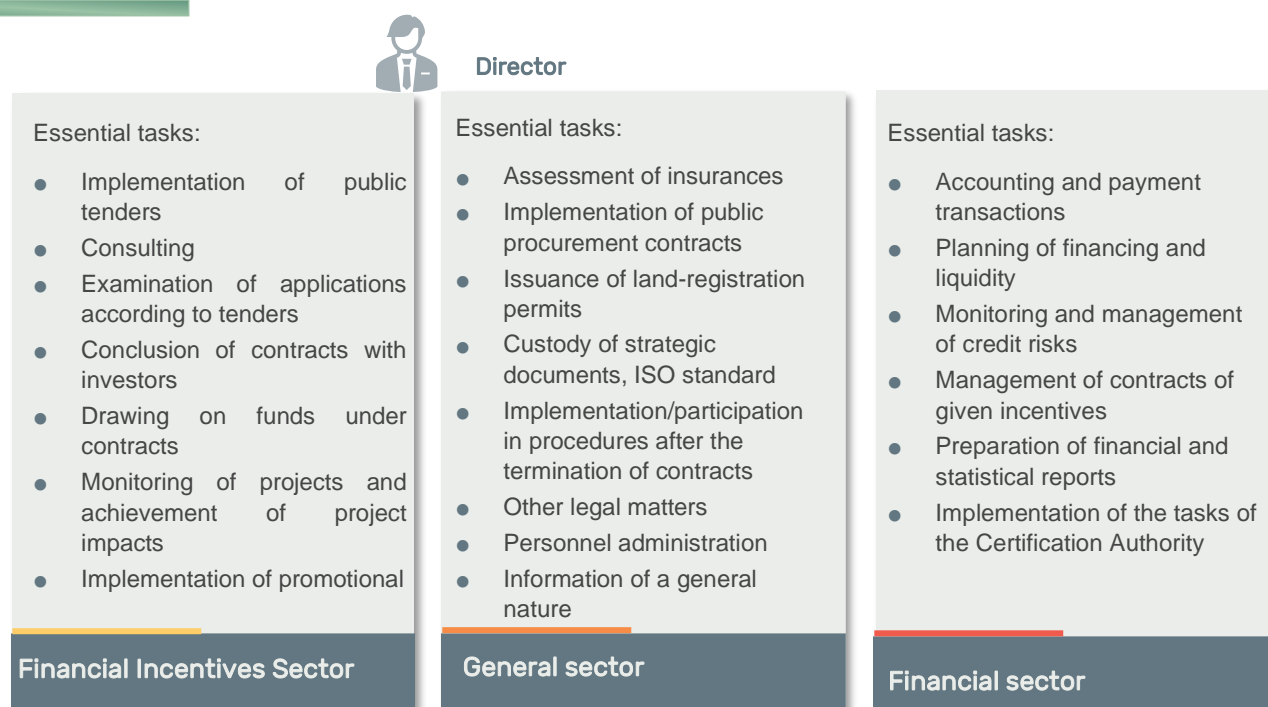
### Other important documents

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



- 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

## 4.1 Organisation of work and personnel



### Number of employees



The internal organisation of highly motivated employees took place in three sectors in 2021. On 31 December 2021, the Fund employed 22 people: the director for a fixed term of office until 31 December 2024, 18 people for an indefinite period, and three people for a fixed time until 30 November 2023, to meet the needs of the Authority's certification work in European Territorial Cooperation programmes.

### Educational structure



The educational structure of the Fund is as follows: One person has a doctorate in science and similar education (sublevel 8/2). Two people have a master's degree in science and a similar education (sublevel 8/1). Most people, i.e. 14 persons have obtained higher education at the II. level (sublevel 7). Five persons have obtained higher education at the I. level (sublevel 6/2).

### Education



Because the Fund recognises that human resources are key capital, it invests continuously in education and the systematic development of employees' competencies. As a result, Fund employees attended a variety of events with educational content related to the transition to digital business or directly related to their work area and the Fund's needs.

### Working from home



During the COVID-19 emergency, the Fund also engaged in temporary work from home in 2021. Working from home presents unique challenges, which the Fund has successfully overcome and turned into an opportunity for the collective's growth and development. Working from home, while respecting the rights of all stakeholders, can help to reconcile private and professional life, while also allowing the Fund greater flexibility and organisation of work.

## 4.2 Internal working bodies



### College of Directors

Before adopting the final decision of the Director on a particular matter, the College of Directors, which is the decision-making and consultative body of which the heads of sectors are members, shall consider the significant contents and documents of the Fund, with a view to exchanging information on the operation of the Fund and other important events affecting the operation of the Fund.

The College of Directors met 47 times in 2021, with meetings held on a weekly basis. Furthermore, if necessary, the Director convened working meetings with sector heads and other employees to exchange information on Fund operations and other significant events affecting Fund operations.



### Loan Committee and Expert Commissions

A loan committee was formed in 2021 to decide on the expert commission's proposals for the acceptance/rejection/dismissal of applications submitted to the Fund's tenders. The change contributes to the application processing process itself, as all sectors are included in the processing with their expertise and experience, allowing for better risk control of approved projects. The committee met once a week, which helped to expedite the application's review.

In 2021, 12 expert commissions were appointed, and five expert commissions also operated as a result of previous years' public tenders. The members of the expert committees reviewed the applications submitted to the public tenders and, after a thorough examination, prepared a proposal for acceptance/rejection of the applications, which was approved by the loan committee.

Expert commissions prepared 337 proposals for the approval of funds totalling € 36.6 million in 2021, 38 proposals for the rejection of applications, 78 proposals for dismissal, and 31 withdrawals. As a result, a total of 484 proposals were implemented.



### Investment Monitoring Centre

In 2021, the Financial Incentives Sector established the Investment Monitoring Centre, which performs the organisation of contract signing and insurance realisation, carries out the drawing process, monitors approved projects until completion and achievement of project objectives, and also financially monitors loan transactions until repayment of liabilities or contract termination. With the establishment of the Investment Monitoring Centre, the Fund focuses on monitoring the implementation of the notified projects and achieving the desired outcomes, while reducing administrative barriers and de-bureaucratising ex-ante procedures.



### Trust and Debt Committee

The Trust and Debt Committee is a working body appointed by the CEO that works in the fields of recovery of overdue receivables and custody of borrowers, to which representatives of the financial sector, the financial incentives 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, such as (1) the systematic processing of overdue unpaid receivables, (2) the handling of professional issues related to receivables, (3) the handling of trust reports, (4) proposes possible activities with an individual borrower.

#### 1. Amount of unpaid receivables

In 2021, the Trust and Debt Committee met in eight 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 expert services were involved in the recovery of receivables when regular recovery reminder procedures at the Fund and in banks were unsuccessful, and they also participated in bankruptcy procedures and compulsory settlements. It dealt with late payment debtors until July in the case of debtors with more than 90 days in arrears, and from August onwards in the case of debtors with more than 60 days in arrears. Receivables were collected by telephone, with written reminders, through interviews and court proceedings. Sixteen final 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 two debtors and started the procedure of forced debt recovery. Bankruptcy proceedings were initiated against one debtor.

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 posted receivables amount to € 692,087. Two criminal charges have been filed against several persons for misuse of loan funds.

<b>Table 1: Amount of outstanding receivables as of 31 December 2021 in €</b>		
According to segment	No. of debtors (late payment over 90 days)	Total amount of overdue receivables
Assets from dedicated assets	43	4,639,269.58
Assets for the ANC regions	6	687,249.11
Calls on guarantees RGS	3	58,143.44
MEDT funds for investments in problem areas	5	771,607.67
Assets for COVID liquidity loans	7	30,438.67
<b>Total</b>	<b>64</b>	<b>6,186,708.47</b>

As can be seen from Table 2, the Fund observed a decrease in the amount of matured debt in the loan segment in 2021. The decrease in the volume of non-performing investments is due to write-offs of failed recoveries as well as inflows from successful recoveries of some disputed loans, as well as the fact that no new non-performing investments were incurred this year (legal possibility of moratoria and granting of liquidity loans with longer moratoria). All this will have consequences in the coming years; however, they cannot be assessed and evaluated at this time.

<b>Table 2: Number of debtors and amount of overdue debt in the period 2014-2021 in €</b>		
Year	Total No. of Debtors	Total No. of Debtors
2014	164	13,927,414.79
2015	137	13,220,659.93
2016	115	11,042,149.81
2017	97	7,982,639.23
2018	78	7,337,240.90
2019	70	6,745,387.04
2020	64	7,089,693.82
2021	64	6,186,708.73

## 2. Procedures for the recovery of receivables

As of December 31, 2021, the Fund has 42 terminated contracts, with the total amount of receivables of said contracts amounting to €5,933,037.68. 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 realisation of the pledged property.

The most common form of recovery is a 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.

In 2021, the Fund recovered €566,881.99 (for payment of principal, interest, management costs, and execution costs) from the terminated contracts, namely from the execution on monetary assets of €96,777.18, from the sale of real estate/movable property of €263,679.77, from bankruptcies of €199,833.64, from the sale of receivables of €2,891.40, and some debtors themselves partially paying the debt; from this, the Fund received €3,700.00. In 2021, three debtors settled their debt in full.

In 2021, the Fund's debtors' judicial recovery and insolvency proceedings are as follows: six newly filed enforcement proposals, two re-submitted enforcement proposals, one claim and separation rights in bankruptcy proceedings, and one filed criminal complaint for loan fund damage.

## 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. The Fund conducts the recovery of only one beneficiary, against whom, after the compulsory settlement has been completed, it is required to pay 36.75% of the claims in instalments to ordinary creditors, the last instalment of which is due on 31 December 2024. After the bankruptcy proceedings were completed in 2021, the Fund completed the recovery against one beneficiary. In 2021, the Fund recovered receivables from awarded grants totalling €66,268.44.

#### 4. Write-off 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.

In 2021, the Fund wrote off a total of €652,744.42 in booked receivables and closed with a recovery of €1,021,326.36 in unregistered receivables. The Fund is required to inform the Fund's Supervisory Board once a year about all write-offs, which were completed in 2021 at the 17th meeting on 18 March 2021.

## 4.3 The Supervisory Board and its work in 2021



### Method of work and composition

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 2021, the members of the Supervisory Board were Dr Robert Drobnič, its President (MEDT), Hermina Oberstar, Deputy President (MAFF), mag. Karla Pinter (MEDT), Nataša Kokol Car (MF), Lilijana Madjar (RRA LUR), Dr. Nika Razpotnik Visković (ZrC SAZU) and Rok Zupančič (SVRK).



### Meetings in 2021

In 2021, the Supervisory Board held six regular meetings via remote access, using information and communication technology, due to COVID-19 and the high burden and occupancy of supervisors. The supervisors dealt with routine and specific issues concerning the Fund's operations and made decisions within their jurisdiction. The members actively participated in the discussions, both with guidelines and requests for additional explanations, and the decisions were adopted unanimously.

In 2021, the Supervisory Board discussed and decided, in particular, on the following major issues:

- Annual report of the Fund for 2020 with an audit report,
- Amendments and additions (3) to the Fund's Business and Financial Plan for 2020-2021, for the year 2021,
- Amendments and supplements (4) to the Fund's Business and Financial Plan for 2020-2021, for the year 2021,
- Amendments and additions (5) to the Fund's Business and Financial Plan for 2020-2021, for the year 2021,
- Business and financial plan of the Fund for 2022-2023
- Business policy of the Fund for the period 2021-2025,
- Rules on the internal organisation and job systematisation of the Fund,
- Provision of consents to conclude loan agreements with an amount higher than €500,000.00,
- Report on performed write-offs of liabilities of the Fund's debtors,
- Consent to conclude a loan agreement with the EIB (€30 million),
- Selection of the contractor for the audit of the Fund's Annual Report for 2021, 2022 and 2023,
- Liquidation of PIIC Murania d.o.o.,
- Rules of Procedure of the Supervisory Board of the Fund.

### 5.1 Entrepreneurship programme (B)

#### B

#### Brief on programme B

The Entrepreneurship Programme (B) aims to implement regional entrepreneurial projects for subjects of various legal and organisational forms, while also pursuing the development of activities with distinct local advantages.

#### Person icon

#### Eligible investors

As part of programme B, investors registered in accordance with the Companies Act, ZGD-1 (Official Gazette of the Republic of Slovenia, no. 65/09 - official consolidated text, 33/11, 91/11, 32/12, 57/12, 44/13 - dec. US, 82/13, 55/15, 15/17, 22/19 – ZPosS, 158/20 – ZIntPK-C and 18/21) and/or the Cooperatives Act - Zzad (Official Gazette RS, no. 97/09 - official consolidated text and 121/21) are entitled to funds, who perform a gainful activity in the territory of the Republic of Slovenia.

#### Clipboard icon

#### Summary of the processing of applications according to tenders

##### Liquidity loans



The COVID-19 epidemic, which disrupted a few years of economic conjuncture in 2020 and had a significant impact on the economy and population, continued in 2021. The Fund played an important role in the implementation of government measures to mitigate the epidemic's consequences, as part of the implementation of the Act on Interventional Measures to Mitigate and Eliminate the Effects of the COVID-19 Epidemic (ZIUOOPE) (Official Gazette of the Republic of Slovenia no. 80/20, 98/20 - ZIUPDV, 101/20 - dec. US, 152/20 - ZZUOOP, 175/20 - ZIUOPDVE, 203/20 - ZIUOPDVE, 15/21 - ZDUOP, 112/21 - ZIUPGT, 206/21 - ZDUPŠOP), the Programme of Implementation of Financial Incentives Covid 19 of the Ministry of Economic Development and Technology and the 3rd Amendment of BFP 2020 – 2021, for 2021.

With the goal of preserving activities and jobs and facilitating access to finance for SMEs in (border) problem areas, the Fund has launched a public tender for the granting of liquidity loans in border problem areas.



The announcement of €17.04 million included €8 million from recapitalisation, €6.4 million from the balance of paid-up funds under Article 37 of the ZIUOOPE, and the remainder from dedicated assets.



283 applications with a total request of €20.82 million were submitted to the public tender, and 202 applications with a total request of €14.93 million were approved.

#### Development loans in border problem areas



Based on the Business Plan for the Implementation of Favourable Development Credits for Investment in Problem Areas in the Republic of Slovenia, published in August 2016 by the Ministry of Economic Development and Technology and the Slovenian Regional Development Fund, the Problem areas contract 2016-2017, the Problem areas contract 2018-2019, and the Contract with the Ministry of Economic Development and Technology 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 of 28 September 2018 with additions, the Fund published a Public Tender for the Development Loans in Border Problem Areas, with which it pursued goals such as a positive impact on competitiveness, promotion of employment opportunities, protection of the environment and promotion of efficient use of resources, as well as the promotion of companies' investments in research and innovation.

The Fund closed the public tender before the funds were spent as a result of the notification received by the MEDT that the validity of the Regional Aid Map Regulation for the period 2014-2020 is expiring, as the legal basis for the allocation of regional aid according to the notified schemes also expired with the regulation.



€6.5 million from the state budget was tendered\*

*\*free funds under the aforementioned contracts.*



26 applications totalling €4.74 million were submitted to the public tender, and 17 applications totalling €3.41 million were approved.

### Investment loans



The Fund has published a Public Tender for Loans for Economic Investment Projects with the goal of improving competitiveness, increasing job opportunities, protecting the environment, and encouraging companies to invest in research and innovation throughout the Republic of Slovenia.

The Fund closed the public tender before the funds were spent as a result of the notification received by the MEDT that the validity of the Regional Aid Map Regulation for the period 2014-2020 is expiring, as the legal basis for the allocation of regional aid according to the notified schemes also expired with the regulation.

The Fund then published the Second Public Tender for Loans for Economic Investment Projects from the remaining funds in December 2021 (according to the de minimis scheme).



€7.7 million was tendered from dedicated assets and leased resources from the European Investment Bank.

In December 2021, €6.7 million was re-tendered from the termination of funds.



8 applications totalling €3.56 million in requested funds were submitted to the public tender, with 4 applications totalling €0.97 million approved.

### Processing according to public tenders published in the previous year



Due to objective circumstances, the processing of 6 applications received in 2020 has been postponed until 2021.

In 2021, 5 applications totalling €0.42 million were approved under the 2020 public tenders.



### Realisation according to programme B

In 2021, 282 contracts totalling €20.50 million were concluded in the framework of the Entrepreneurship (B) programme. As much as 87% of all funds placed (273 contracts totalling €18.2 million) were dedicated to providing liquidity to SMEs in border problem areas, allowing them to maintain operations and employees. The remaining nine contracts were concluded for the implementation of investments totalling €2.3 million.

Realisation of the Entrepreneurship programme (B)	Plan 2021	Realisation 2021	Index RE21/BFP21
No. of contracts concluded	356	282	79
Loan amount	€31.24 million	€20.50 million	66
Value of projects	-	€27.86 million	-



## 5.2 Agriculture and Forestry Programme (A)



### Brief on programme A

The Agriculture and Forestry (A) programme is intended for projects aimed at developing agricultural holdings of various legal and organisational forms, as well as farms, with incentives aimed at priority areas of regional policy.



### Eligible investors

Agricultural holdings are entitled to funds under programme A, as defined in the Agriculture Act (Official Gazette of the Republic of Slovenia, no. 45/08, 57/12, 90/12 – ZdZPVHVVR, 26/14, 32/15, 27/17, 22/18, 86/21 – dec. US and 123/21), and are recorded in the register of agricultural holdings. An investor applying for a supplementary activity project must be registered in accordance with the applicable Decree on subsidiary activities on farms (Official Gazette RS, no. 57/15, 40/17, 36/18). The investor shall implement the project in accordance with Annex I of the list set out in Article 38 of the Treaty on the Functioning of the European Union (EU C 326/2012).



### Summary of the processing of applications according to tenders

#### Loans for the purchase of agricultural and forestry land



Agricultural land (good soils) decreased, and soil/land urbanisation increased between 2018 and 2020, resulting in irreversible soil degradation and loss of natural resources. Larger areas are being used differently, particularly on the outskirts of settlements for the needs of industry and trade, as well as along the routes of major infrastructure facilities. However, small-scale changes are common as a result of dispersed individual construction, facility expansion and modernisation, and smaller infrastructure. The construction of quality agricultural land, in particular, reduces the possibilities for food self-sufficiency and the scope of ecosystem services provided by quality agricultural land. In 2020, Slovenia had 853 m<sup>2</sup> of fields and gardens per capita, which is extremely small in comparison to other countries, and it is estimated that 2,500 m<sup>2</sup> of fields and gardens per capita is sufficient for adequate food security and self-sufficiency levels.

To that end, the Fund published a public tender for the purchase of agricultural and forestry land for loans intended for agricultural holdings and granted access to agricultural and forestry land on the Republic of Slovenia's territory for the purpose of carrying out their activities.



Tenders for €3 million in dedicated assets were published.



The public tender received 46 applications totalling €2.91 million, with 30 applications totalling €1.89 million being approved. Part of the realisation is expected in 2022.

#### Loans for primary agricultural production



Sub-measures of investments in fixed assets intended for agricultural holdings, processing, marketing, and development of agricultural products, and infrastructures related to the development, modernisation, or adaptation of agriculture are also foreseen as part of the Measures of the Rural Development Programme 2014 - 2020, which has been extended until the end of 2024.

For this purpose, the Fund published a Public Tender for Loans to Primary Agricultural Production Projects, with which agricultural holdings close the financial structures of projects, or the Fund's source is the only public source for co-financing investments in primary agricultural production, as it has done in previous years.



€11 million was tendered from dedicated assets and leased resources from the European Investment Bank.



23 applications totalling €5.23 million were submitted to the public tender, and 14 applications totalling €3.46 million were approved. Part of the realisation is expected in 2022.



## Loans for the elimination of frost consequences



Act on Measures to Eliminate the Consequences of Frost in Agricultural Production between 5 and 9 April 2021, ZUOPPKP21 (Official Gazette RS, no. 115/21), the Fund issued a public tender for working capital to eliminate the consequences of frost, which was intended for fruit and wine growers who had lost future profits due to frost damage to cultures.

The public tender was published at the end of 2021, because only then were the assessments of frost damage to crops completed, allowing the Fund to allocate funds under the de minimis scheme.



A tender for €1 million in dedicated assets with interest rate subsidies from the State Budget (MAFF) was issued.



The entire realisation of placements will take place in 2022.

## Processing according to public tenders published in the previous year



Due to objective circumstances, the processing of 14 applications for three calls for tender published in 2020 has been postponed until 2021.

Following public tenders in 2020, 11 applications totalling € 1.50 million were approved in 2021.



## Realisation according to programme A

In 2021, 48 contracts totalling € 4.81 million were concluded under the Agriculture and Forestry Programme (A).

Implementation of the Agriculture and Forestry Programme (A)	Plan 2021	Realisation 2021	Index RE21/BFP21
No. of contracts concluded	80	48	60
Loan amount	€15 million	€4.81 million	32
Value of projects	-	€7.89 million	-

## 5.3 Municipality programme (C)



### Brief on programme C

The municipal programme (C) is intended to finance local and regional public infrastructure projects that are majority owned by the state or municipality or are transferred to municipalities immediately following project completion. There are no elements of state aid in the mentioned programme because they are incentives for projects that benefit the public good and do not affect competition distortion.



