

# **ANNUAL REPORT 2022**

## **OF THE SLOVENIAN REGIONAL DEVELOPMENT FUND**

Document No.: 450-1/2023-SRRS-1

Document Date: 5 May 2023

Version: 1.2

## Summary

The Slovenian Regional Development Fund (hereinafter referred to as the "Fund") is a crucial factor in accomplishing public objectives in the field of regional and rural development. The Fund oversees all aspects of improvement and implementation of objectives in all areas of regional policy, rural development policy, and balanced development of rural activities, as well as the implementation of endogenous regional policy initiatives.

The primary focus of the Fund's operations is the implementation of regional policy measures and programmes through the placement of financial incentives aimed at various organisations, organisations, and businesses functioning in individual regions. In addition to its primary duty, the Fund serves as the Certifying Authority for three INTERREG cross-border cooperation initiatives, which will be implemented by the end of 2023, with the conclusion of the 2014-2020 financial perspective.

The Fund's incentives contribute substantively and financially to the implementation of the national policy for regional and rural development and were implemented in five programmes in 2022 (the Entrepreneurship Programme (B), the Local Authorities and Other Parts of the Public Sector Programme (C), the Agriculture and Forestry Programme (A), the Non-profit organisations Programme (D), and the sub-programme for projects in the area inhabited by the Italian and Hungarian autochthonous national communities (hereinafter referred to as the ANC)). Individual incentives within each programme have been developed with content tailored to beneficiaries. In 2022, most of the Fund's incentives took the form of loans (with or without State aid elements) pursuing the goals of green transition, digitalization, and sustainable natural resource management.

According to the Business and Financial Plan of 2022-2023 and its subsequent amendments and additions (hereinafter referred to as BFP 2022-2023), the Fund intended to tender €45 million in financial incentives from its own funds (dedicated assets and borrowed resources), in 2022, within which a €2.0 million tender for ANC was also planned. The Fund's plan also included the implementation of a programme of non-refundable incentives for social enterprises (mentoring scheme), which was later withdrawn in agreement (amending the Funds plan). Instead, the Fund launched a call for tenders for Co-financing of non-formal education programmes for adults aged 55 and over in the field of basic digital competences for the account of Ministry of Digital Transformation, which was subsequently cancelled prematurely at the request of the contracting authority.

The plan to publish tenders from Fund's own resources was fully realised, except the ANC tenders, for which, as in the previous year, there was no demand, while all other types of Fund's incentives were always available for applicants from areas where both autochthonous national communities reside.

The Fund's expert panels evaluated weekly the received applications, which were decided on by the Investment Committee. In 2022, 189 proposals in the amount of €29,16 million were approved, which enabled the implementation of projects totalling €59,84 million.

The economic situation and the level of interest rates, at the beginning of the year (e.g. EURIBOR was still negative at the beginning of 2022) promised that the Fund would operate with a minimal surplus of expenditure over revenue, but due to the macroeconomic changes and due to the implementation of all the planned activities (calls for tenders, new products for risk control and recovery, etc.), the situation turned positive, consequently the Fund had a surplus of revenue over expenditure.

The successful implementation of the Fund's field of work also requires an appropriate internal organisation. In 2022, it was conducted in three sectors, namely the Financial Incentives Sector, the General Sector, and the Finance Sector, which includes the Certifying Authority. As at 31 December 2022, the Fund employed 25 employees, namely the Director, 20 permanent and 4 temporary public employees, one of whom was a trainee and one of whom was a temporary public employee for the duration of the implementation of the Certifying Authority's project under the Technical Assistance in the European Territorial Cooperation Programmes.

Recognizing the importance of the human resources, the Fund invests continuously in training and

systematic development of the employees' competences. The Fund creates a climate of a "Learning Organisation", which can benefit from the best experience and knowledge, where employees learn from each other and from external colleagues. In 2022, the Fund's employees participated in various events containing educational content relevant to their field of activity or to the Fund's operations, as well as in training sessions on e-Business or its transition and to its related IT security.

As an ISO standard holder, an internal and external audit, was conducted in 2022. The audit showed that the Fund maintains a quality management system, in accordance with the principles of ISO 9001:2015, at an elevated level and no non-conformities were identified during the audit.

Informational and technological support plays a crucial part in the implementation of the financial incentive process and the monitoring of approved loans. In 2022, the Fund invested a lot in process optimisation and information security, with activities focused on cyber risk analysis, security improvements and staff training/awareness. The Fund's approach shows that the Fund is proactively pursuing the European objectives, which encourage a green transition, digital transformation, sustainable use of resources, etc., by digitising work processes and consequently significantly reducing the consumption of paper, office supplies and printers, as well as reducing energy consumption.

When talking about the Fund's economic management, it is important to note the Fund management of its dedicated assets in accordance with the purpose of establishment and the aim of preserving/ enhancing the value of those assets. The Fund plans its investments carefully and minimises its operating costs. The Fund's dedicated assets increased by €10,3 million compared to the previous year, because of the recapitalisation as well as the Fund's good financial performance, in 2022, thus preserving and dedicating its assets. The increase in dedicated assets is one of the main conditions for increasing the volume of the Fund's financial incentives distributed in the future and thus increasing the Fund's relevance in the implementation of the country's regional policy measures.

Essential financial data on the operation of the Fund in 2022 are:

- total revenue: €1,539,684,
- total expenditure: €1,311,839,
- surplus of revenue over expenditures: €227,845,
- dedicated assets: €132,256,338.