### Eligible investors

Within programme C, the municipalities of the Republic of Slovenia are eligible for funding.



### Summary of the processing of applications according to tenders



The Fund published a call for tenders for granting favourable loans to municipalities for the co-financing of local infrastructure. The Second Public Tender for Granting Favourable Loans to Municipalities was published in December 2021, using the remaining funds from investor withdrawals due to more favourable offers from commercial banks.



€10 million was tendered from dedicated assets and leased resources from the European Investment Bank.

In December 2021, €6.2 million was re-tendered from the termination of funds.



7 applications totalling €7.40 million in requested funds were submitted to the public tender, with five applications totalling €6.2 million approved. Realisation under the second public tender is foreseen for 2022.



### Realisation according to programme C

In 2021, five applications for financing infrastructure projects totalling €6.2 million were approved, but only two loan agreements totalling €2.6 million were signed. Realisation is lower than expected, partly due to the signing of one of the approved contracts only in 2022, and largely due to a significant offer from commercial banks with very favourable terms for this customer segment.

Realisation of the Municipal programme (C)	Plan 2021	Realisation 2021	Index RE21/BFP21
No. of contracts concluded	10	2	20
Loan amount	€15 million	€2.6 million	17
Value of projects	-	€6.58 million	-

## 5.4 Pre-financing programme (PF)



### Brief on the PF programme

The pre-financing programme (PF) is intended to provide incentives in the form of soft bridging loans to investors who have successfully bid for European and/or national funds, received a favourable decision, and/or have already concluded a contract to acquire those funds. The incentive bridges the time gap until the grant is disbursed.



### Eligible investors

Under the PF programme, non-profit organisations, legal entities registered in accordance with the Companies Act, ZGD-1 (Official Gazette RS, no. 65/09 - official consolidated text, 33/11, 91/11, 32/12, 57/12, 44/13 - dec. US, 82/13, 55/15, 15/17, 22/19 – ZPosS, 158/20 – ZIntPK-C and 18/21) and/or the Cooperatives Act - Zzad (Official Gazette RS, no. 97/09 – official consolidated text and 121/21) and agricultural holdings are entitled to funds.



### Summary of the processing of applications according to tenders

#### Pre-financing of non-profit and profit organisations & agriculture and forestry



The Fund has published a public tender for the pre-financing of projects by non-profit and profit organisations and a public tender for the pre-financing of projects in agriculture and forestry.

In October 2021, the Fund published the Second Public Tender for Pre-financing Projects of Profit and Non-Profit Organisations from the Fund's remaining funds and funds dedicated to the development of bi-national economic fundamentals.



Tenders for €6 million in dedicated assets were published.

In October 2021, €2.8 million from fund terminations and €2 million from dedicated property funds from ANS purchases were re-tendered.



85 applications totalling €7.53 million in requested funds were submitted to public tenders, with 38 applications totalling €2.99 million approved. Part of the realisation is expected in 2022.



### Realisation according to programme C

In 2021, 65 contracts were concluded under the pre-financing programme (PF), totalling € 5.54 million in funds.

Realisation of the Municipal programme (C)	Plan 2021	Realisation 2021	Index RE21/BFP21
No. of contracts concluded	95	65	68
Loan amount	€6 million	€5.54 million	92
Value of projects	-	€20.81 million	-

## 5.5 Summary of the implementation of incentives

The Fund announces financial incentives based on a biennial Business and Financial Plan or amendments and supplements related to the current year, GTC, Rules on incentive allocation, and reported state aid schemes. For the purpose of forming public tenders in 2021, the Fund made three changes to the BFP 2020-2021, increasing the financial incentive plan from €30 million to €67.3 million.

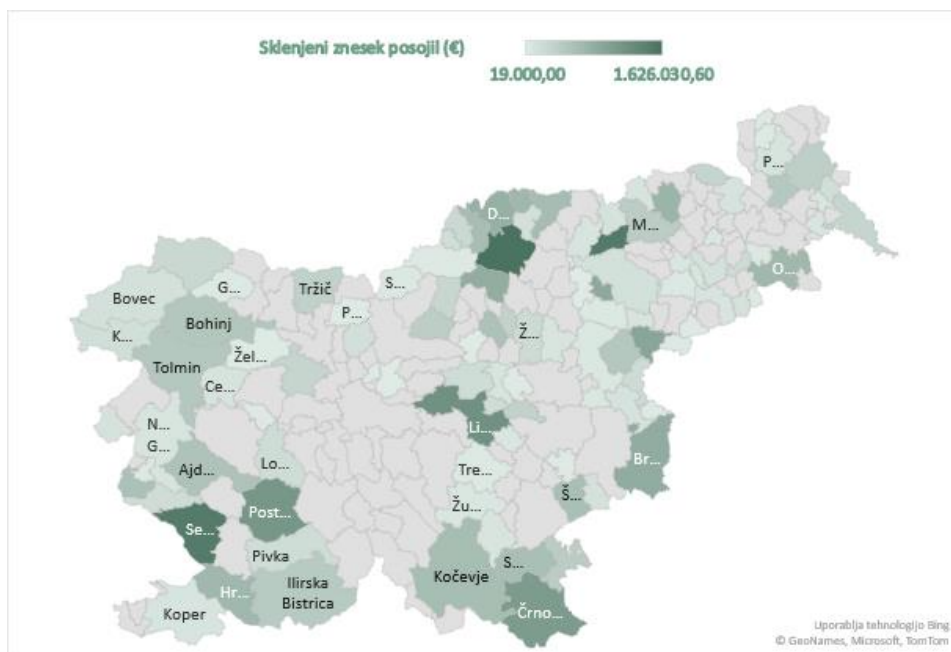
Table 3: Volume of funds tendered for 2021 compared to the plan (BFP for 2021)								
Programme/Resources	Dedicated assets with leased source (in € million)		Dedicated assets arising from the purchase prices of ANC with a leased source (in € million)		RS budget - grants (in € million)		Budget of the Republic of Slovenia with ESF resources (in € million)	
	Plan 21	Real.21	Plan 21	Real.21	Plan 21	Real.21	Plan 21	Real.21
Entrepreneurship (B)	24.74	24.74	-	-	6.5	6.5	3.048	0
Agriculture and forestry (A)	15	15	-	-	-	-	-	-
Municipalities (C)	10	10	-	-	-	-	-	-
Pre-financing (PF)	6	6	-	-	-	-	-	-
Autochthonous National Communities (ANC)	-	-	2	2	-	-	-	-
Total	55.74	55.74	2	2	6.5	6.5	3.048	0

In 2021, the Fund issued all planned funds, except cohesion funds, through 12 public tenders from programmes of entrepreneurship, agriculture and forestry, municipalities, and project pre-financing programmes (including funds from autochthonous national communities), totalling €3,048,867. To achieve the best possible result, three public tenders (out of a total of 12) were published from the remaining funds totalling €17.7 million.

The Fund reports on incentive realisation in 2021 based on contracts concluded in the calendar year 2021 under the aforementioned programmes. A total of 397 contracts totalling €33.45 million were concluded for the implementation of projects totalling €63.14 million. Part of the realisation is planned for 2022, as the Fund announced at the end of the year the remaining funds from the programmes of agriculture and forestry, entrepreneurship, municipalities, and pre-financing, which also include the source intended for the development of binational economic bases.

The Fund (co)financed projects in 106 municipalities, the majority of which were in Slovenj Gradec, where 29 projects totalling €1.63 million were (co)financed, and the least in Domžale, where one project totalling €0.19 million was (co)financed. Figure 1 shows that the majority of the funds were allocated to less developed statistical regions.

Figure 1: Placement of funds by municipalities



## Financial incentives of the Fund in 2021



Volume of planned funds

Σ=€67.3 million



No. of tenders

Σ=12

### Entrepreneurship (B)

- ➔ No. of contracts: 282
- ➔ Amount of loans: €20.50 million
- ➔ Project value: €27.86 million

### Agriculture and forestry (A)

- ➔ No. of contracts: 48
- ➔ Amount of loans: €4.81 million
- ➔ Project value: €7.89 million

### Municipalities (C)

- ➔ No. of contracts: 2
- ➔ Amount of loans: €2.6 million
- ➔ Project value: €6.58 million

### Pre-financing PF (with ANC)

- ➔ No. of contracts: 65
- ➔ Amount of loans: €5.54 million
- ➔ Project value: €20.81 million

Amount of tendered funds: €64.24 million

Realisation of the tendered funds: 95.5%

**TOTAL\***

- ➔ No. of contracts: 397
- ➔ Amount of loans: €33.45 million
- ➔ Project value: €63.14 million

*\*Part of the realisation will be in 2022*

## 5.6 Analysis of incentives by regional aspect



### Reducing disparities between development regions

In accordance with the Act on the Promotion of Coherent Regional Development (ZSRR-2), Official Gazette of the Republic of Slovenia no. 20/2011, the Development Risk Index (DRI) is a relative indicator of the development of a developing region. It is calculated by weighting 14 indicators of development, vulnerability, and development prospects. The rulebook on the classification of development regions by level of development for the programme period 2021-2027 (Official Gazette of the Republic of Slovenia, No. 118/21 classifies development regions (nuts 3), taking into account the Developmental Threat Index (hereinafter referred to as DTI), as set out in Table 4. The higher the DTI, the more developmentally vulnerable the region is. The table shows the number of (co)financed projects as well as the total of all concluded contracts for project implementation in developmental regions.

Development Region	DTI	No. of projects supported	Loan amount in €
Mura region	172.5	33	2,182,494
Littoral-Inner Carniola region	138.3	23	1,810,104
Drava region	133.4	44	6,160,695
Central Sava region	132.3	6	1,541,414
Carinthia region	127.7	78	4,992,109
Lower Sava region	121.8	24	1,434,950
Gorizia region	117.1	27	2,321,799
Savinja region	111.3	54	4,824,960
Coastal-Karst region	103.2	33	2,516,595
Southeast Slovenia	93.0	47	3,674,481
Upper Carniola region	85.3	23	1,743,136
Central Slovenia region	49.6	5	248,022

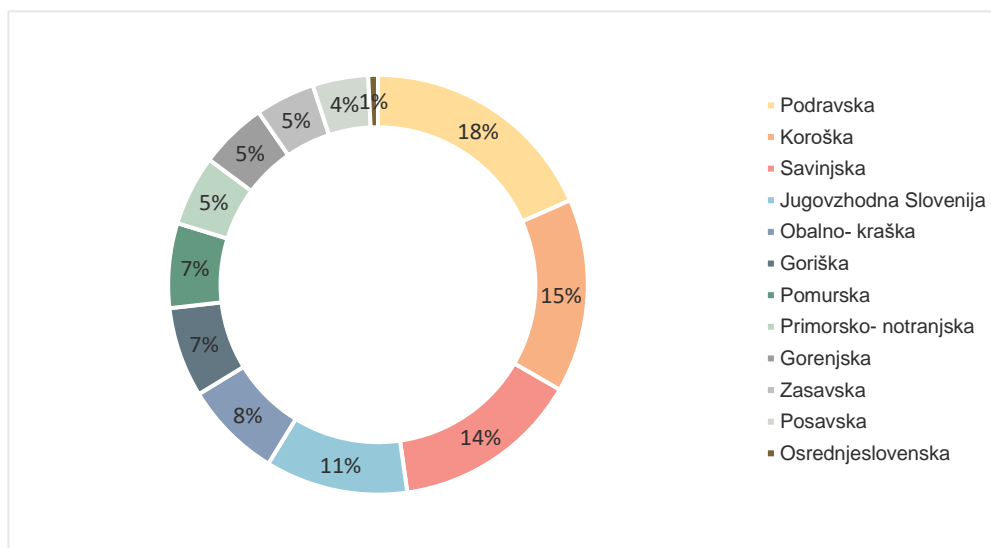
According to the DTI indicator, two regions stand out in terms of development risk, while differences between other regions are smaller. The Central Slovenia region stands out most positively, with a DTI that is half that of the Slovenian average of 115.29, indicating that it is by far the most developed. The Mura region stands out the most in a negative direction, exceeding the Slovenian average by more than two-thirds and exceeding the Central Slovenia region's average by 3.5 times, indicating that it is by far the least developed. The Fund invested €0.25 million, or 0.7% of all placed funds, in the Central Slovenia region, and it financially supported 5 projects. The Fund invested €33.2 million, or 99.3% of funds, and thus supported 392 projects. The Fund invested €2.18 million in funding 33 projects in the least developed Mura region.

The underdeveloped development regions are those with a DTI higher than the average, i.e. Mura (172.5), Littoral-Inner Carniola (138.8), Drava (133.4), Central Sava (132.3), Carinthia (127.7), Lower Sava (121.8) and Gorizia (117.1) development regions. The Fund invested €20.44 million in these regions (61% of the total) and supported 235 projects.

#### Placement of funds by development regions

As shown in Graph 1, in terms of the amount of concluded contracts, the highest number of funds placed in the Drava development region was €6.16 million (18% of funds placed), followed by Carinthia with €4.99 million (15% of funds placed), Savinja with €4.82 million (14% of funds placed), Southeast Slovenia with €3.67 million (11% of funds placed), Coastal Karst with €2.51 million (8% of funds placed), Gorizia with €2.32 million and Mura with €2.18 million (7% of funds placed each), Littoral-Inner Carniola with €1.81 million, Upper Carniola with €1.74 million and Central Sava with €1.54 million (5% of funds placed each), Lower Sava with €1.43 million (4% of funds placed) and the Central Slovenia development region with €0.25 million (1% of funds placed).

Graph 1: Placed funds by development regions



#### Placement of funds by funding programmes and development regions

In 2021, the Fund placed financial incentives under four programmes, namely the Entrepreneurship (B), Agriculture and Forestry (A), Municipalities (C) and Pre-financing (PF) programme.

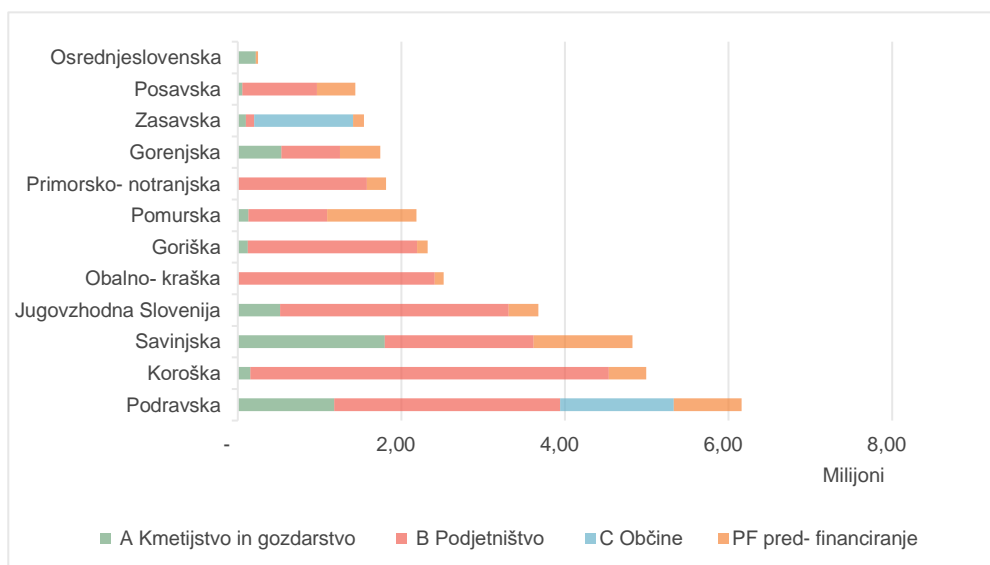
Most of the funds placed from the entrepreneurship programme (B) were in the Carinthia development region with €4.4 million, followed by Southeast Slovenia and the Drava region with €2.8 million, Coastal-Karst with €2.4 million, Gorizia with €2.1 million, Savinja with €1.8 million, Littoral–Inner Carniola with €1.6 million, Mura with €0.9 million, Lower Sava with €0.9 million, Upper Carniola with €0.7 million and Central Sava with €0.1 million, while no funds were placed in the Central Slovenia region.

Most of the funds placed from the Agriculture and Forestry Programme (A) were in the Savinja region with €1.8 million, the Drava region with €1.2 million, the Upper Carniola region with €0.53 million, Southeast Slovenia with €0.52 million, Carinthia with €0.15 million, Mura with €0.13 million, Gorizia with €0.12 million, Central Sava with €0.1 million, Lower Sava with €0.06 million and Coastal–Karst with €0.005 million.

The Drava development region received the most funds from the municipal programme (C), with €1.39 million, followed by Central Sava with €1.21 million, and no funds were placed in other regions.

From the pre-financing programme (PF), the largest number of placements in the Savinja development region was €1.2 million, followed by Mura with €1.09 million, Drava with €0.83 million, Upper Carniola with €0.49 million, Carinthia and Lower Sava with €0.46 million, Southeast Slovenia with €0.36 million, Littoral–Inner Carniola with €0.23 million, Central Sava and Gorizia with €0.13 million and Coastal–Karst with €0.11 million, and Central Slovenia with €0.025 million.

Graph 2: Funds placed (in €) by development regions according to the incentive programme

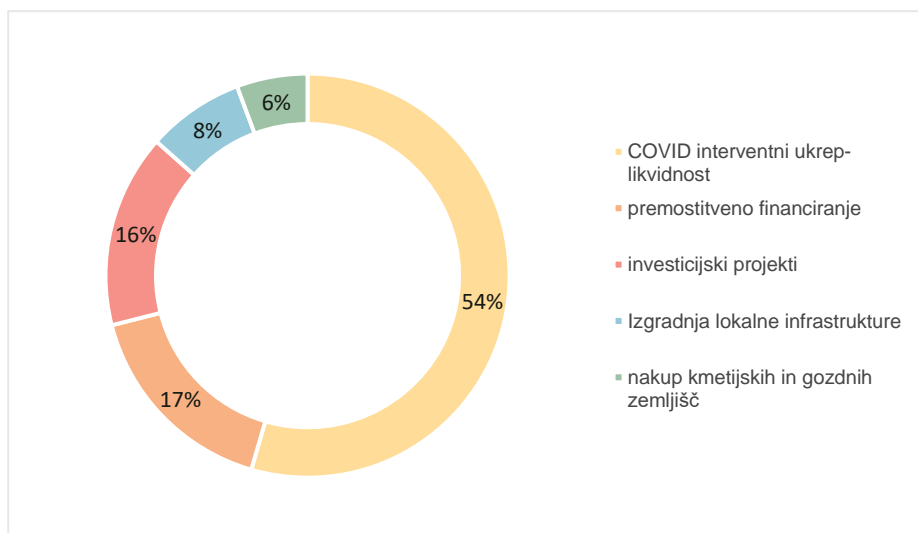


#### Placement of funds by purpose of financing

In 2021, 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) co-financing of investment projects, (4) purchasing of agricultural and forest land and (5) co-financing construction of local and regional infrastructure.

As shown in Graph 3, the largest amount of funds placed, €18.2 million (273 projects), was dedicated to the provision of liquidity loans to mitigate the negative consequences of COVID-19, accounting for 54% of all funds placed. This is followed by the bridge financing of projects in the total amount of €5.5 million (65 projects) with 17% of the funds placed, followed by (co)financing of investment projects in entrepreneurship (B), agriculture and forestry (A) in the total amount of €5.2 million (25 projects) with 16% of the funds placed, co-financing of the construction of local and regional infrastructure in the total amount of €2.6 million (2 projects) with 7% of the funds placed and co-financing of agricultural and forestry land in the total amount of €1.9 million (32 projects) with 6% of the funds placed.

Graph 3: Placed funds (in €) by purpose of financing



#### Reducing the development backlog in border problem areas

In accordance with the first paragraph of Article 24 of the Act on the Promotion of Coherent Regional Development (Official Gazette of the Republic of Slovenia, No. 20/11 and 57/12) include border problem areas of the border municipality and municipalities directly adjacent to the border municipalities. According to this law, border municipalities are municipalities where more than half of the population lives within a 10-kilometre border zone, have a job shortage, and have a lower population density than the national average. The criterion for inclusion in border problem areas for municipalities directly adjacent to border municipalities shall be more than 45 minutes of average accessibility to the nearest highway or expressway connection or a high proportion of the area included in the Natura 2000 site. Border problem areas also include municipalities with a coefficient of development of municipalities of less than 0.90 under municipal financing law, if they are adjacent to border municipalities or municipalities immediately adjacent to border municipalities.

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) specifies the criteria for determining border problem areas and municipalities that meet these criteria. During the programme's development, the following 90 municipalities were classified as border problem areas based on the available data on the values of the criteria: Ajdovščina, Apače, Bistrica ob Sotli, Bohinj, Bovec, Brda, Brežice, Cankova, Cerkno, Cirkulane, Črenšovci, Črna na Koroškem, Črnomelj, Divača, Dobrovniki, 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.



Border problem areas (BPAs) are a specific type of development area with the goal of preserving the population and developmental vitality of problem areas. Their development is the result of a number of interconnected factors, each of which has an impact on different levels of development. Individual groups of indicators in the draft Development Incentives Programme for Border Problem Areas for the period 2021-2024 show differences in indicators of development, vulnerability, and development prospects of municipalities in the BPA. Based on the above, the draft Development Incentives Programme for Border Problem Areas in the period 2021–2024 classifies municipalities into four homogeneous groups:

- TYPE 1: very weak economic development and very low development possibilities (Hodoš, Gornji Petrovci, Šalovci, Osilnica, Rogašovci, Kuzma, Grad, Cankova, Kobilje, Loški Potok and Kostel),
- TYPE 2: weak economic development and small development possibilities (Ribnica na Pohorju, Črenšovci, Tišina, Cirkulane, Kozje, Lovrenc na Pohorju, Podlehnik, Velika Polana, Bistrica ob Sotli, Makole, Sveti Tomaž, Majšperk, Videm, Zavrč, Apače, Puconci, Podvelka, Kungota, Moravske Toplice, Komen, Solčava, Kobarid, Luče, Poljčane, Črnomelj, Gornji Grad, Sveta Ana, Žetale, Gorje, Lendava, Dobrovnik, Kočevje, Semič, Bohinj),
- TYPE 3: moderate economic development and moderate development possibilities (Pesnica, Selnica ob Dravi, Ormož, Dornava, Miren – Kostanjevica, Brežice, Kanal, Središče ob Dravi, Metlika, Jezersko, Pivka, Renče – Vogrsko, Loška dolina, Kostanjevica na Krki, Cerkno, Dolenjske Toplice, Tržič, Ruše, Bovec, Ilirska Bistrica, Kranjska Gora, Sežana, Hrpelje – Kozina, Črna na Koroškem and Tolmin) and
- TYPE 4: better economic development and better development possibilities (Rogatec, Divača, Šentjernej, Preddvor, Žirovnica, Ajdovščina, Vipava, Brda, Dravograd, Šmarje pri Jelšah, Podčetrtek, Vuzenica, Rogaška Slatina, Muta, Prevalje, Radlje ob Dravi, Ravne na Koroškem, Mežica, Postojna and Slovenj Gradec)

Municipalities of all types face economic challenges, particularly low business density per 1000 population, but there are still significant differences in economic strength between municipalities.

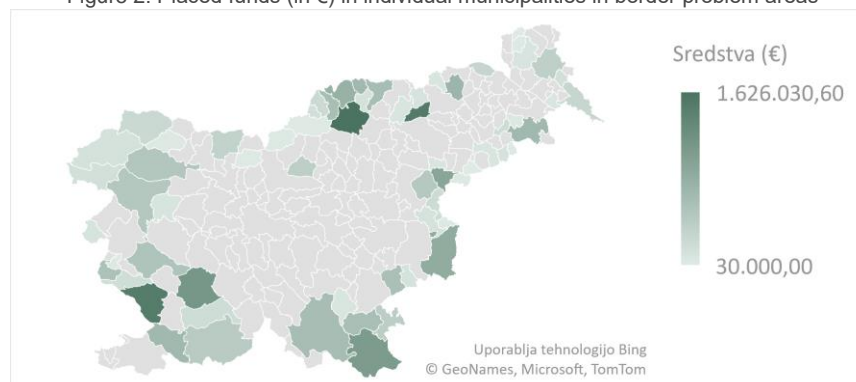
#### Placing of funds in border problem areas

Table 5 shows the Fund's assets in BPA municipalities classified into types based on individual groups of indicators of development, vulnerability, and development opportunities. According to the table, the Fund successfully placed funds in various types of municipalities according to BPA, totalling €24.9 million (74% of total funds placed), supporting 324 projects.

Type of municipality	Explanation	No. of Projects	Amount of funds in €
Type 1	very weak economic development and very low development possibilities (11 municipalities)	2	92,514
Type 2	weak economic development and low development possibilities (34 municipalities)	83	5,957,963
Type 3	moderate economic development and moderate development possibilities (25 municipalities)	109	9,723,338
Type 4	better economic development and better development possibilities (20 municipalities)	130	9,102,844
Other municipalities		73	8,574,101

Figure 2 shows the distribution of funds in the BPA by the amount of funds placed in individual municipalities. In the municipalities of Slovenj Gradec, Sežana, Ruše, Postojna and Črnomelj, the Fund invested a total of €6.9 million, or 28% of all funds placed in BPA. There were no funds placed in thirty municipalities. €16.2 million in funds were distributed to the remaining 55 municipalities within BPA.

Figure 2: Placed funds (in €) in individual municipalities in border problem areas





## 5.7 Effects of the Fund's 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 are 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.

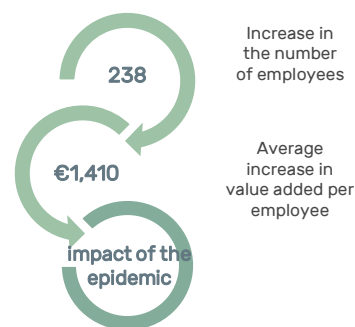
In 2021, the Fund monitored the effects of projects completed two years ago, except for the pre-financing programme (PF) and the municipality programme (C). The Fund monitored the effects by verifying them in publicly available records, investor reports, and its own records. The Fund monitors the effects of all approved projects, including projects without State aid.



### Effects of incentives on employment, productivity

In 2021, the Fund monitored 64 borrowers whose projects were completed in 2018, and the Fund monitors the effects two years after the project's completion, using publicly available financial statements for 2020. The monitored projects are grouped according to their intended effects and have been approved under the Entrepreneurship (B), Regional Guarantee Schemes (RGS), Autochthonous National Communities (ANC) and Agriculture and Forestry (A) programmes.

The number of employees increased by 238 or by an average of 3.7 employees per co-financed project. The average value added per employee increased to €41,011.05 per employee in 2020. In the year before the start of the investment, the average value per employee was €39,601.32. Value added per employee increased on average by €1,410 per borrower.

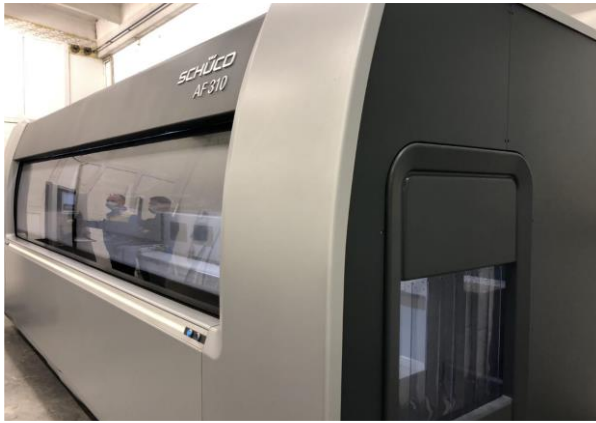


### Impact of the COVID-19 epidemic

In 2021, the Fund defined the impact of the COVID-19 epidemic on the achievement of the effects of the 64 monitored projects by comparing the impact of the epidemic on employment (number of employees) and productivity (added value per employee) for 2019, when the epidemic's impact had not yet been felt, and for 2020, when the borrowers' financial statements had already been impacted. The Fund observes that the COVID-19 epidemic has had a negative impact on employment, with the number of employees decreasing by 22% in the monitored sample between 2019 and 2020. The number of employees in the monitored projects increased by 304 in 2019, while we recorded an increase of 238 in 2020, which is 66 fewer than the year before the epidemic. However, productivity increased by 13% in 2020 compared to the average value per employee in 2019, which was €36,822.91 per employee.

### The contribution of fast-growing companies in the period 2016-2020

AJPES has developed a list of fast-growing companies in accordance with the MEDT methodology for the period 2016-2020. The analysis included 119,453 companies and sole proprietors (companies), 6,930 of whom meet the criteria for a fast-growing company. 26 fast-growing companies are among the monitored recipients of funds from the Fund, accounting for 39% of all monitored recipients of funds, but their contribution to employment is significant, accounting for up to 84% of the increase in the number of employees. In the case of monitored fast-growing companies, the added value per employee increased by €284,876 per employee, implying that borrowers who do not qualify as fast-growing companies had a much more difficult time adjusting to the COVID-19 epidemic during business operations, as they reduced the added value per employee by 3.2 times in the entire monitored sample.



INLES d. d., Ribnica

## EXAMPLE OF GOOD PRACTICE:

### Entrepreneurship programme

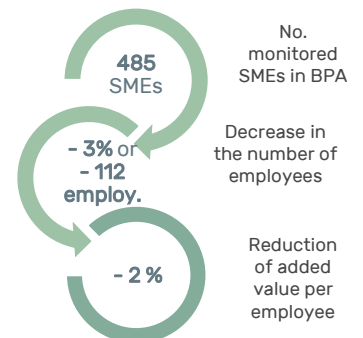
The company INLES d.d. manufactures building furniture from three materials: wood, PVC and aluminium. The company's operations are subject to the requirements of high product quality, which is why they need technology at the highest level in the production of serial and out-of-standard products. With technological advancements toward automation of production processes and programme development, the company's products remain competitive in export markets.



## Effects of intervention measures-liquidity loans

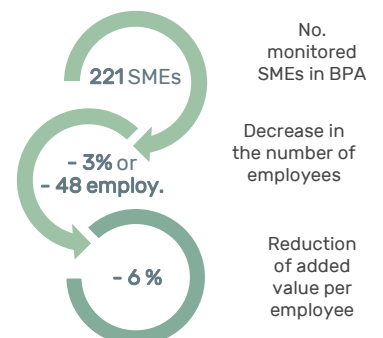
In 2021, the Fund monitored 485 borrowers with whom it had concluded loan agreements in 2020 and 2021 to ensure access to finance for SMEs in border problem areas, as part of intervention measures to mitigate the negative impact of the COVID-19 epidemic on the operations of SMEs in border problem areas. Because the epidemic is still ongoing, the results are partial and do not show the full effect of the measures. Additionally, borrowers with whom the Fund concluded a contract in 2020, as well as those with whom the Fund concluded a loan contract in 2021, drew funds only after the contract was signed, mostly in the following calendar year, implying that only a partial effect is known in the financial statements. Borrowers will also be monitored by the Fund over the next year or two if the measure remains in place in 2022.

The aim of the action is to preserve the activities and jobs provided by SMEs in border problem areas. The Fund mainly co-financed labour costs that were not financed from other public sources and other reversal costs. In order to monitor the effects of the action, the Fund compares the results of operations between 2019 and the current year for all monitored borrowers. Currently, data from the financial statements for 2020 are available from publicly available records, which only partially demonstrate the effects of the measure. The monitored borrowers employed 4,418 employees in the year before the epidemic, and in 2020 they managed to maintain 4,306 employees. The number of employees decreased by 3% or 112 employees. Value added per employee also decreased from €16.3 million to €15.9 million, i.e., by 2%.



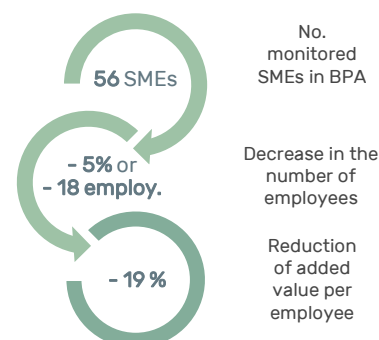
### Partial effects on borrowers from 2020

The partial effect of the measure can only be demonstrated by borrowers who concluded a loan agreement with the Fund in 2020 and drew on it in 2021, so the full effect will not be visible until the following year, when data from the financial statements for 2021 become available. There are 221 such borrowers, or 45% of the total sample of monitored borrowers. Currently, the number of employees decreased by 48 (from 1,636 in 2019 to 1,588 in 2020), which represents a 3% decrease. There are no differences compared to the overall sample. Value added per employee also decreased by 6 %, which is significantly higher than the 2% drop observed in the overall sample of monitored borrowers.



### Partial effects on borrowers from 2020-tourism, catering

Borrowers in tourism, catering, and tourism-related activities (e.g., travel agencies, tour operators, advertising agencies, exhibition organisers, meetings, and so on) had the greatest impact on lowering added value per employee. Borrowers from tourism, catering, and tourism-related activities with whom the Fund concluded a loan agreement in 2020 were 56, accounting for 25% of all concluded contracts. Compared to 2019, they recorded a 5% decrease in the number of employees and a 19% decrease in added value per employee. The aforementioned activities were the most affected by the epidemic; additionally, we can conclude from the foregoing that the epidemic's negative impact on these activities will have long-term consequences than in other activities.



### Effects of incentives on municipalities

Two contracts totalling €2.6 million in funds were concluded as part of the municipal programme (C) for the financing of local and regional infrastructure. The projects sought to improve the drinking water supply (€0.4 million), the sewage network and wastewater treatment (€1.4 million), and sustainable mobility (€0.8 million).



### Impacts of incentives for projects in agriculture and forestry

Under the Agriculture and Forestry Programme (A), the Fund monitored 50 projects. Among the investment projects completed in 2018, 22 improved efficiency and sustainability while also investing in development, 2 improved the natural environment and hygienic conditions, and 1 met 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.



### Impacts of incentives and pre-financing projects

Within the framework of the pre-financing programme (PF), which deals with the bridge financing of projects that have been granted European and/or national funds, and which also affects the successful absorption of these funds at the Republic of Slovenia level, 65 projects totalling €5.5 million were approved in 2021, with €5.32 million successfully drawn.



Gostišče Krivograd

### EXAMPLE OF GOOD PRACTICE:

#### Pre-financing programme

In 2021, the Fund also pre-financed energy rehabilitation projects in catering and tourism. Among the co-financed projects is the energy rehabilitation of the restaurant Krivograd na Prevaljah. As part of the energy rehabilitation, a comprehensive thermal rehabilitation was carried out (new windows with three-layer glazing, roof thermal insulation, wall thermal insulation, local recovery units, and a new modern air-water heat pump were installed, and all existing lights were replaced with LED lights).

## 5.8 Activities related to incentives



### Monitoring inspections

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 define the system from the point of view of monitoring the effects of projects. Monitoring inspections include visits to completed projects, projects in progress with deviations from planned activities in project implementation (e.g., change in project completion date, change in drawing dynamics, etc.), and debtor projects. The inspectors may be employees of the Fund or external examiners selected through a public contract. Monitoring inspections are primarily intended to check whether the intended project objectives have been met, as well as to inspect the financing facilities and project documentation. The fulfilment of contractual provisions, such as the inclusion of tangible fixed assets in the register of fixed assets or in the company's assets, the existence of all necessary permits, the investor's financial operations, the impact of the project on operations, and so on, is also verified.

In 2021, the Fund carried out 8 project reviews with a date of completion in 2021. Since 2021 was also marked by the negative economic impact of the COVID-19 epidemic, borrowers encountered a variety of issues that slowed project implementation: for example, they were unable to conclude a contract with the contractor due to the epidemic, the project did not generate the expected revenues, the project will be completed a few months later, etc. Regardless of the foregoing, it was determined that the funds were used for their intended purpose.



### Marketing and promotion

The Fund conducted activities to increase the Fund's visibility as a public financial institution of the Republic of Slovenia, which has a significant impact on the promotion of harmonious regional and rural development. Considering that the Fund celebrated its 25th anniversary, a number of contributions were published that summarised the Fund's past accomplishments.

A poor epidemiological picture led to a change in the way advertising and external communication were promoted in 2021, as many events were held online. The Fund took part in a number of events, including the Slovenian Regional Days, the Social Enterprises Conference, the traditional consultation of the public service of agricultural consultancy, council meetings for areas with limited factors, regional consultations of the Cooperative Association of Slovenia, and other online events.

#### Media

In 2021, the Fund carried out commercial advertising through spoken media through the following providers: Radio 1, Koroški Radio 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: Ekodežela, Glas Gospodarstva, Kmečki glas, 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 and addressed target groups through its website and through the websites of other institutions such as regional development agencies, ministries, including the Rural Network, business centres and municipalities.

#### "Agrobiznis" project

In 2021, the Fund signed a cooperation agreement on the project "Agrobiznis", within which numerous substantive and promotional activities were carried out, both to mark the 25th anniversary of the Fund's operations and to promote public tenders. With the contribution, the Fund participated in the webinar How to increase the competitiveness of agriculture and the food industry?, it promoted itself on Facebook and LinkedIn, as well as on the online portal Agrobiznis.si and as a supporter in the magazines Manager, Moje Finance, and Finance.

## Membership

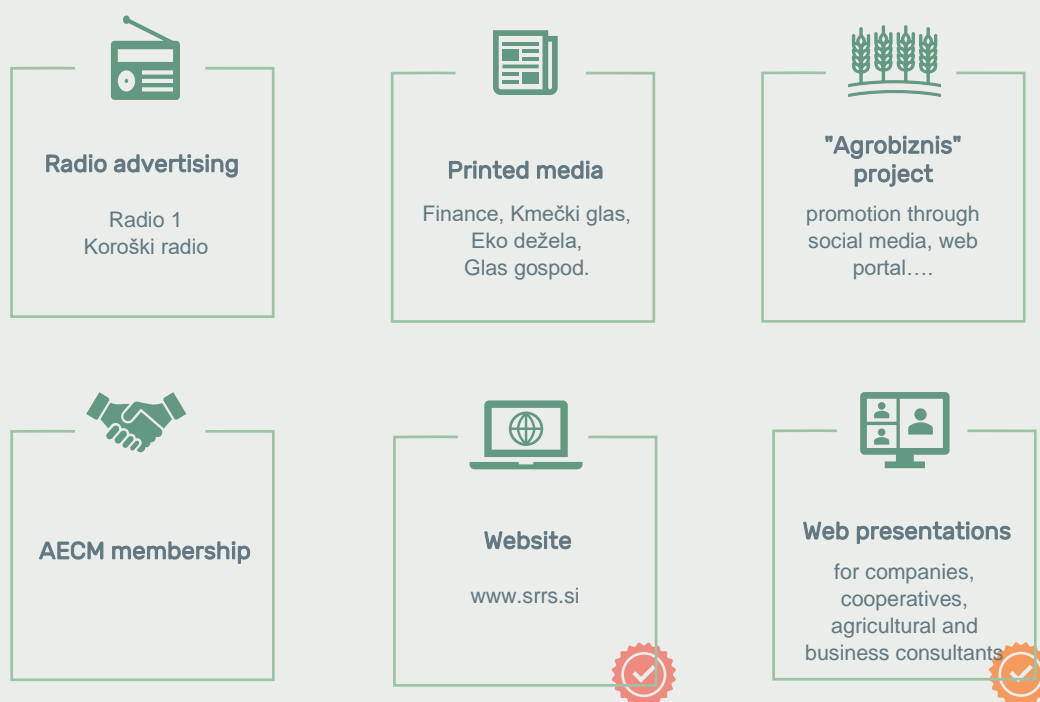
In 2015, the Fund already became a member of the European Association of Guarantee Institutions (AECM), which it continued in 2021. At the time of the declaration of the epidemic, the AECM was an important partner through which the Fund became acquainted with practices and responses in other countries; in addition, we were also able to share many experiences.

## Website, web presentations

The Fund updated, informed, and promoted public tenders on its website, [www.srrs.si](http://www.srrs.si), by publishing newsletters and updating information on the Fund's products, plans, and public tender results.

Audio-video presentations, which the Fund conducted in its own name or in collaboration with other institutions, are becoming an increasingly important medium for promotion. Numerous audio-video presentations were given in order to familiarise the Fund's target groups with the electronic method of submitting applications and the contents of current public tenders. Among them were the presentations to agricultural advisors, which were carried out in collaboration with the Maribor Chamber of Agriculture and Forestry, the presentations of public tenders for liquidity loans and development loans for companies and cooperatives in border problem areas, to which business advisors, representatives of companies and cooperatives were invited, and the presentations to local communities, which were carried out in collaboration with the Community of Municipalities of Slovenia. The majority of direct communication at the Fund is still telephone consultations with project managers, which were available to investors on a daily basis in 2021.

## Marketing and promotion in 2021





## 6.1 Results of general operations



### Digitisation of operations

The implementation of the process of granting financial incentives and the monitoring of granted loans is critical for the information and technological support of operations, especially given that the Fund's main products are long-term development loans that require intensive treatment and monitoring throughout the life of each loan until its maturity.

The Fund uses four computer systems, namely:

- Document system GovernmentConnect, the use of which was implemented in 2021. Given that the system is not yet integrated with other systems, activities to implement integration with other systems, specifically with the e-Rsklad and Krediti application, were carried out in 2021. Procedures have also been introduced to automate and simplify the document recording process.
- The e-Rsklad application, which was completed in 2021, allows for the creation of public tenders, the submission of electronic applications, and the process of their consideration. Preparatory activities (such as diagnosing the need, coordinating meetings with the contractor, and drafting the specification) were carried out in 2021 to introduce additional modules that proved necessary after the application's operational work began. Some minor upgrades were necessary due to the implementation of public tenders carried out by the Fund for the client.
- The Krediti application is a loan management programme that allows for data entry and processing, automatic import/export to other programmes, and report generation. Minor upgrades were carried out in 2021, which increased the programme's functionality, and informative meetings were held for the needs of system integration with the document system GovernmentConnect.
- The FINIS application enables comprehensive monitoring of all loans managed by banks and loans managed directly by the Fund throughout the life of the loan. The programme also allows for the recording of grants, guarantees, and capital contributions. It is planned to phase out the use of this application after upgrading the Krediti application. However, in 2021, an automatic data transfer from the e-Rsklad application to FINIS was performed.