# Index

	<b>ABOUT THE FUND</b>	
<b>1</b>	<b>Key Data</b>	
	1.1 Impact of the Fund	2
	1.2 General Data	2
	<b>FOUNDATIONS</b>	
<b>2</b>	<b>Macroeconomic Framework</b>	
	2.1 Europe	3
	2.2 Slovenia	4
	2.3 Fund	6
	<b>KEY BASES</b>	
<b>3</b>	<b>Legal and Strategic Bases</b>	
	3.1 Fundamental Laws and Regulations	7
	3.2 Fundamental Internal Acts	8
	3.3 EU and RS Strategy Papers	9
	<b>ORGANISATION OF WORK</b>	<b>11</b>
<b>4</b>	<b>Organisation of work and personnel</b>	
	4.1 Organisation of Work and Personnel	11
	4.2 Internal Working Bodies	12
	4.3 The Supervisory Board and its Work in 2022	15
	<b>FINANCIAL INCENTIVES</b>	<b>16</b>
<b>5</b>	<b>Results in the Field of Incentives</b>	
	5.1 Entrepreneurship Programme (B)	16
	5.2 Agriculture and Forestry Programme (A)	18
	5.3 Local Authorities and Other Parts of the Public Sector Programme (C)	20
	5.4 Non-profit organisations Programme (D)	22
	5.5 Summary of the Implementation of Incentives	23
	5.6 Analysis of Incentives by Regional Aspect	25
	5.7 Effects of the Fund's Incentives	29
	5.8 Activities related to Incentives	33
	<b>GENERAL OPERATIONS</b>	
<b>6</b>	<b>Results in the Field of General Operations</b>	
	6.1 Results of General Operations	35
	6.2 Internal Development of Fund's Work	37
	6.3 Cooperation with External Organisations	37
	6.4 Risk Management	38
	6.5 Participation in ETC Programmes	40
	<b>FINANCIAL REPORT</b>	<b>48</b>
<b>7</b>	<b>Financial Statements and Notes</b>	
	7.1 Financial Statements	48
	7.2 Notes to the Balance Sheet	54
	7.3 Explanatory Notes to the Statement of Revenue and Expenditure	60
	7.4 Explanatory Notes to the Financial Receivables and Investments Account Statement	64
	7.5 Explanatory Notes to the Financing Account Statement	64
	7.6 Surplus under the Fiscal Rule	65
	<b>ASSETS AND INVESTMENTS</b>	
<b>8</b>	<b>Financial assets and investment management</b>	
	8.1 Financing of the Fund and Investments	66
	8.2 Performance of Tasks under Contract	68

## 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
EURIBOR	Euro Interbank Offered Rate
FED	Federal Reserve System
DD	Development deficiency index
MF	Ministry of Finance
METS (before MEDT)	Ministry of the Economy, Tourism and Sport (before Ministry of Economic Development and Technology)
MAFF	Ministry of Agriculture, Forestry and Food
MCRD	Ministry of Cohesion and Regional Development
PBA	Problem border areas
RES	Renewable energy source
BPF 2022-2023	Business and Financial Plan for 2022-2023
PHARE	Poland and Hungary: Assistance for Restructuring their Economies
Contract for Problem Areas 2016-2017	Contract No. C2130-16-900001 on the financing and implementation of the Instrument for favourable development loans in problem areas 2016-2017 with amendments
Contract for Problem Areas 2018-2019	Contract No C2130-18-900001 on the financing and implementation of the Instrument for favourable development loans in problem areas 2018-2019 with amendments.
PS 14-20	Cooperation Programme (European Territorial Cooperation Programme) 2014-2020
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 of the Fund
SVDP	Government Office for Digital Transformation
SVRK	Government Office for Development and European Cohesion Policy (24. 1. 2023 reorganised under Ministry of Cohesion and Regional Development)
EE	Efficient use of energy
LP	Lead partner



# A ANNUAL REPORT

- 01 Key Data
- 02 Macroeconomic Framework
- 03 Legal and Strategic Bases
- 04 Organisation Work and Personnel
- 05 Results in the Field of Incentives
- 06 Results in the Field of General Operations



## 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 (slo):** Slovenski regionalno razvojni sklad

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

**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, 19. 6. 1996

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

**Organisational form:** Public Fund

**Responsible Ministry:** MCRD

**Dedicated assets:** €132,256,337.98 (as of 31 December 2022)

**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:

- PhD Robert Drobnič, MCRD, President
- mag. Karla Pintar, MCRD
- Matej Forte, MCRD
- Hermina Oberstar, MAFF, deputy pres.
- mag. Nataša Kokol Car, MF
- Franci Bratkovič, RC Novo mesto
- PhD Nika Razpotnik Viskovič, ZRC SAZU

### Fund body/Supervisory Board



## 2.1 Europe

Macroeconomic conditions in the global economy started to deteriorate at the end of last year, as demand cooled rapidly in the face of soaring prices.

Among all major economies, US had the largest decline in economic activity, at the end of 2022, while economic conditions in Russia and Brazil have also been deteriorating. Due to a renewed economic rebound from the zero tolerance of COVID-19, in 2022, there has not yet been a resurgence of activity in China. It is also important to mention the data of China's shrinking population in 2022, for the first time in 60 years, and China's 3% growth in 2022, the second worst result in 50 years, with China only achieving a worse 2.2% growth in the first coronal year of 2020.

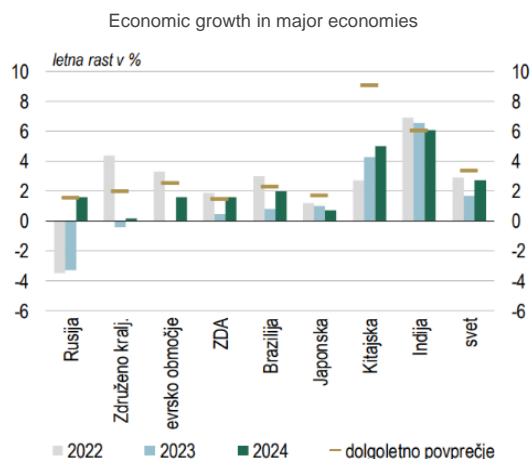
After the end of the COVID-19 pandemic, the recovery in the European area continued in early 2022, which was followed by an increase in demand for natural gas. The situation resulted in the influx of cheap gas from Russia but was later halted due to the Ukrainian war. Before that, the EU imported around 40% of its natural gas needs from Russia.

Followed by a sharp increase in the price of natural gas and other energy products. A shift in the availability and the price of energy products led to an energy crisis in Europe, to which the European Union answered with different approaches to tackle the energy crisis.

In 2022, the eurozone achieved economic growth of 3.4%, leading to central banks understanding that the rise in inflation is not just a temporary phenomenon. The US dollar strengthened contrary to most major world currencies, because of key interest rate hikes by the Federal Reserve (FED) and expectations of further hikes. Its value also strengthened due to its status as a "safe haven currency" amid heightened concerns about future global economic activity.

The appreciation of the US dollar, on the other hand, had an impact on the fall in gold/oil prices in the end of 2022. During this period, the oil price fall<sup>1</sup> was influenced by an uncertainty about future global economic activity, reflected in an oil price below the level before the start of the war in Ukraine. At the same time, the cartel agreement of the Organisation of the Petroleum Exporting Countries influenced the oil price to fall further by reducing the future oil production.

The EU managed to secure sufficient natural gas reserves, in 2022, to meet increased consumption in the winter months, which led to a fall in both the price of natural gas and electricity towards the end of 2022. However, the price of natural gas in Europe was significantly higher at the end of 2022 than at the beginning of 2021, which impacted all other economic indicators in the European Economic Area



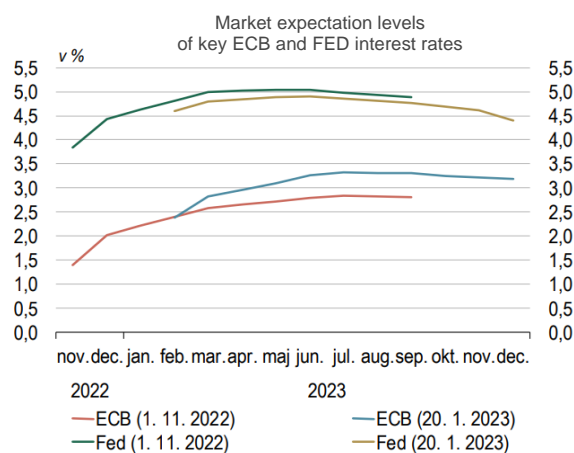
<sup>1</sup> As the global economy cooled, the dollar price of Brent oil fell in December, by 11.4% to \$81 per barrel, up 9.1% year-on-year. The monthly decline in the euro oil price was slightly larger, 14.8%, on a weaker dollar, while oil was 16.4% more expensive in euro terms year-on-year. According to the World Bank, the average dollar price of non-energy commodities rose by 1% in December compared to the previous month on the back of higher prices for metals and timber. Year-on-year, dollar prices of non-energy commodities were lower on average (2.4%), although still noticeably higher than before the epidemic. On international commodity markets, food prices were higher than a year earlier (up 6.3%), while industrial raw materials, fertilisers and metals and minerals were cheaper.

Consequently, measures were taken at EU level to intervene directly in wholesale gas markets to limit the negative effects of soaring prices. In December 2022, the EU adopted a gas cap agreement at 180 €/MWh, which entered into force on 15 February 2023.

On 27 July 2022, the ECB Governing Council increased interest rates for the first time in 11 years. First, in July, interest rates were raised by 0.5 percentage point, followed by 0.75 percentage point in September and October, and then again in December by a slightly smaller increase by 0.5 percentage point.

In total, interest rates in the single currency area are thus set to rise by 2.55 percentage point in 2022, representing a record pace of monetary tightening. At the end of the year, the main refinancing operations rate stood at 2.5%, the marginal lending facility rate at 2.75% and the marginal lending facility rate or deposit rate at 2%.

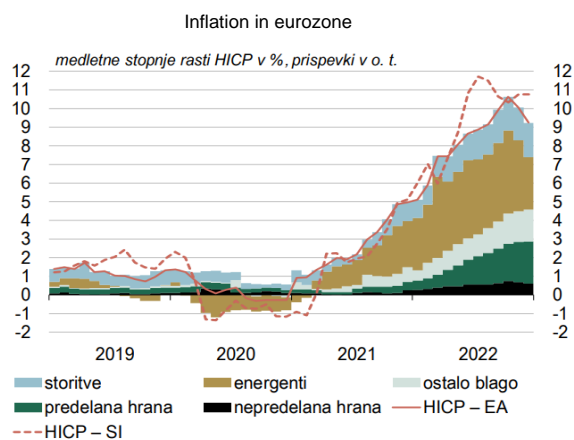
The FED also continued to raise its key interest rate. In December 2022, it increased it by 0.50 percentage point, compared with 0.75 percentage point at the previous four meetings (a total of 4.25 percentage point in 2022). The size of key rate hikes has also decreased for the central banks of the United Kingdom, Canada, Australia, and Norway.



Source: Bloomberg, Bank of Slovenia restatements, Overview of macroeconomic trends, January 2023, Bank of Slovenia, page 10

In eurozone, the US, and most other countries ended the year with high inflation rates, signalling that the inflation peak may have already been reached, and thus a perceived easing of price pressures, particularly in the US in recent months.

Core inflation, excluding energy and food prices, stood at 5.2% at the end of the year was the highest in the history of the monetary union. Food was 13.8% more expensive year-on-year at the end of the year, due to the ongoing rise in processed food prices. Prices of unprocessed food declined year-on-year, partly reflecting the effect of a high base in 2021 and a lag in seasonal patterns. At the same time, high energy, and fertiliser prices, together with further food price increases, are driving service prices. Prices of non-energy industrial goods have also strengthened. With high producer prices and persisting cost pressures in production chains, they were 6.4% higher year-on-year.