In 2021, there were also initial activities for the establishment of the CRM and MSI systems (e.g., diagnosing the need, communicating with potential contractors, etc.), which would enable the collection and display of information on the Fund's contacts with individual stakeholders, and the solution is expected to work in the Office365 environment, which the Fund already uses.

In the future development of information support, where the Fund will be prioritised for the implementation of information system integration, it will follow as closely as possible the development strategies and guidelines established by the EC, the Republic of Slovenia, and state administration documents (focus on cloud services, taking care of cyber security, connectivity, where it is possible to use building blocks for electronic data exchange, etc.).



### System of internal control of public finances

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 identifying 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

- an appropriate control environment in the predominant part of the business,
- realistic and measurable goals throughout most of 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 most of 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 2021, the Fund made the following improvements in the field of internal control:

- implementation of the new documentary system and training of employees for its use,
- training employees to use MICROSOFT 365 programmes, focusing on MS Teams, Outlook, Excel, PowerPoint,
- greater digitisation of business and thus lower paper consumption.

Despite these improvements, the Fund perceives risks that it does not yet adequately manage, such as the partial incoherence of various Fund applications, human resource malnutrition, which will be eliminated with the additional jobs planned in 2022, and climate and cyber risks.



### Supervision of operations - Audit

For the performance of internal auditing in 2021, the Fund had concluded a contract with the company IN Revizija d.o.o., which in 2021 performed audits according to the following programme:

- auditing internal control procedures in the field of prevention of money laundering and terrorist financing,
- auditing the field of information systems security,
- auditing the functioning of the internal control system and the adequacy of work organisation in the Public tender for the allocation of liquidity funds in problem and border problem areas.



### ISO standard

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. The transition to the ISO 9001:2015 standard and the acquisition of the ISO 9001:2015 quality mark was completed successfully in 2018.



The ISO 9001:2015 standard focuses primarily on the effectiveness of the quality management system in meeting customer requirements, with the greatest emphasis on organisational management and processes. 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. The quality management standard is used by successful organisations all over the world because it contributes to the orderliness and operation of the company at a higher level.

With the adopted standard, the Fund focuses primarily on the efficiency of the quality management system in management and the processes carried out within its framework, meeting the requirements of customers (recipients of regional incentives), and performing the Certification Authority's tasks. The fund thus directly connects its business goals with its business performance through a process approach.

In 2021, despite unfavourable epidemiological conditions, the Fund implemented commitments within the framework of the ISO 9001:2015 standard, which it adopted in 2018. The documents related to the standard (Quality Rules and Process Catalogue) are supplemented and updated in response to changes in the processes that occur within the framework of the Fund's operation. Two audits were performed in 2021, namely internal and external renewal audits, because the validity of the obtained certificate expired at the end of May. As part of the renewal external audit, the Fund more than successfully demonstrated

that it maintains a high level of quality management system in accordance with the principles of the ISO 9001:2015 standard, ensuring the certificate's validity until 2024. The internal assessment of non-compliance found no evidence of non-compliance and thus confirmed that the Fund's quality management system still meets the requirements of that standard. As a result, the Fund continues to maintain quality at a high level, demonstrating compliance with standard commitments.

## 6.2 Risk management

Article 25 of ZJS-1 requires public funds to preserve designated assets and, as a result, to manage risks. In its operations, the Fund is mainly exposed to credit, market, interest rate, liquidity and operational and reputational risks. 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.



### 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 Fund overcomes credit risk through the following measures:

- internal policies dealing with the monitoring of credit risks,
- established procedures and control mechanisms for the implementation of monitoring and management of credit risk in accordance with the adopted regulations,
- all receivables from borrowers are adequately secured, mostly with mortgages on real estate,
- as a rule, the Fund invests free dedicated 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,
- in accordance with the Bank of Slovenia's methodology, the Fund classifies receivables from debtors into groups A to E. (based on perceived delays and deterioration of creditors' ratings, the Fund forms additional necessary provisions. It uses a specific information system to monitor the fulfilment of borrowers' loan obligations.),
- The Fund has established a guarantee fund for the realisation of guarantees under the RGS financial instrument,
- The Fund has begun work on a new system for assessing investors' financial capacity to tender for the Fund, with a new system expected to be implemented in the first half of 2022.



### 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.



### Interest rate risk

The Fund manages its interest rate risk by:

- the policy of balancing the sources of funds and investments against the reference rate - both on the side of leased sources and on the side of approved incentives, with interest rates based on the reference rate of 3 and 6 months of EURIBOR,
- the fixed interest rate agreed for €10,000,000 from EIB resources for the SME segment; it offers the option of a fixed interest rate for the SME segment of the approved incentives,
- 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 dedicated assets.





## Liquidity risk

The Fund regulates liquidity risk by imposing free special-purpose 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 dedicated assets, which is intended for the realisation 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 dedicated assets, the so-called portfolio investments, which are intended to provide resources for the realisation of incentive tenders in the following years, are invested in accordance with the provisions of Article 26 of the ZJS-1.



## 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 is committed to maximising process automation, reducing error potential, increasing the efficiency of customer monitoring and incentive effects, and providing a complete audit trail throughout the information system. In 2021, the Fund started evaluating and measuring operational risks and

- finalised the establishment of an information system for the comprehensive processing and monitoring of applications (e-Rsklad),
- established the GC documentary system, which it intends to complement with additional functionalities,
- upgraded the Krediti information system, and it is necessary to further upgrade it in 2022 and use the information system with missing functionalities, which will significantly reduce the possibility of manipulative errors,
- 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 used eMS since 2016, a system for electronic monitoring of European cross-border cooperation programmes, though it is not linked to the iCenter Fund's accounting system in the 2014-2020 timeframe. The Fund manages operational risks associated with manual data transmission by implementing activities in accordance with a well-rehearsed procedure, which was converted to paperless operations in 2021.

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 2021, 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 €1,535,317, 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 €498,745.



## Reputation risk

Reputation risk, which is a non-financial risk that is secondary in nature, consists of all events or circumstances that have a positive or negative impact on the Fund's ability to achieve its goals, maintain a good reputation, and meet public expectations.

As part of the establishment of an effective system for monitoring this risk, the management of the Fund monitors

- news in the media,
- judicial and extrajudicial events in which the Fund is involved,
- developments in key business indicators,
- the scope, status, and content of the complaints of the Fund's investors.

## 6.3 Participation in ETS programmes



### Certifying authority 2014-2020

With its decision no. 30300-2/2014/5 of 17 December 2014, the Government of the Republic of Slovenia agreed on the organisational structure of the implementation of European Territorial Cooperation programmes 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 programmes:

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

The tasks of the Certifying Authority in the financial perspective 2014-2020 shall be governed by the following legal basis:

- 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.

The aforementioned 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 programme and complying with applicable law,
- provision of a system for the computerised recording and storage of financial statements for individual operations, which supports all the data required for the preparation of payment claims and financial statements, including records of amounts recoverable and recovered, as well as amounts withdrawn after the cancellation of the entire contribution to the operation or operation of the programme or a portion thereof,
- 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 into account, when drawing up and submitting payment applications, 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.

The Certification Authority employs three people to perform key tasks: the Coordinator of the Certification Authority, the Financial Advisor, and the Claims and Process Controller.

### Activities related to the Cooperation Programmes 2014-2020

The Fund actively participated in the implementation of European Territorial Cooperation programmes and prepared updated instructions of the Certifying Authority (version 6.0), which were adapted to the amended and supplemented procedures for monitoring the implementation of cooperation programmes. The Fund participated in the thematic audit of refunds carried out by the Budgetary Control Office. The Certifying Authority also carried out an additional control on the issue of printouts of CA certificates from the eMS.

The Certifying Authority received an annual advance payment for individual cooperation programmes for 2021 from the European Commission in June 2021, at the same time as the annual advance payment for 2020 was repaid and the 2019/2020 accounting year was cleared.

In 2021, it performed inspections and disbursements of project reports on all three cooperation programmes; 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 sixth accounting year in February (1 July 2019 – 30 June 2020).

**Table 6: Amount of funds transferred to leading partners in 2021 in € for FY 14-20**

Cooperation programme	Amount of funds transferred (in €)
INTERREG V-A Slovenia-Austria	8,459,851.97
INTERREG V-A Slovenia-Hungary	2,365,070.66
INTERREG V-A Slovenia-Croatia	9,057,230.78
<b>Total</b>	<b>19,882,153.41</b>

**Table 7: Amount of EC payment requests sent in 2021 in € for FY 14-20**

Cooperation programme	Amount of funds transferred (in €)*	Total requests**
INTERREG V-A Slovenia-Austria	8,023,494.01	8,459,710.74
INTERREG V-A Slovenia-Hungary	2,131,746.76	2,368,607.52
INTERREG V-A Slovenia-Croatia	7,805,576.17	9,755,898.10
<b>Total</b>	<b>17,960,816.94</b>	<b>20,584,216.36</b>

\*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 programme, 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.

#### Activities related to cooperation programmes for the period 2017-2013

The Fund has also been appointed as the 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 programmes for cross-border cooperation Slovenia-Austria 2007-2013, Slovenia-Croatia 2007-2013 and Slovenia-Hungary 2007-2013.

All three cooperation programmes have remaining dedicated 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 programme Slovenia-Hungary 2007-2013, proceedings are underway that have not yet been completed in court.

For the cross-border cooperation programme 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 programme between Slovenia and Austria in the financial perspective 2021-2027 up to a maximum of €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.



#### Accounting function in the period 2021-2027

The Fund intends to participate in the European Territorial Cooperation programmes from 2021 to 2027, in accordance with the decision of the participating Member States' programme partners and the consent of the Government of the Republic of Slovenia. Participation in the following programmes is envisaged: Interreg Slovenia-Austria 2021-2027, Interreg Slovenia-Hungary 2021-2027, Interreg Slovenia-Croatia 2021-2027.

Member States may agree on arrangements for the performance of an accounting function outside the Management Authority in accordance with the first point of Article 46 and the first point of Article 47 of Regulation (EU) 2021/1059 of the European Parliament and the Council of 24 June 2021 laying down

specific provisions for the European territorial cooperation goal (Interreg), supported by the European Regional Development Fund and external financing instruments. The tasks of the accounting function are defined in Article 76 of Regulation (EU) No. 2021/1060 of the European Parliament and of the Council of June 24, 2021, laying down common provisions on the European Regional Development Fund, the European Social Fund plus, the Cohesion Fund, the Fair Transition Fund, and the European Maritime, Fisheries, and Aquaculture Fund, and financial rules for them and for the Asylum, Migration, and Integration Fund, the Internal Security Fund, and the Financial Support Facility for Border Management and Visa Policy. The accounting function shall also cover payments to the lead partner in accordance with point (b) of Article 74(1) of that Regulation.

In light of the preparation of programmes for the next financial perspective in 2021, the Fund closely monitored developments regarding the establishment of structures and procedures as part of the new perspective planning. Negotiations for the performance of this function have begun, as it has the necessary experience, capacity, and personnel.

# F INANCIAL REPORT

07 Financial report

08 Assets and Investments

## Declaration of the CEO on the financial statements of the Fund



Slovenski regionalno razvojni sklad  
Škrabčev trg 9a, 1310 Ribnica  
T 01 836 19 53 E info@srrs.si W www.srrs.si



Podpisnik: JS-DIREKTOR  
Izdajatelj: SIGEN-CA G2  
Potek veljavnosti: 11. 01. 2026  
Čas podpisa: 21. 04. 2022 09:59

Št. dokumenta: 450-2/2022-1  
Datum: 28. 2. 2022

### Zadeva: Izjava direktorja glede Letnega poročila 2021

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

- da po datumu bilance stanja na dan 31. 12. 2021 in do sprejetja Letnega poročila 2021 ni bilo pomembnejših dogodkov, ki bi imeli vpliv na računovodske izkaze Sklada za leto 2021,
- da je bilo Letno poročilo Sklada za leto 2021 sprejeto na kolegiju direktorja dne 1. 3. 2022,
- 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 2021 lahko objavi.

Matjaž Ribaš, MBA  
direktor

## Translation of the declaration of the CEO on the financial statements of the Fund



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Document number: 450-2/2022-1

Document date: 28 February 2022

### Subject: Director's statement on the 2021 Annual Report

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I, the undersigned Matjaž Ribaš, Director of the Public Fund of the Republic of Slovenia for Regional and Rural Development, abbreviated title the Slovenian Regional Development Fund (hereinafter the Fund), Škrabčev trg 9a, 1310 Ribnica, registration number 5940117, make the following statement:

- that there were no significant events that would have an impact on the Fund's financial statements for 2021 after the balance sheet date of 31.12.2021 and until the adoption of the Annual Report 2021,
- that the Board of Directors approved the Fund's Annual Report for 2021 on 1. 3. 2022,
- that I am responsible for preparing the Annual Report and accurately presenting the Fund's assets, liabilities, and financial position,
- that the Annual Report is prepared in accordance with the Accounting Act and the Rules on the Preparation of Annual Reports for Budget Users and Other Public Law Entities,
- that I am responsible for proper accounting, appropriate property insurance, and preventing and detecting fraud and other irregularities or illegalities,
- that accounting estimates are made with prudence and diligence,
- that the Fund's Annual Report for 2021 may be published.

Matjaž Ribaš, MBA  
director





### **INDEPENDENT AUDITOR'S REPORT**

**to the Government of the Republic of Slovenia and the Supervisory Board of Slovenian Regional Development Fund**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of Slovenian Regional Development Fund, which include the balance sheet as at 31 December 2021 and the income statement for the year then ended, as well as the summary of material accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Slovenian Regional Development Fund as at 31 December 2021 in accordance with Accounting Act.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other information**

Management is responsible for other information. Our opinion on the financial statements does not apply to other information.

In connection with the audit of the financial statements it is our responsibility to read the other information, and judge, if other important information are incompatible with the financial statements, legal requirements or our knowledge obtained in auditing, or otherwise appear to be a significant error. In this respect, there is nothing about which to be reported.

##### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Slovenian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



# PROSPERUS

Prosperus d.o.o., Na dalih 19, 1000 Ljubljana

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

We also audited the compliance of asset investments of Slovenian Regional Development Fund with Article 26, compliance of the granting of credit on favourable terms with Article 28, compliance of guarantees and commitments with Article 29, compliance of investments in capital of other legal entities with Article 32, compliance of provisioning for credit risk with Article 36, and debt compliance with Article 37 and the law on public funds and compliance with the rules of credit risk management as at 31. December 2021. We also audited the compliance of borrowing with the second paragraph of the second paragraph Article 10 of the Promotion of Balanced Regional Development Act. The management of Slovenian Regional Development Fund is responsible for compliance and implementation according to the rules. The auditor responsibility is to express an opinion on compliance and implementation of the rules.

We conducted our audit in accordance with International Standards on Auditing (ISAs). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether asset investments and the loans granted by Slovenian Regional Development Fund are in compliance with Articles 26, 28 and 32, guarantees and commitments in accordance with Articles 29 and 37 and the second paragraph of the second paragraph Article 10 of the Promotion of Balanced Regional Development Act and creation of provisions for credit risks in compliance with Article 36 with Public Funds Act and the rules on credit risk management are met.

In our opinion, asset investments, the loans granted, guarantees and commitments, and creation of provisions for credit risks as at 31. December 2021 by Slovenian Regional Development Fund and the rules on credit risk management as at 31. December 2021 are in compliance with Public Funds Act and borrowing in compliance with Article 37 of Public Funds Act in connection with second paragraph of the second paragraph Article 10 of the Promotion of Balanced Regional Development Act.

Irena Žerjal  
Certified auditor



PROSPERUS d.o.o.  
revizijska družba

Ljubljana, April 14<sup>th</sup>, 2022



## 7.1 Financial Statements

Table 8: Balance sheet on 31 December 2021 (in €)

1	2	3.	4.	5.	6.	7.
<b>A S S E T S</b>						
	<b>LONG-TERM A S S E T S AND A S S E T S UNDER MANAGEMENT</b>	<b>114.047.882</b>	<b>111.847.715</b>	<b>146.092.575</b>	<b>102</b>	<b>78</b>
00	INTANGIBLE ASSETS AND LONG-TERM PREPAYMENTS AND ACCRUED INCOME	346.129,32	331.079	411.079	105	84
01	ACCUMULATED AMORTISATION OF INTANGIBLE ASSETS	244.528,33	242.850	267.590	101	91
02	REAL ESTATE	508.719,65	508.720	594.120	100	88
03	VALUE ADJUSTMENT OF REAL ESTATE	288.478,78	273.217	288.479	106	100
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	347.678,94	332.334	398.044	105	87
05	VALUE ADJUSTMENT OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	261.598,58	273.003	306.728	96	85
06	LONG-TERM INVESTMENTS	349.223,10	938.315	134.351	37	260
07	LONG-TERM LOANS AND DEPOSITS GRANTED	113.290.716,64	110.626.338	144.417.778	102	78
08	LONG-TERM OPERATING RECEIVABLES	0,00	0	0	0	0
09	RECEIVABLES FOR ASSETS GIVEN TO MANAGEMENT	0,00	0	0	0	0
	<b>SHORT-TERM A S S E T S, EXCEPT INVENTORIES AND PREPAYMENTS AND ACCRUED INCOME</b>	<b>88.888.345,59</b>	<b>78.898.231</b>	<b>69.458.832</b>	<b>112</b>	<b>149</b>
10	CASH IN HAND AND HIGHLY LIQUID SECURITIES			0	0	0
11	BALANCES HELD WITH BANKS AND OTHER FINANCIAL INSTITUTIONS	3.384.461,54	4.238.058	3.833.415	80	88
12	SHORT-TERM ACCOUNTS RECEIVABLE	27.741,85	35.502	36.000	78	77
13	PAID ADVANCES AND GUARANTEES	0,00	667	0	0	0
14	SHORT-TERM RECEIVABLES TO EKN USERS	53.315.224,24	34.792.460	24.755.839	153	215
15	SHORT-TERM INVESTMENTS	25.612.692,04	31.101.651	25.097.922	82	102
16	SHORT-TERM RECEIVABLES FROM FINANCING	1.432.351,82	1.417.475	1.412.256	101	101
17	OTHER SHORT-TERM RECEIVABLES	4.427.762,49	7.221.751	4.236.168	61	105
18	UNPAID EXPENSES	488.111,61	88.666	87.032	551	561
19	PREPAYMENTS AND ACCRUED INCOME	0,00	0	0	0	0
	<b>INVENTORIES</b>	<b>0,00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL A S S E T S</b>	<b>202.738.207,55</b>	<b>190.843.946</b>	<b>204.551.207</b>	<b>108</b>	<b>99</b>
99	ASSETS ACCOUNTS OF OFF-BALANCE-SHEET RECORDS	23.645.681,20	18.254.624	21.000.000	130	113
	<b>LIABILITIES TO A S S E T SOURCE S</b>					
	<b>SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUE S</b>	<b>13.835.981,95</b>	<b>18.478.841</b>	<b>10.955.787</b>	<b>84</b>	<b>128</b>
20	SHORT-TERM LIABILITIES FOR ADVANCES AND GUARANTEES RECEIVED	0,00	0	0	0	0
21	SHORT-TERM LIABILITIES TO EMPLOYEES	60.580,79	54.110	62.000	112	98
22	SHORT-TERM LIABILITIES TO SUPPLIERS	16.824,32	13.827	15.000	122	112
23	OTHER SHORT-TERM OPERATING LIABILITIES	3.375.644,83	4.409.431	2.525.293	77	134
24	SHORT-TERM LIABILITIES TO USERS OF THE COMMON CHART OF ACCOUNTS	173.424,22	890.754	220.753	19	79
25	SHORT-TERM LIABILITIES TO FINANCERS	3.177.236,62	3.177.237	3.177.237	100	100
26	SHORT-TERM LIABILITIES FROM FINANCING	877,78	0	1.200	0	73
28	UNPAID INCOME	7.031.373,39	7.932.816	4.954.284	89	142
29	ACCRUED COSTS AND DEFERRED REVENUES	0,00	667	0	0	0
	<b>EQUITY AND NON-CURRENT LIABILITY S</b>	<b>188.900.245,80</b>	<b>174.385.105</b>	<b>193.595.440</b>	<b>108</b>	<b>88</b>
90	GENERAL FUND	0,00	0	0	0	0
91	RESERVE FUND	13.378.597,37	13.961.828	13.429.991	96	100
92	LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	0,00	0	0	0	0
93	LONG-TERM PROVISIONS	0,00	0	0	0	0
940	FUND OF APPROPRIATED ASSETS IN PUBLIC FUNDS	124.517.080,24	116.225.454	124.160.874	107	100
96	LONG-TERM FINANCIAL LIABILITIES	19.424.505,60	12.601.742	24.424.504	154	80
97	OTHER LONG-TERM LIABILITIES	31.580.062,39	31.576.081	31.580.071	100	100
980	LIABILITIES FOR TANGIBLE AND INTANGIBLE FIXED ASSETS	0,00	0	0	0	0
981	LIABILITIES FOR LONG-TERM INVESTMENTS	0,00	0	0	0	0
985	SURPLUS OF REVENUES OVER EXPENDITURES	0,00	0	0	0	0
986	SURPLUS OF EXPENDITURES OVER REVENUES	0,00	0	0	0	0
	<b>I. TOTAL LIABILITY S</b>	<b>202.738.207,55</b>	<b>190.843.946</b>	<b>204.551.207</b>	<b>108</b>	<b>99</b>
99	LIABILITY S ACCOUNTS OF OFF-BALANCE-SHEET RECORD S	23.645.681,20	18.254.624	21.000.000	130	113