Vir: ECB, Eurostat, Bank of Slovenia recalculation, latest data December 2022, Overview of macroeconomic trends, January 2023, Bank of Slovenia, page 7

## 2.2 Slovenia

Indicators of Slovenian economic activity has been declining throughout the year 2022, although economic climate improved in the last two months of 2022, but remained lower than in the previous year. After the export market share of goods to European markets remained down year-on-year in the third quarter, growth in the export part of the economy continued to moderate towards the end of the year.

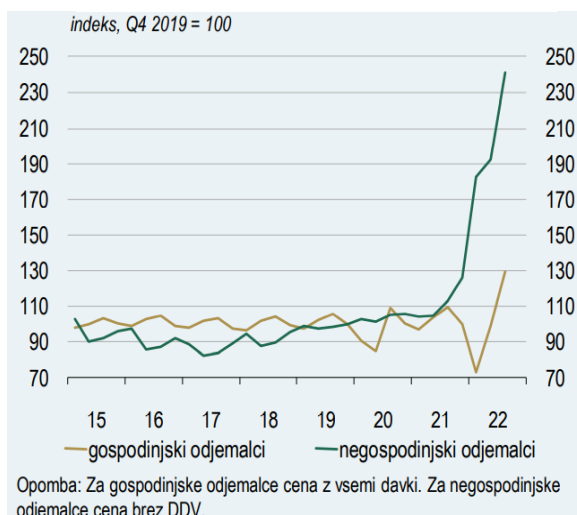
In October, there was a halt in growth of services trade with foreign countries and real exports of goods to EU countries continued to decline in November 2022. The gradual increase seen in the manufacturing activity in the first three quarters of 2022 almost stagnated towards the end of the year: in November 2022, compared to December 2021 was up by 0.6% and mid-year by 0.3%. The differences in mid-year activity between manufacturing industries remained significant. Output in most industries was also down mid-year. For example, the production of other vehicles and vessels was up by 36.0% in November, while the production of paper and paper products was down by 15.4%. Total industrial production was down by 3.6% in November due to the extended outage of the Krško Nuclear Power Plant and the off-grid shutdown of the Šoštanj Thermal Power Plant. However, construction activity increased strongly, with the value of construction work conducted in November up by 43.6% compared to the level of the previous year.

In the context of persistent uncertainty about natural gas supplies and the related search for alternatives, retail energy prices also started to rise, with the pass-through of wholesale prices limited by the government measures taken to ease the cost of electricity and natural gas for diverse groups of consumers.

While the retail price of natural gas for the average household consumer in Slovenia increased by 64% mid-year in the third quarter of 2022, the retail price for the average non-household consumer increased by 116%. The price for the average representative of both groups increased slightly less for electricity, by 106% for non-household consumers and by 18% for household consumers.

Cooling economic activity in most industries, high energy prices and warm weather resulted in lower consumption of natural gas and electricity. Natural gas consumption was 13% lower than the comparable average consumption in the previous five years, while electricity consumption was 5% lower. The mid-year increase in energy prices slowed down again slightly at the end of 2022, due to the cheapening of oil products against the backdrop of a sharp fall in oil prices on world markets and the appreciation of the euro.

Trend of retail electricity prices for the average non-household and household customer in Slovenia



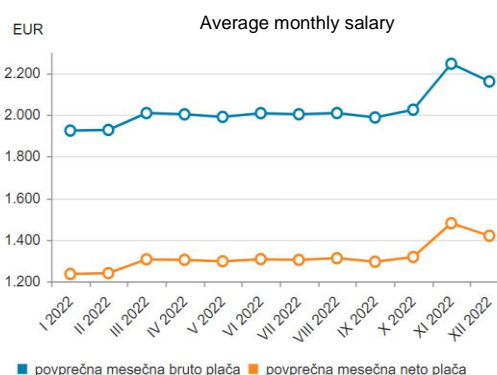
Source: SURS, Bank of Slovenia recalculation, Overview of macroeconomic trends, January 2023, page 24.

Total domestic spending moderated in 2022, with a short-lived positive turn before the summer holidays and a small upward turn in December. The financial position of households deteriorated slightly on a current and mid-year basis in the last quarter of 2022. The share of households that rated their income as easy or quite easy to get through the month decreased by 4 percentage points to 24% compared to 2021. The share of households that found it difficult or difficult to get through the month increased by 2 percentage points to 16%. 30% of households found it mildly difficult to get through the month, while 31% found it easier (SURS).

With weaker export trends through the second half of the year and until the end of 2022 and a downward revision of GDP growth forecasts in EU markets, the outlook for the Slovenian export sector has been deteriorating since the third quarter, while, on the other hand, imports have started to decline, mainly due to the fall in import price growth.

Despite moderating import price inflation and government measures to mitigate the effects of the energy crisis, consumer price inflation rose to 10.3% at the end of 2022. It was higher than in November (10%), due to stronger price inflation in services, which reached 7.2% mid-year. In addition to the low base resulting from the restrictive measures at the end of 2021, the increase in the price of services in the groups of communications, restaurants and hotels, recreational and cultural services, and health care contributed. However, the largest part of inflation last year was due to the contribution of food price inflation, which declined slightly in December from the previous year's base. Low-income households have been particularly affected by inflation.

Labour market imbalances remained high in 2022. The number employed people stood at 931,175 in November 2022, reaching a new high since the monitoring of labour force registration data, with mid-year growth of 2.1%, a good percentage point lower than at the beginning of 2022. By industry, growth remained highest in the construction sector. Registered unemployment was at its lowest ever annual average of 56,665 people and 23.8% lower than in 2021. The registered unemployment rate also remains low and was at a historic low in September at 5.3%.



However, in the face of severe labour shortages, salary growth has remained moderate, below price and productivity growth. In Slovenia, nominal mid-year salary growth in the last year to third quarter of 2022 was 3.2%, while labour productivity and prices grew by 11.4% and 7.8% respectively. The average gross salary in November 2022 was €2,244.35 and the average net salary was €1,479.56. The mid-year growth in average gross salaries started to strengthen in the middle of the year, with the end of the mid-year effects of the abolition of most of the epidemic bonuses in the public sector, as well as salary increases in the private sector. In the latter, average salary growth was 13.9% in November

and 5.4% in the public sector. Within the private sector, average salary growth in industry has picked up over the past year.

As projected, the cash-flow deficit of the consolidated balance of public finances widened towards the end of 2022 to €0,7 billion, significantly lower than the €2,2 billion deficit of 2021 in the comparable eleven months. Lower expenditure to mitigate the epidemic contributed to a larger extent to the lower deficit, while expenditure to mitigate the energy costliness increased. Revenue in the consolidated balance was 9.9% higher in the first eleven months of 2022 (14.2% in the previous year), with lower growth due to lower growth in economic activity, lower VAT, lower excise duties on energy products, lower income tax and the loss of a one-off inflow in 2021 from the sale of concessions. Expenditure, on the other hand, was 2.1% higher, significantly lower than the previous year (10.3%), on account of lower salary supplements for civil servants, subsidies to enterprises and the end of the growth in transfers to individuals and households to cushion the COVID-19 impact. The main contributor to expenditure growth was investment, which was 31.5% higher.

## 2.3 Fund

---

Inflation and rising interest rates particularly affect low-income households, including some agricultural holdings or big users of the Fund's products. This has not yet significantly impacted the performance of clients' obligations to the Fund in 2022, and thus the quality of the portfolio. Some clients have decided to prepay their loans in the face of rising interest rates. The largest percentage of such cases were land purchase loans, in the second and especially in the third quarter of 2022. Just as households had just under €26 billion in deposits at the end of the year, too many well-off farms have surplus funds on deposit, which may lead to less much-needed investment in the agricultural sector in the coming year.

As seen in 2021, the five-year interest-free COVID loans to finance working capital require a lot of monitoring work. With the increase in key interest rates, the number of clients of these loans that started to default on their obligations, increased slightly in the last quarter of 2022. The payment discipline decline of the borrowers in 2022 was not excessive and the Fund was able to manage it with a slightly higher volume of operational work in reminding and monitoring the status of each transaction on an ongoing basis. Better ongoing monitoring of the status of each transaction would not have been possible without simultaneous technological and process improvements.

### 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, 206/21-ZDUPŠOP), 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 based on a public authorisation:

- may, based on 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 in 2022 and 2023 (Official Gazette of the Republic of Slovenia, No. 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 2022-2027 (Official Gazette of the Republic of Slovenia, No. 15/22),
- 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 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, 27/22, 47/22).



### 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, 112/22).



### 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 and 18/23-ZDU-10),
- 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, 203/21 and 158/22),
- 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 60/23 of 11 January 2023), 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 7 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, 5 October 2021, 22 March 2022 and 3 May 2022), 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, 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 2010) 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.



### EU Strategic Agenda 2019-2024

In European Strategic Agenda for 2019-2024, the European Council set out four priority areas to guide the work of the EU institutions over the next five years. These areas seek to respond to challenges and opportunities of the current global situation and by focusing on them, the EU can strengthen its role today. The four priorities are: protecting citizens and freedoms; developing a strong and dynamic economic base; building a climate-neutral, green, fair, and social Europe; and representing Europe's interests and value on the world stage. In her current five-year mandate, the President of the Commission has set out 6 political priorities. These priorities are based on the Council's Strategic Agenda and discussions with the European Parliament's political groups: A European Green Deal, A Europe fit for the digital age, an economy for the people, A stronger Europe in the world, Promoting a European way of life and A new impetus for European democracy.



### The Partnership agreement

The Partnership Agreement (September 2022; approved by the EC on 12 September 2022) is a strategic document that forms the basis for drawing assets from the EU funds 2021-2027 and presents a list of national and regional programmes, including the indicative annual allocation for each programme. The Partnership Agreement allows Slovenia to receive €3,26 billion over the period 2021-2027, to reduce development disparities between the country's regions by promoting innovation and competitiveness, enabling the economy's digital transformation, investments in social inclusion, training and employment and helping to meet the country's climate and biodiversity targets.



### The Slovenian Development Strategy

The Slovenian Development Strategy 2030 (adopted by the Government on 7 December 2017) is the country's overarching development framework. It draws attention to demographic trends in Slovenia, which are determined by the trend towards an increase in the number of older people, low birth rates and a decline in the population. The Strategy sets out twelve development objectives for the period up to 2030, including economic stability, the transition to a low-carbon circular economy and sustainable management of natural resources. The central objective of the Strategy is to ensure quality of life for all. The implementation of the objectives of the 2030 Agenda is monitored through 30 performance indicators.



### The Smart Specialisation Strategy

The Smart Specialisation Strategy (adopted by the Government on 20 September 2015; endorsed by the EC on 5 November 2015) is strategically oriented towards sustainable technologies and services for healthy living, which should position Slovenia as a green, active, healthy, and digital region with excellent conditions for creativity and innovation, focused on the development of medium- and high-tech solutions in niche areas. In the 2014-2020 programming period, version 4 of the Smart Specialisation Strategy (S4) was a precondition for the release of funds from the Operational Programme for the Implementation of the European Cohesion Policy. The Smart Specialisation Strategy remains the basis for the implementation of the European Cohesion Policy in the period 2021-2027, and a 5th version of the Smart



Specialisation Strategy (S5) is under preparation, which will allow the release of funds linked to investments under Policy Objective 1 - Smart Europe.