Table 9: Balance and movement of intangible assets and tangible fixed assets

1	2	value 1 January 2021	adjustment 1 January 2021	Increase of purchase value	Increase of value adjustment	Decrease of purchase value	Decrease of value adjustment	Depreciation	Non-depreciable value as of 31 December 2021	Upward revaluation	Revaluation due to impairment
3	4	5	6	7	8	9	10 (3-4+5-6-7+8-9)	11	12		
I.	Intangible fixed assets and tangible fixed assets under management	0	0	0	0	0	0	0	0	0	0
II.	Intangible assets and tangible assets owned	1,172,132	789,070	92,473	0	61,757	55,895	61,751	407,922	0	0
A.	Long-term deferred costs	0	0	0	0	0	0	0	0	0	0
B.	Long-term property rights	331,079	242,850	42,741	0	27,691	21,829	23,507	101,601	0	0
C.	Other intangible assets	0	0	0	0	0	0	0	0	0	0
D.	Land	0	0	0	0	0	0	0	0	0	0
E.	Buildings	508,720	273,217	0	0	0	0	15,262	220,241	0	0
F.	Equipment	332,333	273,003	49,732	0	34,066	34,066	22,982	86,080	0	0
G.	Other tangible fixed assets	0	0	0	0	0	0	0	0	0	0
III.	Intangible assets and tangible assets under finance lease	0	0	0	0	0	0	0	0	0	0

Table 10: Balance and changes in long-term investments and loans

1	2	The amount of investments and loans granted as of 1 January 2021	of investments and loans granted as of 1 January 2021	Increase in investments and loans granted	Increase in adjustments of investments and loans granted	Decrease in investments and loans granted	Decrease in adjustment of investments and loans granted	Amount of investments and loans granted on 31 December 2021	investment adjustments and loans granted on 31 December 2021	Book value of investments and loans granted on 31 December 2021	Amount of written-off investments and loans granted
3	4	5	6	7	8	9 (3+5-7)	10 (4+6-8)	11 (9-10)	12		
I.	Long-term financial investments	938,315	0	15,990	0	605,082	0	349,223	0	349,223	0
A.	Investments in shares	0	0	0	0	0	0	0	0	0	0
B.	Investments in stakes	938,315	0	15,990	0	605,082	0	349,223	0	349,223	0
1.	Investments in stakes in public companies	918,315	0	15,990	0	605,082	0	329,223	0	329,223	0
2.	Investments in stakes in financial institutions	0	0	0	0	0	0	0	0	0	0
3.	Investments in stakes in private companies	20,000	0	0	0	0	0	20,000	0	20,000	0
4.	Investments in stakes in government-owned companies organised as public limited companies	0	0	0	0	0	0	0	0	0	0
5.	Investments in stakes in government-owned companies organised as limited liability companies	0	0	0	0	0	0	0	0	0	0
6.	Investments in stakes abroad	0	0	0	0	0	0	0	0	0	0
C.	Investments in precious metals and stones, works of art etc.	0	0	0	0	0	0	0	0	0	0
D.	Other long-term equity investments	0	0	0	0	0	0	0	0	0	0
II.	Long-term loans and deposits granted	141,224,830	0	36,783,143	0	39,379,161	0	138,628,811	0	138,628,811	649,407
A.	Long-term loans granted	93,151,224	0	33,718,094	0	23,375,452	0	103,493,866	0	103,493,866	649,407
3.	Long-term loans granted to public companies	1,747,939	0	325,805	0	1,034,679	0	1,039,065	0	1,039,065	0
5.	Long-term loans granted to private companies	57,989,199	0	29,983,010	0	16,420,303	0	71,551,906	0	71,551,906	649,407
6.	Long-term loans granted to other government-owned companies	33,414,086	0	3,409,279	0	5,920,470	0	30,902,895	0	30,902,895	0
B.	Long-term loans granted through repurchase	5,746,454	0	0	0	0	0	5,746,454	0	5,746,454	0
1.	Domestic securities	5,746,454	0	0	0	0	0	5,746,454	0	5,746,454	0
2.	Foreign securities	0	0	0	0	0	0	0	0	0	0
C.	Long-term granted deposits	18,401,715	0	0	0	12,348,089	0	6,055,626	0	6,055,626	0
1.	Long-term deposits granted to commercial banks	16,516,000	0	0	0	11,816,000	0	4,700,000	0	4,700,000	0
2.	Other long-term granted deposits	1,885,715	0	0	0	530,089	0	1,355,626	0	1,355,626	0
D.	Other long-term loans granted	23,925,437	0	3,065,049	0	3,657,620	0	23,332,866	0	23,332,866	0
E.	TOTAL	142,163,145	0	36,799,133	0	39,984,243	0	138,978,034	0	138,978,034	649,407

Table 11: Income and expenses statement as of 31 December 2021 (in €)

BREAKDOWN OF THE ACCOUNTS 1.	ACCOUNT NAME 2.	REALISATION 2021 3.	REALISATION 2020 4.	FINANCIAL PLAN 2021 5.	Index REAL. 2021 /PLAN 2021 6. (3/5)	Index REAL. 2021 REAL. 2020 7. (3/4)
	<b>I. TOTAL REVENUE</b>	<b>1.433.205,77</b>	<b>1.473.393</b>	<b>1.448.692</b>	<b>98,94</b>	<b>97,27</b>
	<b>CURRENT REVENUE \$</b>	<b>1.081.809,97</b>	<b>1.367.222</b>	<b>1.114.891</b>	<b>97,03</b>	<b>79,71</b>
	<b>70 TAX REVENUE \$</b>	<b>0,00</b>	<b>0</b>	<b>0</b>	<b>0,00</b>	<b>0,00</b>
	<b>71 NON-TAX REVENUE \$</b>	<b>1.081.809,97</b>	<b>1.367.222</b>	<b>1.114.891</b>	<b>97,03</b>	<b>79,71</b>
	710 PARTICIPATION IN PROFIT AND INCOME FROM PROPERTY	962.109,08	1.217.627	964.891	99,71	79,02
	7100 revenues over expenditures			0	0,00	0,00
	7102 Interest revenues	962.109,08	1.217.627	961.891	100,02	79,02
	7103 Assets revenues	0,00	0	3.000	0,00	0,00
	711 ADMINISTRATIVE FEES AND TAXES	0,00	0	0	0,00	0,00
	712 FINES AND OTHER PENALTIES	0,00	0	0	0,00	0,00
	713 THE MARKET	117.475,92	125.793	130.000	90,37	93,39
	714 OTHER NON-TAX REVENUES	2.224,97	13.802	20.000	11,12	16,12
	7140 Other voluntary social security contributions	0,00	0	0	0,00	0,00
	7141 Other non-tax revenues	2.224,97	13.802	20.000	11,12	16,12
	<b>72 CAPITAL REVENUE \$</b>	<b>3.600,00</b>	<b>0</b>	<b>1.000</b>	<b>360,00</b>	<b>0,00</b>
	720 REVENUES FROM SALES OF FIXED ASSETS	3.600,00	0	1.000	360,00	0,00
	7200 Revenues from sales of buildings and premises	0,00	0	0	0,00	0,00
	7201 Revenues from sales of means of transport	3.600,00	0	1.000	360,00	0,00
	7202 Revenues from sales of equipment	0,00	0	0	0,00	0,00
	7203 Revenues from sales of other fixed assets	0,00	0	0	0,00	0,00
	721 REVENUES FROM SALES OF INVENTORIES	0,00	0	0	0,00	0,00
	722 REVENUES FROM SALES OF LAND AND INTANGIBLE ASSETS	0,00	0	0	0,00	0,00
	<b>73 DONATION \$ RECEIVED</b>	<b>0,00</b>	<b>0</b>	<b>13.530</b>	<b>0,00</b>	<b>0,00</b>
	730 DONATIONS RECEIVED FROM DOMESTIC SOURCES	0,00	0	13.530	0,00	0,00
	<b>74 TRANSFER REVENUE \$</b>	<b>274.141,13</b>	<b>43.189</b>	<b>238.000</b>	<b>115,19</b>	<b>634,74</b>
	740 INSTITUTIONS	274.141,13	43.189	238.000	115,19	634,74
	7400 Funds received from the State budget	274.141,13	43.189	238.000	115,19	634,74
	FUNDS RECEIVED FROM THE STATE BUDGET REMITTED FROM THE EU BUDGET AND FROM OTHER COUNTRIES	0,00	0	0	0,00	0,00
	<b>78 OTHER COUNTRY \$</b>	<b>73.754,67</b>	<b>72.982</b>	<b>81.171</b>	<b>90,86</b>	<b>101,06</b>
	FUNDS RECEIVED FROM THE STRUCTURAL FUNDS OF THE EU BUDGET	73.754,67	72.982	81.171	90,86	101,06
	7821 Development Fund (ERDF)	73.754,67	72.982	81.171	90,86	101,06
	<b>II. TOTAL EXPENDITURE</b>	<b>1.272.123,27</b>	<b>1.386.176</b>	<b>1.609.882</b>	<b>84,26</b>	<b>91,84</b>
	<b>40 CURRENT EXPENDITURE \$</b>	<b>1.186.987,11</b>	<b>1.361.341</b>	<b>1.278.772</b>	<b>91,32</b>	<b>88,28</b>
	400 SALARIES AND OTHER EMPLOYEE COSTS	720.671,83	714.626	767.160	93,94	100,85
	4000 Salaries and allowances	635.610,98	651.489	673.853	94,32	97,56
	4001 Annual leave bonuses	22.411,29	21.477	22.500	99,61	104,35
	4002 Reimbursements and allowances	33.489,34	33.287	37.822	88,54	100,61
	4003 Performance bonus	9.390,50	3.851	14.678	63,98	243,86
	4004 Overtime pay	1.670,21	2.198	3.659	45,65	75,98
	4005 Payments to non-residents under contracts	0,00	0	0	0,00	0,00
	4009 Other employee expenses	18.099,51	2.324	14.648	123,56	778,80
	401 Employer's social security contributions	114.483,95	113.097	122.316	93,60	101,23
	4010 Contributions for pension and disability insurance	57.549,59	56.074	61.766	93,17	102,63
	4011 Contributions for health insurance	46.748,52	46.667	49.761	93,95	100,18
	4012 Contributions for employment	715,39	746	843	84,86	95,95
	4013 Contributions for parental protection	659,54	658	707	93,29	100,19
	4015 on the Collective Supplementary Pension Insurance for Public	8.810,91	8.952	9.239	95,37	98,42

BREAKDOWN OF THE ACCOUNTS	ACCOUNT NAME	REALISATION 2021	REALISATION 2020	FINANCIAL PLAN 2021	Index REAL. 2021 / PLAN 2021	Index REAL. 2021 REAL. 2020
1.	2.	3.	4.	5.	6. (3/5)	7. (3/4)
402	EXPENSES FOR GOODS AND SERVICES	257.696,95	240.252	374.734	68,77	107,26
4020	Stationery and general material and services	65.367,25	89.699	143.272	45,62	72,87
4021	Special material and services	2.812,11	3.799	3.600	78,11	74,02
4022	Energy, water, public utilities and communications	34.613,32	31.810	34.800	99,46	108,81
4023	Transport costs and services	8.302,23	6.251	11.161	74,39	132,81
4024	Business travel expenses	572,98	335	16.300	3,52	170,80
4025	Regular maintenance	25.491,11	23.365	29.462	86,52	109,10
4026	Commercial rents and leases	17.256,58	14.025	23.654	72,95	123,04
4027	Fines and compensation	0,00	0	0	0,00	0,00
4029	Other operating expenses	103.281,37	70.967	112.485	91,82	145,54
403	DOMESTIC INTEREST PAYMENTS	0,00	0	0	0,00	0,00
404	INTEREST PAID ABROAD	0,00	3.166	12.562	0,00	0,00
4040	Interest payments on loans - to international financial institutions	0,00	0	0	0,00	0,00
4041	Interest payments on loans - to foreign governments	0,00	0	0	0,00	0,00
4042	Interest payments on loans to foreign commercial banks and financial institutions	0,00	3.166	12.562	0,00	0,00
4043	Interest payments on loans - to other foreign lenders	0,00	0	0	0,00	0,00
4044	markets	0,00	0	0	0,00	0,00
405	Transfer of the budget-holder's part of the income of the operations of the single treasury account system	0,00	0	0	0,00	0,00
409	RESERVES	73.134,38	280.200	0	0,00	26,10
4090	General budget provision	0,00	0	0	0,00	0,00
4091	Budget reserve	0,00	0	0	0,00	0,00
4092	Other reserves	0,00	0	0	0,00	0,00
4093	Dedicated funds	0,00	0	0	0,00	0,00
4098	Provisions for credit risks in public funds	73.134,38	280.200	0	0,00	26,10
41	LIQUID TRANSFER \$	0,00	0	0	0,00	0,00
410	SUBSIDIES	0,00	0	0	0,00	0,00
411	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	0,00	0	0	0,00	0,00
412	INSTITUTIONS	0,00	0	0	0,00	0,00
413	OTHER CURRENT DOMESTIC TRANSFERS	0,00	0	0	0,00	0,00
4133	Current transfers to public institutions	0,00	0	0	0,00	0,00
4135	are not indirect budget users	0,00	0	0	0,00	0,00
414	CURRENT TRANSFERS ABROAD	0,00	0	0	0,00	0,00
42	INVESTMENT EXPENSE \$	106.136,16	32.074	233.110	45,63	330,91
420	PURCHASE AND CONSTRUCTION OF FIXED ASSETS	106.136,16	32.074	233.110	45,63	330,91
4200	Purchase of buildings and premises	0,00	0	0	0,00	0,00
4201	Purchase of vehicles	30.222,75	0	44.530	67,87	0,00
4202	Purchase of equipment	19.509,30	11.124	21.180	92,11	175,38
4203	Purchase of other fixed assets	0,00	0	0	0,00	0,00
4204	New constructions, reconstructions and adaptations	0,00	0	85.400	0,00	0,00
4205	Replacement investment and renewals	17.564,36	4.287	2.000	878,22	409,76
4206	Purchase of land and natural resources	0,00	0	0	0,00	0,00
4207	Purchase of intangible assets	38.839,75	16.663	80.000	48,55	233,09
43	INVESTMENT TRANSFER \$	0,00	1.761	0	0,00	0,00
431	INVESTMENT TRANSFERS TO LEGAL ENTITIES AND NATURAL PERSONS OTHER THAN BUDGET USERS	0,00	1.761	0	0,00	0,00
4313	Investment transfers to private companies	0,00	1.761	0	0,00	0,00
450	PAYMENT OF FUNDS TO THE BUDGET OF THE REPUBLICAN TOWN	0,00	0	0	0,00	0,00
III/1	SURPLUS \$ OF REVENUE \$ OVER EXPENDITURE \$	181.082,60	88.218	0	0,00	182,60
III/2	SURPLUS \$ OF EXPENDITURE \$ OVER REVENUE \$	0,00	0	81.280	0,00	0,00
	Average number of employees calculated on the basis of working hours put in the accounting period (rounded to 1)	21,00	22	22	95,45	95,45
	No. of months of operation	12,00	12	12	100,00	100,00



Table 12: Account of financial receivables and investments as of 31 December 2021 (in €)

BREAKDOWN OF THE ACCOUNTS	ACCOUNT NAME	REALISATION 2021	REALISATION 2020	FINANCIAL PLAN 2021	Index REAL 2021 / PLAN 2021	Index REAL 2021 REAL 2020
1.	2.	3.	4.	5.	6. (3/5)	7. (3/4)
	<b>75 IV. REPAYMENTS OF LOANS RECEIVED AND SALE OF CAPITAL SHARES</b>	<b>21.241.878,06</b>	<b>15.927.337</b>	<b>17.790.931</b>	<b>119,40</b>	<b>133,37</b>
	750 REPAYMENTS OF LOANS RECEIVED	20.841.878,06	15.927.337	17.287.931	120,56	130,86
	7500 Repayments of loans received from individuals and private individuals	6.623.858,31	4.152.081	4.086.000	162,91	159,53
	7501 Received repayments of loans granted to public funds	0,00	0	0	0,00	0,00
	7502 Repayments received of loans granted from public corporations and corporations owned by the State or municipalities	1.635.209,37	1.276.453	1.171.317	139,60	128,11
	7503 Received repayments of loans granted to financial institutions	530.089,39	272.501	450.614	117,64	194,53
	7504 Repayments received of loans granted by private companies	7.411.419,39	5.052.689	6.900.000	107,41	146,68
	7505 Repayments received from municipalities of loans granted	4.641.301,60	5.173.613	4.700.000	98,75	89,71
	751 PURCHASE OF EQUITY STAKES	400.000,00	0	503.000	79,52	0,00
	7510 Funds acquired from the purchase of capital shares in public companies and companies owned by the government or municipalities	400.000,00	0	483.000	82,82	0,00
	7512 Funds acquired through the sale of capital shares in private companies	0,00	0	20.000	0,00	0,00
	752 PURCHASES FROM PRIVATISATION	0,00	0	0	0,00	0,00
	753 REPAYMENTS OF LOANS RECEIVED TO ENTITIES INCLUDED IN THE SINGLE ASSET MANAGEMENT OF THE SINGLE TREASURY ACCOUNT SYSTEM	0,00	0	0	0,00	0,00
	<b>44 V. LOANS GRANTED AND CAPITAL INCREASES</b>	<b>30.876.250,45</b>	<b>24.169.963</b>	<b>53.733.678</b>	<b>57,46</b>	<b>127,75</b>
	440 LOANS GRANTED	30.876.250,45	24.169.963	53.733.678	57,46	127,75
	4400 Loans granted to individuals and private individuals	13.043.517,70	12.884.743	19.430.431	67,13	101,23
	4401 Loans granted to public funds	0,00	0	0	0,00	0,00
	4402 Loans granted to public companies owned by the government or municipalities	635.796,00	841.115	1.150.000	55,29	75,59
	4403 Loans granted to financial institutions	0,00	0	0	0,00	0,00
	4404 Loans granted to private enterprises	14.758.377,71	7.967.787	23.898.301	61,75	185,23
	4405 Loans granted to municipalities	2.438.559,04	2.476.318	9.254.946	26,35	98,48
	441 INCREASE IN STAKES AND INVESTMENTS	0,00	0	0	0,00	0,00
	4410 Increase in capital shares in public companies and companies owned by the government or municipalities	0,00	0	0	0,00	0,00
	4411 Increase in equity stakes in financial institutions	0,00	0	0	0,00	0,00
	4412 Increase in equity stakes in private companies	0,00	0	0	0,00	0,00
	4413 Joint ventures	0,00	0	0	0,00	0,00
	4414 Increase in capital shares abroad	0,00	0	0	0,00	0,00
	4415 Increase in other financial investments	0,00	0	0	0,00	0,00
	442 CONSUMPTION OF PURCHASE FUNDS FROM PRIVATIZATION	0,00	0	0	0,00	0,00
	443 INCREASE OF DEDICATED PROPERTY IN PUBLIC FUNDS AND OTHER LEGAL ENTITIES UNDER PUBLIC LAW OWNING PROPERTY	0,00	0	0	0,00	0,00
	444 LOANS GRANTED TO ENTITIES INVOLVED IN THE SINGLE ASSET MANAGEMENT OF THE SINGLE TREASURY ACCOUNT SYSTEM	0,00	0	0	0,00	0,00
	<b>V11 LOAN \$ RECEIVED MINUS LOAN \$ GRANTED AND CHANGE IN EQUITY HOLDING \$</b>	<b>0,00</b>	<b>0</b>	<b>0</b>	<b>0,00</b>	<b>0,00</b>
	<b>V12 LOAN \$ GRANTED MINUS LOAN \$ RECEIVED AND CHANGE IN EQUITY HOLDING \$</b>	<b>9.634.372,39</b>	<b>8.242.626</b>	<b>35.342.747</b>	<b>26,80</b>	<b>116,88</b>

Table 13: Financing account statement as of 31 December 2021 (in €)

BREAKDOWN OF THE ACCOUNTS	ACCOUNT NAME	REALISATION 2021	REALISATION 2020	FINANCIAL PLAN 2021	Index REAL. 2021 /PLAN 2021	Index REAL. 2021 REAL. 2020
1.	2.	3.	4.	5.	6. (3/5)	7. (3/4)
<b>50 VII. BORROWING</b>		<b>10.000.000,00</b>	<b>0</b>	<b>15.000.000</b>	<b>66,67</b>	<b>0,00</b>
500 DOMESTIC BORROWING		0,00	0	0	0,00	0,00
5000 Loans raised from the Bank of Slovenia		0,00	0	0	0,00	0,00
5001 Loans raised from commercial banks		0,00	0	0	0,00	0,00
5002 Loans raised from other financial institutions		0,00	0	0	0,00	0,00
5003 Loans raised from other domestic lenders		0,00	0	0	0,00	0,00
5004 Funds obtained through the issuance of securities on the domestic market		0,00	0	0	0,00	0,00
501 BORROWING ABROAD		10.000.000,00	0	15.000.000	66,67	0,00
5010 Loans raised from international financial institutions		0,00	0	0	0,00	0,00
5011 Loans raised from foreign governments		0,00	0	0	0,00	0,00
5012 Loans raised from foreign commercial banks and financial institutions		10.000.000,00	0	15.000.000	66,67	0,00
5013 Loans raised from other foreign lenders		0,00	0	0	0,00	0,00
5014 Funds obtained through the issuance of securities		0,00	0	0	0,00	0,00
<b>55 VIII. DEBT REPAYMENTS</b>		<b>3.177.236,64</b>	<b>3.177.237</b>	<b>3.177.237</b>	<b>100,00</b>	<b>100,00</b>
550 DOMESTIC DEBT REPAYMENTS		0,00	0	0	0,00	0,00
5500 Repayments of loans to the Bank of Slovenia		0,00	0	0	0,00	0,00
5501 Repayments of loans to commercial banks		0,00	0	0	0,00	0,00
5502 Repayments of loans to other financial institutions		0,00	0	0	0,00	0,00
5503 Repayments of loans to other domestic lenders		0,00	0	0	0,00	0,00
5504 Repayments of principal of securities issued on the domestic market		0,00	0	0	0,00	0,00
551 DEBT REPAYMENT ABROAD		3.177.236,64	3.177.237	3.177.237	100,00	100,00
5510 Repayments of debt to international financial institutions		0,00	0	0	0,00	0,00
5511 Repayment of debt to foreign governments		0,00	0	0	0,00	0,00
5512 Repayment of debt to foreign commercial banks and financial institutions		3.177.236,64	3.177.237	3.177.237	100,00	100,00
5513 Repayment of debt to other foreign lenders		0,00	0	0	0,00	0,00
5514 Repayments of principal of securities issued on foreign markets		0,00	0	0	0,00	0,00
<b>IX/1 NET BORROWING</b>		<b>6.822.763,36</b>	<b>0</b>	<b>11.822.763</b>	<b>57,71</b>	<b>0,00</b>
<b>IX/2 NET DEBT REPAYMENT</b>		<b>0,00</b>	<b>3.177.237</b>	<b>0</b>	<b>0,00</b>	<b>0,00</b>
<b>X/1 INCREASE IN FUNDS ON ACCOUNTS</b>		<b>0,00</b>	<b>0</b>	<b>0</b>	<b>0,00</b>	<b>0,00</b>
<b>X/2 DECREASE IN FUNDS ON ACCOUNTS</b>		<b>2.650.526,53</b>	<b>11.331.645</b>	<b>24.181.274</b>	<b>10,96</b>	<b>23,39</b>

## 7.2 Notes to the 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, suppliers, users of SAP, financiers, in terms of financing, and other operating liabilities and unpaid revenues.