### **Rural Development Programme of the Republic of Slovenia 2014-2020 extended until 2022.**

The Rural Development Programme of the Republic of Slovenia for 2014-2020 (adopted by the EC on 22 September 2019) is the programming document through which Slovenia implements rural development measures. It reflects the national priorities identified by the Member State based on an analysis of the reality and situation of agriculture, food, and forestry, as well as the integration of these economic sectors into rural and regional developments. The programme has been extended until the end of 2022.



### **Common Agricultural Policy Strategic Plan 2023-2027**

The Common Agricultural Policy Strategic Plan for the period 2023-2027 (hereafter CAP SP 2023-2027), approved by the EC on 28 September 2022, sets out a set of actions (i.e., interventions) to implement the nine specific objectives of the European Common Agricultural Policy and the horizontal objective of disseminating knowledge, innovation, and digitisation. In doing so, the SN 2023-2027 pursues all 3 overarching objectives: the competitiveness and resilience of the agricultural sector, the protection of the environment and climate, and the coherent development of rural areas.



### **INTERREG Cooperation Programmes**

The INTERREG V-A Cooperation Programmes Slovenia-Austria 2014-2020, Slovenia-Hungary 2014-2020, Slovenia-Croatia 2014-2020 and the INTERREG VI-A Programmes Slovenia-Austria 2021-2027, Slovenia-Hungary 2021-2027 and Slovenia-Croatia 2021-2027 are the programming documents jointly prepared by the participating countries in the European Territorial Cooperation Programmes and approved by the EC. The conceptual orientation of the Cooperation Programme follows the ambition of the European Cohesion Policy in the 2014-2020 period and the Europe 2020 Strategy, as well as in the 2021-2027 period.



### **Other Important Documents**

- Operational Programme for the implementation of the European Cohesion Policy 2014-2020 (December 2014).
- Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and laying down specific provisions for the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 laying down specific provisions for support from the European Regional Development Fund to the European territorial cooperation goal.
- 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, 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.
- European Cohesion Policy Programme 2021-2027 in Slovenia (October 2022).
- Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on, and financial rules for, 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, as well as for the Asylum, Migration and Integration Fund (AMIF), the Internal Security Fund (ISSF) and the instrument for financial support for border management and visa policy.
- Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 laying down specific provisions for the European territorial cooperation (Interreg) objective supported by the European Regional Development Fund and the external financing instruments.
- Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and the Cohesion Fund.

### 4.1 Organisation of Work and Personnel



Director

<p>Essential tasks:</p> <ul style="list-style-type: none"> <li>• Implementation of public tenders</li> <li>• Consulting</li> <li>• Examination of applications according to tenders</li> <li>• Conclusion of contracts with investors</li> <li>• Absorption of funds under contract</li> <li>• Monitoring of projects and achievement of project impacts</li> </ul>	<p>Essential tasks:</p> <ul style="list-style-type: none"> <li>• Assessment of insurance</li> <li>• Implementation of public contracts</li> <li>• Issuance of land registration permits.</li> <li>• Custody of strategic documents, ISO standard</li> <li>• Implementation/participation in procedures after the termination of contracts</li> <li>• Other legal matters</li> <li>• Personnel administration</li> <li>• Promotional activities</li> </ul>	<p>Essential tasks:</p> <ul style="list-style-type: none"> <li>• Accounting and payment transactions</li> <li>• Planning of financing and liquidity</li> <li>• Monitoring and management of credit risks</li> <li>• Management of contracts of given incentives</li> <li>• Preparation of financial and statistical reports</li> <li>• Implementation of the tasks of the Certification Authority</li> </ul>
Financial Incentives Sectors	General Sector	Financial sector

#### Personnel Plan



In 2022, the internal organisation of initiative-taking employees took place in three sectors. On 31 December 2022, the Fund employed twenty-five people: the director for a fixed term of office until 31 December 2024, 20 people for an indefinite period, one temporary employee, one trainee and three people for a fixed time until 30 November 2023, to meet the needs of the Certifying Authorities work in INTERREG programmes. In 2022, the Fund implemented three additional recruitments according to the personnel plan, strengthening the technological and legal areas, as well as the promotion and marketing.

#### 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., fifteen persons have obtained higher education at the II. level (sublevel 7). Five persons have obtained higher education at the I. level (sublevel 6/2), one person has a higher education qualification (sublevel 6/1), and 1 person has a secondary education qualification (sublevel 5).

#### Education



The Fund recognizes that human resources are key and therefore invests constantly in training and systematic development of the employees' competences, resulting in a steady increase in the volume of training courses. The Fund's employees have thus attended various educational events relevant to their field of work or the Fund's operations, as well as training courses on e-business or its transition and related information security. Given that the Fund is creating a climate of a "Learning Organisation" in 2022, the Fund introduced weekly in-house training sessions where employees pass on their newly acquired knowledge to the rest of the personnel, as well as specific topics such as risk management, sustainable energy, energy auditing and accounting, climate change, regional development analysis, plastic waste, etc., in order to empower employees with specific topics such as risk management, sustainable energy, energy auditing and accounting, climate change, regional development analysis, etc, knowledge was enhanced by external experts who responded to the Fund's invitation for cooperation. The Fund also participated in a professional exchange of experience with AJPES and attended a banking school.



### Working from Home

Following the good practice of temporary home working during the COVID-19, the practice continued in 2022, based on internal rules. Home working certainly brings its own unique challenges, which the Fund successfully overcame and turned into an opportunity for growth and development. On the one hand, while respecting the rights of all stakeholders, home working facilitates the reconciliation of employees' private and professional lives, and, on the other hand, provides the Fund with a greater flexibility and organisation of work. A temporary technological solution has been put in place for working from home during the COVID-19 pandemic, but the Fund has started to upgrade and improve the IT system in 2022, due to security requirements and the need for greater flexibility in remote working. More on this in the section on digitisation of operations.