### Long-term assets

Long-term assets, which amounted to €114,047,861.96 on 31 December 2021, included:

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

#### a.) Intangible assets and tangible fixed assets

As Table 14 shows, the value of intangible assets, real estate and equipment amounted to €407,922.22:

- Intangible assets in the amount of €101,600.99 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 €42,741.01 in 2021, due to the upgrade of existing computer programmes in the amount of €34,811.01 and the creation of a new documentary system in the amount of €7,930.00. Their value decreased by €23,507.24 due to accrued depreciation in 2021. Due to the transfer of data to the new documentary system, software whose current value was €5,862.51 was excluded from use.
- The real estate in the amount of €220,240.87 represents the business premises of the Fund. Their value decreased by €15,261.59 in 2021 due to accrued depreciation.
- Equipment worth €86,080.36. In 2021, the purchase value of equipment and other tangible fixed assets increased by €49,732.05 due to new purchases, namely the purchase of computer equipment for €16,915.27, a passenger car for €30,222.75, and other equipment for €2,594.03. Their value decreased by €22,981.83 in 2021 due to accrued depreciation.
- Due to destruction and deterioration, some fixed assets were written off, whose current value amounted to €5,862.51.

Table 14: Movement of intangible assets, real estate and equipment in 2021 in €

Type	Status 31 December 2021	Increase	Reduction	Depreciation	Status 31 December 2021
Intangible assets	88,229.73	38,473.75	5,862.51	23,507.24	97,333.73
Intangible assets under construction	0.00	6,176.85	1,909.59	0.00	4,267.26
Business buildings	235,502.46	0.00	0.00	15,261.59	220,240.87
Equipment and other tangible fixed assets	59,330.14	49,732.05	0.00	22,981.83	86,080.36
<b>Total</b>	<b>383,062.33</b>	<b>94,382.65</b>	<b>7,772.10</b>	<b>61,750.66</b>	<b>407,922.22</b>

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. Accrued depreciation in 2021 amounted to €61,750.66.

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 programmes 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 €540,446.00 was planned for 2021. For 2021, the Fund planned to spend €44,530.00 on a passenger car, €21,180.00 on office and computer equipment, €85,400.00 on adapting business premises, €2,000.00 on investment maintenance, and €80,000.00 on upgrading existing computer programmes intended for monitoring loans and documentary material. In 2021, computer programmes were upgraded to a lesser extent than planned. The value of the purchased passenger car was lower, and there was no adaptation of business premises. The present value of assets as of 31 December 2021 amounts to €407,922.22, which is 24.52% lower than planned.

#### b.) Long-term financial investments

As Table 15 shows, long-term financial investments amounted to €349,223.10. In 2021, their value decreased by €589,091.90.

In accordance with Article 13 of the Rules on the breakdown and measurement of income and expenses of legal entities under public law, a financial investment valued at cost is valued as a percentage of the total value of the capital of the company in which the state or local community has a financial investment. The Fund appropriately revalued its financial investment in RRA Koroška d.o.o. and RRA Zeleni kras d.o.o. based on the balance sheet in 2021. Following a shortened procedure, the company PIIC Murania d.o.o. was terminated due to liquidation in 2021. The Fund owned 100% of the company, and its only asset was the former Mura's Hall in Lendava, which was sold in 2021 for €400,000.00 and transferred to the Fund. The Fund disclosed the value of the financial investment in PIIC Murania d.o.o. on January 1, 2021, in the amount of €605,081.65, resulting in a decrease in the source of funds in 2021, namely the dedicated property fund for another in the amount of €205,081.65. According to the obtained Court of Auditors opinion no. 330-7/2014/36 on 31 December 2021, the Fund did not revalue acquired equity interests (in BSC d.o.o., RCR d.o.o., and RRA Mura) from 2014, because they were investments acquired and booked at estimated values rather than purchase values. There was no change in the value of the financial investment in RRA Celje, where bankruptcy proceedings are underway, meaning that it will be necessary to reduce it after these proceedings are completed.

For 2021, the Fund anticipated a balance of long-term financial investments of €134,351.00, or €214,872.10 less than what was actually realised. The bankruptcy proceedings and, as a result, the write-off of the financial investment in RRA Celje d.o.o. did not take place in 2021. The Fund's long-term financial investments increased by €15,989.75 as of 31 December 2021 due to an increase in the book value of capital at RRA Koroška d.o.o. and RRA Zeleni kras d.o.o. on 31 December 2020.

<b>Investment</b>	<b>Status 1 January 2021</b>	<b>Increase</b>	<b>Reduction</b>	<b>Status 31 December 2021</b>	<b>Share in the company In %</b>
BSC, poslovno podp. center, d.o.o.	43,000.00	0.00	0.00	43,000.00	28.45
PIIC Murania d.o.o.	605,081.65	0.00	605,081.65	0.00	0.00
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	12,663.94	0.00	32,581.29	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	3,325.81	0.00	74,758.36	22.50
<b>Total</b>	<b>938,315.00</b>	<b>15,989.75</b>	<b>605,081.65</b>	<b>349,223.10</b>	<b>-</b>

#### c.) Long-term loans, deposits and investments in securities

The amount of long-term loans, deposits and investments in securities disclosed in the gross balance sheet amounted to €138,628,810.99. In the balance sheet, loans and deposits are disclosed by maturity, so the corresponding part of long-term loans and deposits maturing in 2022 in the amount of €25,338,094.35 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 of 31 December 2021 amounts to €5,295,117.03. In the balance sheet, the amount of long-term loans, investments in securities and deposits is therefore €113,290,716.64.

In 2021, the Fund planned assets of long-term loans and deposits in the amount of €144,417,778.00. It was planned to draw loans from the Fund totalling €53,733,678.00 in 2021, but only funds totalling €30,876,250.45 were drawn, resulting in a smaller balance of long-term loans and larger free funds in given deposits with the Ministry of Finance. The balance of long-term loans, deposits and investments in securities as of 31 December 2021 amounts to €113,290,716.64 and is 21.55% lower than planned. The source for investing in long-term deposits and securities are the free dedicated 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.

#### c1) 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 €132,121,848.73 on 31 December 2021, of which €5,295,117.03 was already shown in the gross balance sheet under current assets due to the manner of entry in the accounts. Short-term assets consist of cancelled contracts in the amount of €4,551,341.01 and matured liabilities from loans managed by the Fund in the amount of €743,776.02. In 2021, the balance of long-term loans, excluding disputed loans, increased by €10,155,807.48, representing the difference between returned and transferred funds. The corresponding part of long-term loans, shown in the gross balance due in 2022 in the amount of €19,661,382.35, is shown in the balance sheet among short-term financial investments and short-term receivables from users of the single account plan.

The Fund approves its own investments, whereas previously commercial banks were in charge of managing loans under contracts for the provision of financial services. At the end of 2021, the Fund had 59 loan agreements with two commercial banks. Allocation of the Fund's loan agreement portfolio by individual contractors as of 31 December 2021 is shown in Table 16.

**Table 16: Management of loan agreements by individual contractors as of 31 December 2021**

Bank	in €	%	No. of loans
Deželna banka Slovenije d.d.	30,763.20	0.02	1
Banka Intesa Sanpaolo d.d.	9,784,216.76	7.41	58
Slovenian Regional Development Fund	117,755,527.76	89.13	1216
Slovenian Regional Development Fund (terminated contracts)	4,551,341.01	3.44	42
<b>Total (principal)</b>	<b>132,121,848.73</b>	<b>100.00</b>	<b>1317</b>

#### c2) Long-term deposits

Long-term deposits of free cash assets in the amount of €4,700,000.00 as of 31 December 2021 contain financial assets of free dedicated assets invested in long-term deposits with commercial banks. Due to the maturity of deposits in 2022, they are shown on the balance sheet under short-term financial investments. The balance of long-term deposits is shown in Table 17.

**Table 17: Long-term deposits by individual banks as of 31 December 2021 in €**

Bank	Balance of deposits in €	Bank share in %
Addiko bank d.d.	1,000,000.00	21.28
Banka Sparkasse d.d.	500,000.00	10.64
Deželna banka Slovenije d.d.	1,500,000.00	31.91
Gorenjska banka d.d.	1,700,000.00	36.17
<b>Total (principal)</b>	<b>4,700,000.00</b>	<b>100.00</b>

Long-term dedicated deposits as of December 2021 amounted to €1,355,625.79 and are intended for the insurance of the guarantees granted by the Fund. Deposits in the amount of €178,712.00, due in 2022, are shown on the balance sheet under short-term financial investments. The balance of long-term dedicated deposits is shown in Table 18.

**Table 18: Deposits intended to insure guarantees as of 31 December 2021**

Bank	No. of deposits	Balance of deposits in €	Bank share in %
Banka Intesa Sanpaolo d.d.	1	15,750.00	1.16
Banka Sparkasse d.d.	7	81,200.00	5.99
Delavska hranilnica d.d.	18	383,986.01	28.33
Lon d.d.	1	25,000.00	1.84
Nova KBM d.d.	17	369,390.57	27.25
Nova Ljubljanska banka d.d.	20	480,299.21	35.43
<b>Total (principal)</b>	<b>64</b>	<b>1,355,625.79</b>	<b>100.00</b>

### c3) Portfolio investments

Investments in long-term securities amounted to €5,746,453.50 as of 31 December 2020 and included only investments in bonds of the Republic of Slovenia. Bonds due in 2022 in the amount of €798,000.00 are shown on the balance sheet under short-term receivables from EKN users. Shares according to individual bonds are shown in Table 31.

### c4) 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 €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. 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 €12,225.69. In 2021, due to the maturity of the payment and the filed judicial recovery procedure, the funds were transferred from other long-term loans to short-term financial investments.



### Short-term assets

As of 31 December 2021, short-term assets amounted to €88,688,345.59 and were composed of

- Cash on accounts in the amount of €3,384,461.54, which contains only the cash balance on the sub-accounts of the Fund.
- Trade receivables in the amount of €27,741.85, which include receivables for loan management and given guarantees; legal proceedings are underway for the portion in the amount of €23,647.81.
- Short-term receivables from users of the single account plan in the amount of €53,315,224.24, containing
  - short-term financial investments from deposits made to the Ministry of Finance in the amount of €45,040,000.00 and accrued interest of bonds of the Republic of Slovenia in the amount of €78,335.00, of which €7,140,000.00 from MEDT funds,
  - overdue principal, loan management costs and accrued interest on loans granted in the amount of €50,587.40,
  - investments of the Fund as a Certifying Authority under the European Territorial Cooperation programmes in the financial perspective 2007-2013 in the amount of €1,203,000.00,
  - overdue receivables in 2022 from given loans and bonds of the Republic of Slovenia in the amount of €4,986,264.14 from users of the single chart of accounts,
  - claims of the Fund on the MOP for co-financing the purchase of an electric vehicle from the Climate Change Fund in the amount of €17,153.75,
  - receivables of the Fund as a Certifying Authority to the Municipality of Lendava for unjustifiably paid funds in the amount of €14,416.69,
  - receivables from the SVRK in the amount of €1,925,467.26 for the European Commission funds received in 2021, which were paid to the Fund in 2022. 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 €25,612,692.04, containing
  - receivables from disputed loans in the amount of €4,551,341.01, which include receivables reported in compulsory settlement proceedings, bankruptcy proceedings and enforcement proceedings,
  - in 2022, the overdue principal of the Fund's loans and the repayment of dedicated deposits in RGS in the amount of €16,361,351.03,
  - receivables from long-term deposits due in 2022 in the amount of €4,700,000.00.
- Short-term receivables from financing in the amount of €1,432,351.82, containing:



- short-term receivables from accrued interest as of 31 December 2021 in the amount of €608,929.26,
- receivables from realised guarantees for the principal amounting to €788,283.87,
- transferred receivables, on 31 December 2021, due to the liquidation of the company PIIC Murania d.o.o., in the amount of €12,215.69,
- disputed receivable from disbursed grants in the amount of €22,923.00.
- Other short-term receivables in the amount of €4,427,762.49, which mainly include receivables from the Fund as a Certifying Authority under all three European territorial cooperation programmes, namely:
  - receivables from the EC for reimbursement of funds paid to lead partners by 31 December 2021 in the amount of €4,304,528.89,
  - receivables from leading partners for unduly paid funds in the amount of €15,545.49, whose payment is due in 2022 or will be offset,
  - receivables for reimbursement of paid salaries to the Health Insurance Institute in the amount of €846.52,
  - 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 €106,841.59.
- Unpaid expenses in the amount of €488,111.61, which represent liabilities to employees, suppliers and managing partners, which were repaid in 2022

For 2021, the Fund planned receivables from users of the single chart of accounts in the amount of €24,755,839.00 and receivables from short-term financial investments in the amount of €25,097,922.00. It was planned to draw on loans granted in the amount of €53,733,678.00 in 2021, but loans granted from the Fund's assets were only drawn down in the amount of €30,876,250.45. In 2021, 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 2021, the Fund received €8,275,601.26 in recapitalisation funds from the state budget for the promotion of regional development and the preservation of the Slovenian countryside population, as well as the creation of an economic base for autochthonous ethnic communities. In 2021, the Fund carried out the drawdown of the first part of the leased loan with the European Investment Bank in the amount of €10,000,000.00. Due to banks' lack of interest in tying free funds over one year and low interest rates, the Fund placed free funds in the Ministry of Finance's given applications in 2021, resulting in lower long-term deposits and higher short-term receivables from EKN users. Short-term receivables from users of the single chart of accounts are thus 115.36% higher than planned at €53,315,224.24, while short-term financial investments are 2.01% higher at €25,612,692.04.

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 dedicated assets, received state budget funds for the implementation of favourable development loans, and funds for the implementation of cross-border operational programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia which are disclosed by the Fund separately from its other (dedicated) 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 4.2, 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 €4,551,341.01,
- short-term receivables from interest and commission on disputed loans and guarantees in the amount of €570,490.03,
- receivables for cashed guarantee and repayment of the Fund's grants in the amount of €811,206.87 (excluding accrued interest),
- receivables from borrowers in arrears in the amount of €253,670.82.



### Short-term liabilities

As of 31 December 2021, short-term liabilities amounted to €13,835,961.95 and consisted of

- Liabilities to employees in the amount of €60,580.79, which were settled in January 2022.
- Liabilities to suppliers in the amount of €16,824.32 were settled according to maturity, with the majority of the liabilities for the upgrade of the application for management and monitoring of given incentives in the amount of €4,267.26, costs of maintenance of computer programmes and equipment in the amount of €1,981.55, publication of public tenders in the Official Gazette in the amount of €1,390.65,



compensation for the provision of legal services in the amount of €1,390.65, costs of student work in the amount of €1,060.11 and costs of internal audit in the amount of €1,054.08.

- Other short-term operating liabilities in the amount of €3,375,644.83, which include:
  - liabilities for contributions to salaries and liabilities for supplementary pension insurance in the amount of €10,009.34,
  - obligations of the Fund as a Certifying Authority under European cross-border cooperation programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia for received pre-financing funds in the amount of €1,883,060.03,
  - liabilities to the Tax Administration of the Republic of Slovenia for the calculated tax on financial services in the amount of €782.40 and payment of corporate income tax for 2021 in the amount of €1,005.95,
  - liabilities of the Fund as a Certifying Authority for funds received under the territorial cooperation programmes in the financial perspective 2014-2020 in the INTERREG V-A programmes in the amount of €1,467,220.86,
  - liabilities for the repayment of funds unduly received from legal proceedings in the amount of €13,566.25, which were repaid to the beneficiary in 2022.
- Liabilities to users of the single chart of accounts in the amount of €173,424.22, which include:
  - liabilities to suppliers in the amount of €274.67, which were settled in 2022 in accordance with the maturity,
  - liabilities to MEDT in the amount of €173,149.55 for the reimbursement of unduly paid grants.
- Liabilities to financiers for the payment of instalments from the repayment of loans in the total amount of €3,177,236.62 to the European Investment Bank due in 2022.
- Short-term financing liabilities in the amount of €877.78 for accrued interest on loans from the European Investment Bank due in 2022.
- Unpaid revenues in the amount of €7,031,373.39, representing interest and other receivables accrued up to 31 December 2021.

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



### Equity and non-current liabilities

Long-term liabilities totalled €188,900,245.60 as of 31 December 2021, and included the following:

- a) reserve fund,
- b) dedicated assets fund,
- c) long-term financial liabilities,
- d) other long-term liabilities.

#### a.) Reserve fund

As Table 19 shows, the reserve fund amounted to €13,378,597.37 on 31 December 2021, and contains 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 of 31 December 2021. In order to form provisions for credit risk, a collective classification of financial assets and liabilities was performed on the basis of an assessment and evaluation of the client's ability to meet obligations to the Fund at maturity, judging on the basis of the individual client's financial position, an assessment of its ability to meet obligations, the types and scope of securing receivables from individual clients, and meeting the client's obligations to the Fund in previous years. The necessary amount of provisions for credit risks were calculated to be €11,715,911.87, which is €5,715.34 less than the booked amount. The booked provisions are €96,038.96 less than the balance on 1 January 2021. In 2021, due to the write-off of liabilities to borrowers, there was a decrease in the reserve fund in the amount of €649,407.01. The increase in formed provisions for credit risks was influenced by additional formed provisions in the amount of €73,134.38 and the transfer of formed provisions from the guarantee fund in the amount of €480,233.67.

The Fund maintains a guarantee fund for issued guarantees in the amount of €1,656,970.16, which is €487,191.81 less than the situation on 1 January 2021 and reflects the status of the Fund's given guarantees as of 31 December 2021. The guarantee fund was reduced by the realisation of the given guarantee in the amount of €11,458.14 and the transfer of a portion of the previously formed provisions in the amount of €480,233.67 to the provisions for credit risks. However, the increase in the guarantee fund was influenced by the repayment of guarantees issued in the amount of €4,500.00. The movement of the reserve fund in 2021 is shown in Table 19.

In addition, on the basis of the Fund's methodology, the necessary provisions for credit risks were calculated, which will be recorded in the off-balance-sheet records on the basis of contracts concluded with MEDT in the case of losses covered by the received recapitalisation for liquidity loans or from the Fund's long-term liabilities to MEDT.

**Table 19: Movement of the reserve fund in 2021 in €**

Formed reservations	Balance on 1 January 2021	Increase	Reduction	Balance on 31 December 2021
For credit risks	11,817,666.17	553,868.05	649,407.01	11,721,627.21
RGS Guarantee fund	2,144,161.97	4,500.00	491,691.81	1,656,970.16
<b>Total</b>	<b>13,961,828.14</b>	<b>557,868.05</b>	<b>1,141,098.82</b>	<b>13,378,597.37</b>

## b.) Dedicated assets fund

As Table 20 shows, the dedicated assets fund as of 31 December 2021 amounted to €124,517,080.24 and reflects the balance of this fund for financial investments and for other purposes, namely

- the dedicated assets funds for financial investments, which increased by €8,275,601.26 in 2021 due to recapitalisations received by the state budget, amounting to €121,877,167.10.
- dedicated assets funds for realised guarantees, in the amount of €58,143.44. The Bank realised the Fund's guarantee in the amount of €11,458.14 in 2021. However, the Fund received a reimbursement of €4,500.00 from the realised guarantees in 2021.
- dedicated assets fund, which had a balance of €2,581,769.70 on 31 December 2021, which was €9,067.00 higher than the balance on 1 January 2021. The calculated depreciation in 2021 of €61,750.66, the write-off of the current value of fixed assets of €5,862.51 and outstanding receivables of €0.19, as well as the reduction of financial investment of €205,081.65, had an impact on the reduction of the dedicated assets fund for other purposes. The increase in the dedicated assets fund for other purposes was influenced by the purchase value of intangible assets and tangible fixed assets in 2021 in the amount of €92,473.06, accrued revaluation interest in the amount of €1.01, the assumption of cash receivables of the Fund due to the liquidation of the company PIIC Murania d.o.o. in the amount of €12,215.69, the reconciliation of long-term financial investments in the amount of €15,989.75, and, in particular, the surplus of revenues over expenses in the amount of €161,082.50.

**Table 20: Movement of the dedicated assets fund in 2021 in €**

Account	Title	Status 1 January 2021	Increase	Reduction	Status 31 December 2021
	Payment of dedicated assets by the MEDT	71,000,809.46	8,275,601.26	0.00	79,276,410.72
	Increase of the dedicated assets fund	28,544,756.38	0.00	0.00	28,544,756.38
	Dedicated assets fund- liquidity assets	14,056,000.00	0.00	0.00	14,056,000.00
<b>9401</b>	Dedicated assets fund for financial investments	113,601,565.84	8,275,601.26	0.00	121,877,167.10
<b>9402</b>	Dedicated assets fund for mobilised guarantees	51,185.30	11,458.14	4,500.00	58,143.44
<b>9403</b>	Dedicated assets fund for other purposes	2,572,702.70	64,038,763.68	64,029,696.68	2,581,769.70
	Financial investment fund	454,266.64	52,370,451.56	52,547,326.95	277,391.25
	Fund for the financing account	0.00	10,000,000.00	10,000,000.00	0.00
	Excess revenue over expenditure from 2019 and 2020	230,850.91	0.00	142,633.29	88,217.62
	Excess revenue over expenditure From 2021	0.00	1,433,205.77	1,272,123.27	161,082.50
	Dedicated assets fund - unallocated surplus of previous years	1,504,522.82	142,633.29	0.00	1,647,156.11
	Dedicated assets fund for intangible assets and tangible fixed assets	409,822.93	92,473.06	67,613.17	407,922.22
<b>Dedicated assets fund</b>		<b>116,225,453.84</b>	<b>72,325,823.08</b>	<b>64,034,196.68</b>	<b>124,517,080.24</b>

## c.) Long-term financial liabilities

Long-term financial liabilities amounted to €22,601,742.22 as of 31 December 2021. The Fund's debt is represented by loans borrowed from the European Investment Bank. The corresponding portion of the borrowings due in 2022 is shown in the balance sheet as short-term liabilities to financiers in the amount

of €3,177,236.62; thus, the value of long-term financial liabilities in the balance sheet is disclosed in the amount of €19,424,505.60.

#### d.) Other long-term liabilities

In 2016, the Fund concluded an Agreement with the line ministry for problem areas 2016-2017, under which it received €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 €7,290,000.00 were received in 2019, and additional funds in the amount of €4,280,000.00 were received in 2018. In 2021, the Fund concluded the Addendum to the Contract 2018-2019, which allowed the Ministry to continue project financing. The balance of other long-term liabilities as of 31 December 2021 amounts to €31,580,062.39. In 2021, the Fund disbursed loans in the amount of €2,062,636.84. Part of the loans in the amount of €2,693,815.31 were repaid in 2021. Until 31 December 2021, the interest on loans and free funds was calculated at €14,250.39 and paid at €10,062.39. 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 21 shows the types of investments in long-term liabilities as of 31 December 2021.

Table 21: Types of investments in long-term liabilities as of 31 December 2021 in € and %		
Type of investment	Investment value in €	Share
Assets in the sub-account of the Fund	317,479.85	1.01
Assets in applications submitted to the Ministry of Finance	7,140,000.00	22.61
Assets in loans	24,126,770.54	76.39
<b>Total (principal and interest)</b>	<b>31,584,250.39</b>	<b>100.00</b>



#### Off-balance sheet records

The Fund shows potential liabilities from issued guarantees in the off-balance-sheet records, namely for issued guarantees from regional guarantee schemes in the amount of €1,631,423.56, the balance of undisclosed assets on 31 December 2021 for approved loans from the Fund's assets in the amount of €12,452,103.94, the balance of approved and undisclosed funds from MEDT funds in the amount of € 2,474,562.10, which will be drawn in 2022; and the balance of small inventory, which is reported off-balance-sheet, in the amount of €7,125.31. The necessary provisions are also shown to cover losses due to credit risks from MEDT assets of €4,125,712.81 and losses for liquidity loans for COVID-19 in the amount of €2,954,753.48.



#### Post-balance sheet events

After the balance sheet, which was prepared on 31 December 2021, no events have occurred at the Fund that would have a significant impact on balance sheet items.

## 7.3 Explanatory notes to the statement of revenue and expenditure

Recognition and disclosure of revenues and expenditures are 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 expenditures of other users are recognised on a cash flow basis, which means that revenues or expenditures are recognised when two conditions are met, namely the occurrence of a business event, the consequence of which is the disclosure of revenues or expenditures, and the receipt or payment of money or its equivalent.

Revenues or expenditures are also recognised in the case of the settlement of a receivable or liability by offsetting. For the amount of received or given advances relating to revenues or expenditures, revenues or expenditures are recognised 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.



## Revenues

Revenues are broken down into tax revenues, non-tax revenues, capital revenues, donations received, transfer revenues, and assets received from the EU. In 2021, the Fund generated the following revenue from the performance of its activities:

- non-tax revenue, namely from interest, revenue from the sale of goods and services and other non-tax revenue,
- capital income from the sale of a passenger car; and
- transfer revenues from the state budget for performing tasks under contracts concluded with the line ministry.

In performing the tasks of the Certifying Authority in 2021, 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 22, the Fund's revenues in 2021 amounted to €1,433,205.77, and consisted of

- Income from assets containing income from real and default interest paid on approved loans of the Fund in the amount of €839,405.13, from deposits of temporarily free funds in the amount of €26,998.40, and from interest on government securities in the amount of €95,705.55. Interest income was realised in 2021 in the amount of €962,109.08, or €2,781.92 less than planned, while it was realised in the amount of €1,217,627.10 in 2020.
- Revenues from the sale of goods and services, which include payments received from the paid costs of concluding contracts and costs for managing loans. Revenues were planned in the amount of €130,000.00 and realised in the amount of €117,475.92 or 9.63% less than planned. Revenues from the sale of goods and services in 2020 amounted to €125,792.95.
- Revenue from the sale of fixed assets in the amount of €3,500.00. In 2021, an electric car was purchased, and thus the old one was sold. The above-mentioned activities were expected to generate €1,000.00 in revenue.
- A donation from the Climate Change Fund in the amount of €13,530.00 was planned for 2021 for the purchase of an electric car, which was realised in 2022 in the amount of €17,153.75.
- Other non-tax revenues in the amount of €2,224.97, which include revenues from previous years, primarily from paid court costs, were €17,775.03 less than planned. Other non-tax revenues in 2020 were realised in the amount of €13,801.69.
- Transfer revenue from other public financial institutions containing inflows from the state budget for the reimbursement of costs incurred for the performance of the tasks of the Certification Authority in European territorial cooperation programmes from technical assistance funds in the amount of €43,644.58, reimbursement of costs for the granting of loans in border problem areas in the amount of €95,000.00 received by the MEDT, and reimbursement of disbursed costs for the implementation of regional guarantee schemes in previous years in the amount of €135,496.55. In 2021, revenues were planned in the amount of €238,000.00 and realised in the amount of €274,141.13, or 15.19% higher than planned. Due to the filed lawsuit, the Fund did not plan to reimburse the costs of implementing regional guarantee schemes in 2021, but it planned to reimburse the costs of implementing the project of mentorship schemes, which were not realised in 2021.
- 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 programmes from technical assistance funds. EC funds were transferred in the amount of €73,754.67, which is 9.14% lower than planned.

As can be seen from Table 22, revenues were planned in the amount of €1,448,592.00 and realised in the amount of €1,433,205.77, or 1.06% less than planned. Realised revenues of €1,473,392.98 were 2.73% higher in 2020 than they were in 2021.

**Table 22: Types of revenue in 2021 in €**

Subgroup of accounts	Title	Plan 2021	Realisation 2021	Index RE21/NA21	Realisation 2020	Index RE21/RE20
<b>710</b>	Property revenues	964,891.00	962,109.08	99.71	1,217,627.10	79.02
<b>713</b>	Revenue from sales of goods and services	130,000.00	117,475.92	90.37	125,792.95	93.39
<b>714</b>	Other non-tax revenues	20,000.00	2,224.97	11.12	13,801.69	16.12
<b>720</b>	Revenues from the sale of fixed assets	1,000.00	3,500.00	350.00	0.00	0.00

<b>730</b>	Donations received from domestic sources	13,530.00	0.00	0.00	0.00	0.00
<b>740</b>	Transfer revenues from other public finance institutions	238,000.00	274,141.13	115.19	43,189.26	634.74
<b>782</b>	Funds received from the EU structural policy budget	81,171.00	73,754.67	90.86	72,981.98	101.06
<b>Total</b>		1,448,592.00	1,433,205.77	98.94	1,473,392.98	97.27



## Expenditures

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. The Fund did not have current and investment transfers in 2021. 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.

As can be seen from Table 23, the Fund's expenditures in 2021 amounted to €1,272,123.27 and include current and investment expenditures.

**Table 23: Types of expenditure in 2021 in €**

Subgroups of accounts	Title	Plan 2021	Realisation 2021	Index RE21/NA21	Realisation 2020	Index RE21/RE20
<b>400</b>	Salaries and other employee costs	767,160.00	720,671.83	93.94	714,625.65	100.85
<b>401</b>	Employer contribution for social security	122,316.00	114,483.95	93.60	113,097.13	101.23
<b>402</b>	Expenses for goods and services	374,734.00	257,696.95	68.77	240,252.03	107.26
<b>404</b>	Interest payments abroad	12,562.00	0.00	0.00	3,165.90	0.00
<b>409</b>	Reserves	0.00	73,134.38	0.00	280,200.05	26.10
<b>420</b>	Purchase and construction of fixed assets	233,110.00	106,136.16	45.53	32,073.59	330.91
<b>431</b>	Investment transfers to legal and natural persons which are not budget users	0.00	0.00	0.00	1,761.01	0.00
<b>Total</b>		1,509,882.00	1,272,123.27	84.25	1,385,175.36	91.84

### a.) Current expenses

#### a1) Salaries and other expenses of employees and employer's social security contributions

Salaries and other expenses of employees and the employer's social security contributions in the amount of €835,155.78 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 of employees were 6.11% lower than planned or 0.90% higher than realised in 2020. In 2021, there was no additional employment in the second half of 2021, and the Fund did not have an employment contract with the Director for the month of December 2020 and a portion of January 2021, but rather a management contract, the cost of which is charged to expenditure on goods and services. In 2021, severance payments in the amount of €16,396.38 were paid due to termination of employment in the amount of €10,705.98 and termination of fixed-term employment in the amount of €5,690.40 in 2020.

#### a2) Expenses for goods and services

Expenses for goods and services amounted to €257,696.95 in 2021 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, tender announcements, costs of auditing and consulting services, representation and other general materials and services in the total amount of €65,367.25,
- special material and services in the amount of €2,812.11,
- costs for electricity, utilities and heating, telephone services and postage in the amount of €34,613.32,
- costs for fuel and lubricant, purchase of vignettes and vehicle maintenance and insurance in the amount of €8,302.23,
- subsistence costs, transport and other expenses for business trips in the amount of €572.98,
- costs for the ongoing maintenance of business facilities and equipment in the amount of €25,491.11,
- costs for the rental of computer software, compensation for the use of building land and other rents in the amount of €17,256.58,
- payment of student work, management contracts, meeting fees of members of the Supervisory Board, expenses for professional training of employees, costs of court proceedings, services of lawyers and notaries, costs of payment transactions, payment of bank charges, commissions, and other operating costs in the amount of €103,281.37.

Expenses on goods and services were planned at €374,734.00 and were realised at €257,696.95, or 31.23% less than planned. The largest part of the costs is represented by other operating expenses in the amount of €103,281.37, followed by the costs of office supplies and services, which in 2021 amounted to €65,367.25, costs of energy, water, utilities, and communications in the amount of €34,613.32, and costs of ongoing maintenance in the amount of €25,491.11. 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 €16,300.00 and realised in the amount of €572.98. The implementation of a new documentary system and the development of an application for application monitoring have enabled a greater volume of electronic commerce, resulting in lower costs for office supplies and services. Other operating expenses were planned in the amount of €112,485.00 and realised in the amount of €103,281.37.

#### a3) Foreign interest payments

Foreign interest payments of €12,562.00 were planned for 2021, but no payments were made because the value of Euribor in 2021 was lower than the interest rate mark-up on leased loans in previous years. However, the interest on the loan taken out in 2021 is due in 2022. In 2020, interest was realised in the amount of €3,165.90.

#### a4) Provisions for credit risks

The Fund has not planned any provisions for credit risks for 2021. When calculating the provisions for 30 June 2021, an additional €73,134.38 was formed. Because the amount of provisions formed in 2021 was sufficient, the Fund did not form additional provisions on December 31, 2021.

### b.) Investment expenses

The purchase of fixed assets represents the value of payments in 2021 for tangible fixed assets and intangible assets in the amount of €106,136.16, namely the purchase of a passenger car in the amount of €30,222.75, the purchase of computer hardware in the amount of €16,915.27, the installation of a charging station in the amount of €2,594.03, the investment maintenance of business premises and equipment in the amount of €17,564.36 and the upgrade of computer programmes in the amount of €38,839.75.

For 2021, the Fund planned the purchase and construction of fixed assets in the amount of €233,110.00, but the actual realisation was lower by €126,973.84. In 2021, upgrades of computer programmes for processing applications, and their monitoring and management were not fully realised. The construction of the documentary system has also not been fully confirmed. The purchase of licenced software in the amount of €80,000.00 was planned, but only €38,839.75 was spent for this purpose. It was planned for 2021 to renovate the roof of the business premises for €85,400.00, but this did not happen because the co-owner did not provide funds. The purchase of an electric passenger car, electrical wiring connections, floor covering replacement, and software migration to the server all resulted in increased investment and maintenance costs. These were planned in the amount of €2,000.00 and realised in the amount of €17,564.36.



### Profit/loss

Profit or loss from income and expenses shows an income surplus of €161,082.50 over expenses. The profit or loss shown in the Fund's books of account increases the dedicated assets fund for other purposes.



The Fund's favourable profit in 2021 was primarily influenced by lower expenditures due to some unrealised tasks in 2021, greater digitalisation of business processes, and the continuation of the COVID-19 epidemic, which is primarily reflected in lower costs of business trips, education, and event participation. The costs of promoting the Fund were lower, which were planned at €70,000.00 and realised at €21,371.38, there were no visits to investments by external associates, and there was no preparation of investment documentation for the renovation of business premises, which was planned at €15,000.00. Expenses on goods and services were planned in the amount of €374,734.00 and realised in the amount of €257,696.95. Expenditures for investment expenses were planned in the amount of €233,110.00 and realised in the amount of €106,136.16, as there was no roof replacement in 2021, which was planned in the amount of €85,400.00, and the costs of purchasing licenced software were also reduced by €41,160.25. The costs of the Fund for 2021 were planned in the amount of €1,509,882.00 and realised in the amount of €1,272,123.27, or €237,758.73 less than planned.

The Fund's revenues for 2021 were planned in the amount of €1,448,592.00 and realised in the amount of €1,433,205.77, or €15,586.23 lower than planned.

## 7.4 Explanatory Notes to the Financial Receivables and Investments Account Statement

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 an increase of capital shares.

As can be seen from Table 24, the account of financial receivables and investments for 2021 shows

- Refunds of loans totalling €20,841,878.06 were received in 2021 as part of the Fund's purpose implementation, which is €3,553,947.06 more than planned.
- The sale of capital shares was planned in the amount of €503,000.00 and realised in the amount of €400,000.00, as the purchase price for the sold Mura hall.
- Drawn loans in the amount of €30,876,250.45. In 2021, loans were also drawn from MEDT assets in the amount of €2,062,636.84, the remittances of which are not disclosed in the accounts of receivables and investments.

Account of financial receivables and investments as of 31 December 2021 shows the difference between granted loans and received repayments of granted loans in the amount of €9,634,372.39. The loans granted are €22,857,427.55 less than planned because some tenders were published in the second half of the year and some drawings and approvals will be made in 2022. In 2021, there was a withdrawal of approved loans from the Fund's assets in the amount of €3,659,073.06.

**Table 24: Account of financial receivables and investments in €**

Subgroups of accounts	Title	Plan	Realisation	Index RE/PLAN
<b>750</b>	Repayments received of loans granted	17,287,931.00	20,841,878.06	120.56
<b>751</b>	Purchase of equity stakes	503,000.00	400,000.00	79.52
<b>440</b>	Loans granted	53,733,678.00	30,876,250.45	57.46
<b>Difference (granted-accepted repayments of loans and equity interests)</b>		<b>35,942,747.00</b>	<b>9,634,372.39</b>	<b>26.80</b>

Table 25 shows the transferred funds on the basis of concluded loan agreements according to individual purposes in 2021. Assets in the amount of €30,876,250.45 were transferred. In 2021, loans from MEDT assets in the amount of €2,062,636.84 were also disbursed, which are not disclosed in the statement of financial receivables and investments, and are shown in Table 38.

**Table 25: Funds transferred under concluded loan agreements in 2021 in €**

Incentives	Appropriations		Funds drawn	
	Before 2021	In 2021	For approvals before 2021	For approvals in 2021
Entrepreneurship-B	218,228.81	972,015.00	151,377.37	209,000.00
Municipalities-C	1,254,946.41	6,195,467.00	1,254,946.41	1,183,612.63
Agriculture and forestry-A	1,320,461.06	6,799,494.78	426,962.73	3,905,279.17



Pre-financing-PF	1,895,057.00	4,306,531.00	1,743,972.00	4,123,331.00
Entrepreneurship B: Liquidity loans	9,092,831.39	14,932,395.00	8,440,319.14	9,437,450.00
<b>Total</b>	<b>13,781,524.67</b>	<b>33,205,902.78</b>	<b>12,017,577.65</b>	<b>18,858,672.80</b>

## 7.5 Explanatory Notes to the Financing Account Statement

The financing account statement shows data on the repayment of the principal for borrowed loans. In 2021, the Fund borrowed approximately €30,000,000.00 from the European Investment Bank. In 2021, a portion of the loan in the amount of €10,000,000.00 was drawn. In 2021, the Fund repaid the principal of the loan to the European Investment Bank in the amount of €3,177,236.64 based on borrowings made in previous years. Table 26 shows the statement of the financing account, which reflects the movement of borrowed and repaid loans from the European Investment Bank in 2021.

Table 26: Financing account statement in €				
Subgroups of accounts	Title	Plan	Realisation	Index RE/PLAN
501	Borrowing abroad	15,000,000.00	10,000,000.00	66.67
551	Debt repayment abroad	3,177,237.00	3,177,236.64	100.00
<b>Net borrowing</b>		<b>11,822,763.00</b>	<b>6,822,763.36</b>	<b>57.71</b>

In 2021, there was a €2,650,526.53 decrease in funds on the account, which reflects the difference between the surplus of revenues over expenses, minus the difference between loans granted and repaid, and net borrowing. In 2021, the Fund generated a €161,082.50 revenue surplus over expenses, disbursed €9,634,372.39 more loans than the loans that have been repaid to the Fund, and drew €6,822,763.36 more credit than it repaid.

## 7.6 Surplus under 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 dedicated assets. As of 31 December 2021, the Fund does not show a surplus according to the fiscal rule, as it has a negative cash flow as of 31 December 2021, i.e., a reduction of assets in the accounts in the amount of €2,650,526.53.