## 4.2 Internal Working Bodies



### Director's College

Before adopting the final decision of the Director on a particular matter, the Director's College, the decision-making and consultative body that consists of the heads of sectors, shall consider the significant contents and documents of the Fund, with a view of exchanging information on the operation of the Fund and other notable events affecting the operation of the Fund. The Director's College met 43 times in 2022, with meetings held on a weekly basis. Furthermore, if necessary, the Director convened working meetings with heads of sectors and other employees to exchange information on Fund operations and other momentous events affecting Fund operations.



### Loan Committee and Expert Commissions

A loan committee was formed 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 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 2022, 13 expert commissions were appointed, and 7 expert commissions also operated because of previous years' tenders. The members of the expert committees reviewed the applications submitted to the tenders and after a thorough examination, prepared a proposal for acceptance/rejection of the applications, which was approved by the loan committee. In 2022, expert commissions prepared 190 proposals for the approval of funds totalling €29,12 million, eight proposals for rejection, twenty-seven proposals for dismissal, and twenty-one withdrawals. Resulting in a total of 246 implemented proposals and ten pending applications.

The Expert Commission for the Co-financing of non-formal education for adults aged fifty-five and over in the field of digital competences for 2022 also operated and submitted twenty-nine proposals for approval, seventy proposals for rejection and seven proposals for dismissal, for a total of 106 proposals, which were decided upon by the Director. The call was cancelled.



### Investment Monitoring Centre

The Financial Incentives Sector established the Investment Monitoring Centre, which performs the organisation of contract signing and insurance implementation, conducts the drawing process, monitors approved projects until completion and achievement of project objectives, and 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.



### Technology College

The Technology College is a consultative body, consisting of the Director and IT personnel, who deals with content related to the digitisation of business. The Technology College, meets every 14 days to examine the feasibility of or need for automating work processes, makes proposals for necessary upgrades to existing IT systems, monitors new developments in the field of digitisation and makes proposals for improvements or the possible introduction of new IT systems. It also focuses on activities in cyber risks and the introduction of security improvements to the Fund's IT systems.



### Promo College

The Promo College, formed in 2022, is a consultative body consisting of personnel co-creating promotional content to raise the profile of the Fund and its financial products. The Promo College, meets once a week to develop content for the various communication channels and makes proposals for other promotional activities, such as collaborations with other stakeholders, promotional material, etc.



### 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 2022, the Trust and Debt Committee met in eleven 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 participated in the recovery of receivables when regular recovery reminder procedures of the Fund and banks were unsuccessful, and they also participated in bankruptcy procedures and compulsory settlements. Receivables were collected by telephone, with written reminders, through interviews and court proceedings. Thirty-three final reminders before the termination of the contract or before the filing of an enforcement/lawsuit were sent. It dealt with overdue payment debtors with more than 60 days in arrears. Forty-two bills of exchange were presented for encashment, amounting to €430,334.86, and the amount encased amounted to €37,614.48, representing a 9% success rate. As a result of the non-payment of the loan obligations, the Fund terminated the loan contract of five debtors and started debt recovery proceedings. Two debtors under four contracts have defaulted on all their obligations and the Fund initiated debt recovery proceedings against them, bankruptcy proceedings were opened against two debtors and personal bankruptcy proceedings were opened against five debtors.

The Fund monitors and recovers outstanding amounts due under development loans granted for investments in problem areas with high unemployment under Contract No. C2130-16-900001 on the financing and implementation of the Facility for concessional development loans for investments in problem areas in 2016 and 2017 (hereinafter referred to as the Contract for Problem Areas 2016-2017) and Contract No C2130-18-900001 on the financing and implementation of the Facility for concessional 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 METS. Two loan agreements have been cancelled under this heading and the amount of receivables booked amounts to €692,088. In both cases, two criminal charges have been brought against several persons for misuse of loan funds. One criminal charge was dismissed as it was not intentionally detrimental to the Fund, while the other is still under police investigation.

Table 1: Amount of outstanding receivables as of 31 December 2022 in €

Segment	No. of Debtors. (Late over 90 days)	Amount of Outstanding Contract Receivables. (Late over 90 days)	No. of Debtors in Judicial Recovery	Total amount of claims under judicial recovery	Total No. of debtors	Total amount of overdue receivable
Assets from dedicated assets		352,981.65	31	3,874,767.46	53	4,227,749.11
Assets for the ANS regions			6	686,342.77	6	686,342.77
Calls on guarantees RGS			3	51,643.44	3	51,643.44
METS funds for investments in problem areas	1	2,947.59	2	692,087.52	3	695,035.11
Assets for COVID liquidity loans	8	22,591.87	5	212,132.58	13	234,724.45
<b>Total</b>	<b>31</b>	<b>378,521.11</b>	<b>47</b>	<b>5,516,973.77</b>	<b>78</b>	<b>5.895.494,88</b>

As can be seen from Table 2, the Fund, as in the previous year, sees a decrease for debt maturing in 2022, from €6.19 million in 2021 to €5.90 million in 2022, representing a decrease of 0.32 percentage points. The Fund includes for due debt all outstanding contracts already terminated, amounting to €5.52 million, for which it pursues court debt recovery, and €0.38 million due from debtors who are more than 90 days in arrears, but whose contracts have not yet been terminated. The decline in the volume of non-performing investments is due to write-offs of unsuccessful recoveries and inflows from successful recoveries of certain disputed loans, as well as the fact that new non-performing investments in the year are due to lower-value loans granted. The Fund has switched from quarterly to monthly default monitoring, driven by a portfolio change, with uninsured COVID liquidity loans. In practice, this means that alerting, reminding, and negotiating activities with defaulters are conducted significantly more frequently than in previous years.