Table 27: Calculation of surplus of revenues over expenditure by cash flow (in €)	
Surplus of revenues over expenditure	161,082.50
Difference between received and granted funds from financial investments	-9,634,372.39
Net debt payment	6,822,763.36
<b>= Cash flow deficit as of 31 December 2021</b>	<b>-2,650,526.53</b>
(reduced by) outstanding liabilities as of 31 December 2021	-103,921.50
(reduced by) unused dedicated assets as of 31 December 2021	-49,663,757.18
<b>Deficit according to the fiscal rule as of 31 December 2021</b>	<b>-52,418,205.21</b>

### 8.1 Financing of the Fund and investments



#### Financing of the Fund

The only systemic financial resource is 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 addition to the funds received in the amount of €275,601.26, the Fund received additional dedicated funds from the state budget in the amount of €8,000,000.00 in 2021, with which it co-financed the implementation of the measure for liquidity loans to SMEs in border problem areas in 2021.

In 2021, the Fund concluded a credit agreement with the European Investment Bank in the amount of €30,000,000.00. In 2021, loan funds in the amount of €10,000,000.00 were drawn, which the Fund will allocate to financing incentive programmes in 2022.

For the allocation of incentives in 2021, the Fund used temporarily free funds from dedicated assets and returned loan funds.

Work assets were provided by the Fund from its own resources. The largest source is income from assets, which includes both interest on free cash received in 2021 in the amount of €122,703.95 and interest on loans granted in 2021 in the amount of €839,405.13. Additionally, the funds received from the state budget in the amount of €274,141.13 are as follows: reimbursement of the costs of implementing regional guarantee schemes in previous years in the amount of €135,496.55, reimbursement of the costs of granting loans in problem areas from MEDT funds in the amount of €95,000.00, and reimbursement of the costs of technical assistance for the performance of the Fund's tasks as the Certification Authority in the amount of €43,644.58. The Fund received funds in the amount of €117,475.92 to reimburse the costs of concluding and managing loans. Funds in the amount of €73,754.67 were received from the European Commission to reimburse the costs of technical assistance for the performance of the Fund's tasks as a Certifying Authority. The smallest portion, in the amount of €3,500.00, consists of revenues from the sale of a passenger car and other non-tax revenues in the amount of €2,224.97, which the Fund obtained primarily through reimbursement of previously paid court costs.

For the incentives granted and for the repayment of borrowed loans, the Fund used the received repayments of granted loans and temporarily free assets. In 2021, the funds from the loans granted in the amount of €20,841,878.06 were returned.



#### 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 28, the dedicated assets of the Fund for Financial Investments as of 31 December 2021 amount to €121,877,167.10. 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 an estimated value. In addition to the listed payments for dedicated assets, these assets also comprise other forms of the dedicated assets fund.

Table 28: Movement of the dedicated assets fund (DA) in 2021 in €					
Account	Title	Status 1 January 2021	Increase	Reduction	Status 31 December 2021
9401	Dedicated assets fund for financial investments	113,601,565.84	8,275,601.26	0.00	121,877,167.10
9402	Dedicated assets fund for realised guarantees	51,185.30	11,458.14	4,500.00	58,143.44
9403	Dedicated assets fund for other purposes	2,572,702.70	64,038,763.68	64,029,696.68	2,581,769.70
94	Dedicated assets fund	116,225,453.84	73,325,823.08	64,034,196.68	124,517,080.24

According to the balance on 31 December 2021, the dedicated assets fund was €8,291,626.40 higher than the initial balance on 1 January 2021. The dedicated asset fund for financial investments increased by €8,275,601.26 in 2021, due to the received recapitalisation. Due to the realised guarantees, a dedicated assets fund was created in 2020 for the realised guarantees, which on 31 December 2021 amounts to €58,143.44. According to the balance on 31 December 2021, the dedicated asset fund for other purposes was €6,067.00 higher than the initial balance on 1 January 2021. The increase in the dedicated assets fund for other purposes was mainly due to the surplus of revenues over expenditures amounting to €88,217.62. The increase in the dedicated assets fund for other purposes was also influenced by the purchase of intangible assets and tangible fixed assets in the amount of €92,473.06, the adjustment of financial investments in the amount of €15,989.75, the assumption of receivables from the liquidation of PIIC Murania on 31 December 2021, in the amount of €12,215.69, and accrued revaluation interest on loans granted in the amount of €1.01. The decrease in the dedicated assets fund for other purposes was influenced by accrued depreciation in the amount of €61,750.66, the write-off of the present value of fixed assets in the amount of €5,862.51 and outstanding receivables in the amount of €0.19, as well as the decrease in the value of financial investments in the amount of €205,081.65.

The dedicated assets fund increased in value compared to the balance on 31 December 2020, as it was €8,291,626.40 higher on 31 December 2021 than it was on 1 January 2021. According to the decision of the Government of the Republic of Slovenia, the surplus of revenues over expenditures from 2019, intended for the operation of the Fund in 2020, increased the value of the unallocated surplus from previous years. The surplus of revenues over expenditures in 2021 in the amount of €161,082.50 benefited the fund of special-purpose assets for other purposes for the second half of the year. Since the dedicated assets fund on 31 December 2021 is greater than the dedicated assets fund on 1 January 2021, the Fund operated in accordance with Article 25 of the ZJS-1.



### Investments in free dedicated assets

Pursuant to Article 26 of the ZJS-1 and Articles 27 and 28 of the Memorandum of Association, the Fund had free dedicated assets placed in the form of long-term securities and long-term deposits and applications with the Ministry of Finance. Table 29 shows the types of investments of free assets as of 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 29: Types of investments of free dedicated assets as of 31 December 2021 in €			
Type of investment	Investment value	Share (%)	Share in dedicated assets of the Fund (in %)
Deposits with commercial banks	4,700,754.23	9.45	4.14
Deposits with the STE system asset manager	37,900,000.00	76.19	33.36
Securities (issued by the Republic of Slovenia)	5,824,788.50	11.71	5.13
Cash in hand	0.00	0.00	0.00
Transaction account balance	1,318,303.68	2.65	1.16
<b>Total (principal and interest)</b>	<b>49,743,846.41</b>	<b>100.00</b>	<b>43.79</b>

Table 30 below shows the types and values of individual investments of free dedicated 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 30: Investment of free dedicated assets in deposits according to banks as of 31 December 2021 in €			
Bank	Balance of deposits	Bank share (in %)	Share in dedicated assets of the Fund (in %)
Addiko bank d.d.	1,000,172.22	21.28	0.88
Banka Sparkasse d.d.	500,086.11	10.64	0.44
Deželna banka Slovenije d.d.	1,500,254.79	31.92	1.32
Gorenjska banka d.d.	1,700,241.11	36.17	1.50
<b>Total (principal and interest)</b>	<b>4,700,754.23</b>	<b>100.00</b>	<b>4.14</b>

Table 31 shows the types of investments in securities as of 31 December 2021, which are in accordance with Point 3 of Article 26 of the ZJS-1.

Table 31: Investments of free dedicated assets in securities as of 31 December 2021 in €			
Bank	Balance of deposits	Share of the bond (in %)	Share in dedicated assets of the Fund (in %)
RS 49 bonds	834,960.00	14.33	0.73
RS 79 bonds	2,004,064.05	34.41	1.76
RS 80 bonds	976,856.58	16.77	0.86
RS 81 bonds	1,007,382.53	17.29	0.89
RS 84 bonds	1,001,525.34	17.19	0.88
<b>Total (principal and interest)</b>	<b>5,824,788.50</b>	<b>100.00</b>	<b>5.13</b>

## 8.2 Performance of tasks under contracts



### Financial report of the Certifying Authority 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 2007-2013, 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 shown in Table 32, the value of the mentioned funds on 31 December 2021 amounts to €1,882,876.70. From the Slovenia-Austria OP programme, funds in the amount of €98,496.00 were transferred to external contractors for the needs of the future perspective.

Table 32: Resources by operational programme as of 31 December 2021 in €			
Title	Status 1 January 2021	Assets spent	Status 31 December 2021
OP Slovenia-Austria	1,763,444.53	98,496.00	1,664,948.53
OP Slovenia-Hungary	2,602.07	0.00	2,602.07
OP Slovenia-Croatia	215,326.10	0.00	215,326.10
<b>Total</b>	<b>1,981,372.70</b>	<b>98,496.00</b>	<b>1,882,876.70</b>

The Fund has free assets of the Certifying Authority in the amount of €1,203,000.00 which are invested in an application submitted to the Ministry of Finance, and funds in the amount of €680,060.18 in the sub-accounts of individual operational programmes. In addition to the liabilities for the assets received, the Fund also discloses liabilities for accrued interest which amount to €183.33 as of 31, December 2020. As of 31 December 2021, the Fund has no liabilities to the leading partners, but it does have a claim on the Slovenia-Hungary OP's leading partner in the amount of €14,416.69 due to an established irregularity for which legal proceedings are ongoing. The balance of funds and sources of funds for the programme period 2007-2013 is shown in Table 33.

<b>Table 33: Balance of funds and sources of funds of the FP Certifying Authority 2007-2013 as of 31 December 2020 in €</b>				
<b>Overview of funds and sources of funds</b>	<b>OP Slovenia-Austria</b>	<b>OP Slovenia-Hungary</b>	<b>OP Slovenia-Croatia</b>	<b>Total</b>
Short-term assets	1,664,995.20	17,132.80	215,348.87	1,897,476.87
Account balance	461,995.20	2,716.11	215,348.87	680,060.18
Assets in applications submitted to the Ministry of Finance	1,203,000.00	0.00	0.00	1,203,000.00
Receivables from securities	0.00	14,416.69	0.00	14,416.69
Short-term liabilities	1,664,995.20	17,132.80	215,348.87	1,897,476.87
Liabilities to the EU for OPs	1,664,948.53	2,602.07	215,326.10	1,882,876.70
Liabilities for interest	46.52	114.04	22.77	183.33
Liabilities to suppliers	0.15			0.15
Unpaid receivables	0.00	14,416.69	0.00	14,416.69



## Financial report of the Certifying Authority 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 programmes.

### Assets and resources

Already in 2015-2020, the Fund received advance funds from the European budget in the amount of €68,564,364.71 for the Certification Authority's tasks. In 2021, additional EC funds were received in the amount of

€18,540,532.02. Funds unduly disbursed in the amount of €2,841.69 were reimbursed by the leading partners. Assets in the amount of €19,882,758.84 were transferred to the leading partners, of which offsets of receivables from 2020 in the amount of €605.43 were carried out. As shown in Table 34, the value of the mentioned funds on 31 December 2021, amounts to €1,068,617.83.

<b>Table 34: Movement of European pre-financing funds by individual PGs (FP14-20) in 2020 in €</b>				
<b>Title</b>	<b>Status 1 January 2021</b>	<b>Increase</b>	<b>Reduction</b>	<b>Status 31 December 2021</b>
INTERREG V-A Slovenia-Austria	854,491.85	8,306,575.93	8,460,240.34	800,827.44
INTERREG V-A Slovenia-Hungary	268,082.35	2,364,774.09	2,365,077.16	267,779.28
INTERREG V-A Slovenia-Croatia	1,184,823.33	7,872,629.12	9,057,441.34	11.11
<b>Total</b>	<b>2,407,397.53</b>	<b>18,543,979.14</b>	<b>19,882,758.84</b>	<b>1,068,617.83</b>

The Fund has free funds of the Certification Authority in the amount of €1,068,617.83 on the sub-accounts of individual operational programmes.

On 31 December 2021, the Fund disclosed receivables from the EC and the SVRK for the reimbursement of disbursed receivables to leading partners in the amount of €6,229,996.15, while receivables for unduly disbursed funds to leading partners amount to €15,545.49. As of 31 December 2021, the Fund shows liabilities for pre-financing received in the amount of €1,068,617.83, liabilities to leading partners in the amount of €398,603.03, liabilities to employees in the amount of €9,505.46, liabilities to suppliers in the amount of €459.77 and unpaid claims in the amount of €6,245,541.64. An overview of funds and sources of funds as of 31 December 2021 is shown in Table 35.

Table 35: Balance of funds and sources of funds of the FP Certifying Authority 2014-2020 as of 31 December 2021 in €				
Overview of funds and sources of funds	PG Slovenia-Austria	PG Slovenia-Hungary	PG Slovenia-Croatia	Total
Short-term assets	3,327,105.80	625,284.26	3,770,337.67	7,722,727.73
Transaction account balance	800,827.44	267,779.28	11.11	1,068,617.83
Assets in applications submitted to the Ministry of Finance	0.00	0.00	0.00	0.00
Requests for payment to the EC	2,514,903.98	353,588.10	3,361,504.07	6,229,996.15
Receivables for paid assets of securities	7,499.35	2,010.60	6,035.54	15,545.49
Claims for reimbursement of technical assistance	0.00	0.00	0.00	0.00
Outstanding liabilities	3,875.03	1,906.28	402,786.95	408,568.26
Short-term liabilities	3,327,105.80	625,284.26	3,770,337.67	7,722,727.73
Liabilities to the EU for funds received	800,827.44	267,779.28	11.11	1,068,617.83
Liabilities for transfer to securities	0.00	0.00	398,603.03	398,603.03
Liabilities to employees	3,707.09	1,806.01	3,992.36	9,505.46
Liabilities to suppliers	167.94	100.27	191.56	459.77
Unpaid receivables	2,522,403.33	355,598.70	3,367,539.61	6,245,541.64

### Revenues and expenditures

The expenditure of the Certification Authority was planned in the amount of €132,803.00 and realised in the amount of €122,250.76. Revenues were planned in the amount of €129,171.00 and realised in the amount of €117,399.25. In February 2022, the Fund submitted to the SVRK a request for reimbursement of technical assistance costs in the amount of €63,526.08 for the period of 1 July to 31 December 2022. The receivables will be accounted for after the control is executed in 2022. An overview of revenues and expenditures is shown in Table 36.

Table 36: Expenditures and revenues of the FP 2014-2020 Certifying Authority as of 31 December 2021 in €						
Overview of funds and sources of funds	Plan	PG Slovenia-Austria	PG Slovenia-Hungary	PG Slovenia-Croatia	Realisation 2021	Index RE/NA
Salaries and other employee costs	93,193.00	37,079.15	18,063.95	39,931.22	95,074.32	102.02
Employer contribution for social security	15,510.00	6,053.37	2,948.81	6,519.34	15,521.52	100.07
Expenses for goods and services	23,000.00	2,501.16	1,444.16	2,874.47	6,819.79	29.65
Purchase and construction of fixed assets	1,100.00	1,885.70	918.68	2,030.75	4,835.13	439.56
<b>Total expenses</b>	<b>132,803.00</b>	<b>47,519.38</b>	<b>23,375.60</b>	<b>51,355.78</b>	<b>122,250.76</b>	<b>92.05</b>
Funds received from the state budget	48,000.00	13,721.40	11,216.18	18,707.00	43,644.58	90.93
Funds received from the EU budget	81,171.00	32,016.56	11,216.18	30,521.93	73,754.67	90.86
<b>Total revenue</b>	<b>129,171.00</b>	<b>45,737.96</b>	<b>22,432.36</b>	<b>49,228.93</b>	<b>117,399.25</b>	<b>90.89</b>



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

The Fund has concluded 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 €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 the 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 judgement 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 €272,197.81, and the obligation to return these funds to MEDT was reduced. In 2021, the insolvency proceedings of the recipient of the unduly received funds were terminated, so the Fund wrote off the receivable for the unduly paid funds and reduced the liability to MEDT for the repayment of the written-off funds in the amount of €47,188.54. In 2021, the Fund returned funds in the amount of €670,000.00 to MEDT. On 31 December 2021, the Fund discloses a receivable against the company in the amount of €106,841.59. The liability of the Fund to the MEDT as of 31 December 2021 amounts to €173,149.55. From the funds received for the border areas of the NPS from the MEDT funds, the Fund has free assets amounting to €66,307.96 as of 31 December 2020.



### 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 €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 €11,570,000.00, of which part of the funds in the amount of €7,290,000.00 was received in 2018, and part of the funds in the amount of €4,280,000.00 was received in 2019. As part of the funds were not distributed, the Fund concluded an Addendum to the Contract 2018-2019 with the line ministry in 2021, by which the ministry allowed the continuation of financing in border problem areas in 2021. In 2021, loan funds in the amount of €2,062,636.84 were disbursed. The Fund separately discloses receivables and liabilities from assets received by the MEDT. The loans granted and their repayments are not recorded in the accounts of financial receivables and investments, but only as receivables from recipients of funds and repayment obligations to MEDT. The balance of assets is shown in Table 37.

Table 37: Balance of funds and sources of funds of the MEDT as of 31 December 2021 in €	
Title	Realisation
Assets	31,584,250.39
Loans granted	24,126,770.54
Assets in the sub-account of the Fund	317,479.85
Applications submitted to the MF	7,140,000.00
Sources of funds	31,584,250.39
Unpaid interest	4,188.00
Long-term liabilities	31,580,062.39

In the period 2017-2021, loans in the amount of €28,846,047.03 were disbursed, of which loans in the amount of €4,723,464.49 were reimbursed. Interest on loans granted was calculated in the amount of €13,740.62. Until 31 December 2021, interest on loans was paid in the amount of €9,552.62. 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 €509.77. Accrued interest in the amount of €14,250.39 increases the funds received from the line ministry. On 31 December 2021, the Fund has a significant portion of the free funds, in the amount of €7,140,000.00, placed in the Ministry of Finance's given applications. 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 38.

Table 38: Movement of loans granted from MEDT funds in 2021 in €				
Loans under contract	Balance on 1 January 2021	Drawing	Repayment	Balance on 31 December 2021
C2130-16-90001 (2016-2017)	18,020,911.92	825,324.48	2,080,474.13	16,765,762.27
C2130-18-90001 (2018-2019)	6,732,849.09	1,237,312.36	613,341.18	7,356,820.27
<b>Total (principal)</b>	<b>24,753,761.01</b>	<b>2,062,636.84</b>	<b>2,693,815.31</b>	<b>24,122,582.54</b>

In addition, 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, these funds currently require provisions in the amount of €4,125,712.81, which represents 14.30% of the allocated and drawn funds.



### Financial report on the implementation of the RGS

In 2015, the Fund has concluded 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 €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 €135,496.55, but rejected the claims for their repayment in January 2021, which is why the Fund started legal proceedings for their repayment. There was a settlement proposal from the State Attorney's Office, and later a decision by the Government of the Republic on the settlement between the MEDT and the Fund, on the basis of which funds were transferred to the Fund in 2021.

The source of funds for the implementation of regional guarantee schemes is the recapitalisation of the Fund in 2010 and 2011, when the Fund received assets from the MEDT in the amount of €10,000,000.00 for the purpose of increasing the dedicated assets of the Fund, and undertook to use these assets as a source of funds for the implementation of the RGS through regional development organisations, as specified in the valid Business and Financial Plan of the Public Fund for 2010 and 2011; however, the realisation did not occur until 2015. Due to the separate disclosure of business events, the Fund began to disclose them at its cost centre in 2015. Due to the termination of the contract concluded with the MEDT, the Fund only shows dedicated deposits and their changes separately from 1 January 2020.

On 31 December 2021, the balance of long-term dedicated deposits amounts to €1,355,625.79. Short-term assets consist of receivables for realised guarantees in the amount of €58,143.44 and receivables for interest on granted dedicated deposits in the amount of €1,312.33.



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

In 2021, the Government of the Republic of Slovenia has decided to increase the dedicated assets and capital of the Fund by paying additional dedicated assets in the amount of €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 Contract no. C2130-20G410000 on the increase of dedicated 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 dedicated assets and capital of the Fund, and the Fund undertook to provide additional funds from dedicated assets in the amount of €12,600,000.00. In 2020, the Fund approved loans in the amount of €15,330,862.00 on the basis of two public tenders intended for micro, small, and medium-sized enterprises and institutions. In 2020, loans were drawn in the amount of €6,083,506.04 and in 2021 in the amount of €8,440,319.14. There was a continuation of the measure in 2021, as the Government of the Republic of Slovenia provided additional funds for the increase of dedicated assets intended for the allocation of liquidity loans to SMEs in border problem areas. In 2021, loan funds in the amount of €14,932,395.00 were granted. In 2021, loan funds in the amount of €9,437,450.00 were drawn. In 2022, funds in the amount of €5,394,945.00 will need to be transferred from this title.

Loans are not interest-bearing. However, default interest in the amount of €1,695.40 was calculated in 2021. As of 31 December 2021, the outstanding default interest amounts to €817.30. Table 39 shows the balance of loans granted as of 31 December 2021.

Table 39: Movement of funds intended for liquidity loans in 2021 in €					
Source of funding	Amount of funds	Share of funds (in %)	Loans drawn	Loans repaid	Loan balance as of 31 December 2021
<b>Dedicated recapitalisation</b>	14,056,000.00	58.66	14,056,000.00	1,235,700.36	12,820,299.64
<b>Other assets of the Fund</b>	15,300,220.18	41.34	9,905,275.18	870,799.09	9,034,476.09
<b>Total (principal)</b>	29,356,220.18	100.00	23,961,275.18	2,106,499.45	21,854,775.73

Contract no. C2130-20G410000 stipulates that the dedicated 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 2021, provisions in the amount of €2,954,753.48 were informatively calculated.



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