Table 2: Number of debtors and amount of overdue debt in the period 2015-2022 in €

Year	Total No. of Debtors	Total Amount of Debt
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
2022	78	5,895,494.88

## 2. Procedures for the Recovery of Receivables

As of 31 December 2022, the Fund has forty-seven terminated contracts with a total receivable amount of €5,516,973.77. 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 implementation of the pledged property.

The most generic 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 or after the acquisition of new assets.

In 2022, the Fund recovered €142,349.41 (for payment of principal, interest, management costs, and execution costs) from the terminated contracts, namely from the execution on monetary assets of €5,997.05, from the sale of real estate/movable property of €10,330.59, from bankruptcies of €115,754.67, and some debtors themselves partially paying the debt; from this, the Fund received €10,267.10. In 2022, one debtor settled their debt in full.

In 2022, the Fund's debtors' judicial recovery and insolvency proceedings are as follows: eight newly filed enforcement proposals, five re-submitted enforcement proposals, two claims and separation rights in bankruptcy proceedings, and five filed criminal complaints for loan fund damage.

## 3. Grant Receivables Recovery Procedures in 2011

The Fund monitors the achievement of the set contractual objectives based on the Contract for Border Areas concluded with METS. Until 31 December 2016, the Fund terminated the contracts of then beneficiaries due to non-achievement of the set contractual objectives. Based on additional evidence or the decision of the METS, three beneficiaries did not have to repay the funds and for six beneficiaries' recovery was wholly or partially successful. The Fund conducts the recovery of only one beneficiary, against whom, after the compulsory settlement has been completed, it is needed to pay 36.75% of the claims in instalments to ordinary creditors, the last instalment of is due on 31 December 2024.

## 4. Write-off of Liabilities of the Fund's Debtors

Write-off of liabilities of the Fund's debtors is conducted based on 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 2022, the Fund wrote off a total of €593,353.41 in booked receivables and closed with a recovery of €610,400.86 in unregistered receivables. The Fund must inform the Fund's Supervisory Board once a year about all the write-offs.

## 4.3 The Supervisory Board and its Work in 2022



### Method of Work and Composition

The seven-member Supervisory Board supervises and monitors the Funds operations. The Supervisory Board members 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 chairperson from among themselves, who also usually convenes the meetings of the Supervisory Board. The Supervisory Board meets as needed but at least four times in one budget year.

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. Thus, a new Supervisory Board was appointed in 2022, the members of the Supervisory Board were PhD Robert Drobnič, its President (MCRD), Hermina Oberstar, Deputy President (MAFF), mag. Karla Pinter (MCRD), Nataša Kokol Car (MF), Lilijana Madjar (RRA LUR) until 25 May 2022, Franci Bratkovič (RC Novo mesto) since 23 June 2022, PhD Nika Razpotnik Visković (ZRC SAZU) and Rok Zupančič (MCRD).



### Meetings in 2022

In 2022, the Supervisory Board held five regular remote meetings, using information and communication technology, to make more efficient use of time, and one correspondence meeting. The Supervisors dealt with routine and specific issues concerning the Fund's operations and made decisions within their authority. The Members actively participated in the discussions, with guidance and requests for further clarification, and made unanimous decisions.

In 2022, the Supervisory Board discussed and decided on the following key issues:

- Business policy of the Fund for the period 2022-2026.
- Annual report of the Fund for 2021 with an audit report.
- Positive position on the proposal for the regular performance component of the Director's salary.
- Establishment of a regular annual leave for the Director of the Fund.
- Report on the write-off of the Fund's debtors.
- Consents to the conclusion of loan agreements with an amount exceeding €500,000.
- Completion of the liquidation of PIIC Murania d.o.o.
- Constitution of the new Supervisory Board and appointment of the Chairperson and Deputy Chairperson.
- Approval of the Tariff Regulations.
- Amendments and additions to (1) the Business and Financial Plan of the Fund for 2022-2023, for the year 2022.
- Amendments and supplements to (2) of the Fund's Business and Financial Plan 2022-2023.



In 2022, the Fund's financial incentives were designed to be available throughout the year under all four financial incentive programmes: Entrepreneurship (B), Agriculture and Forestry (A), Local Communities and Other Parts of the Public Sector (C), and Non-Profit Organisations (D). The tenders were gradually restructured in line with the 2022-2026 Business Policy, with the Fund evaluating projects based on the project's regional aspect, the project's sustainability aspect, and the applicant's financial assessment. Processing times were shorter compared to previous years, as tenders were mostly open-ended.

The results of the Fund's financial incentives are evaluated in terms of the number and amount of the signed contracts. In 2022, 189 contracts were implemented from the funds of the Fund amounting to €29.15 million and 8 contracts from the METS funds amounting to €0.89 million, concluded in the context of the implementation of the 2021 tenders for development loans in border problem areas.

## 5.1 Entrepreneurship Programme (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.



### Eligible Applicants

As part of the Programme B, eligible applicants are those registered in accordance with the Companies Act, ZGD-1 (Official Gazette of the Republic of Slovenia, No. 42/06, 60/06, 26/07-ZSDU-B, 33/07-ZSReg-B, 67/07-ZTFI, 10/08, 68/08, 42/09, 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, 175/20-ZIUOPDVE, 18/21, 74/21-ZIPRS2122-A, 29/22-ZUOPDCE) and/or the Act on Cooperatives - Zzad (Official Gazette of the Republic of Slovenia, No. 13/92, 7/93, 13/93-ZP-G, 41/07, 87/09, 121/21), are entitled to funds, who perform a gainful activity in the territory of the Republic of Slovenia.



### Summary of the processing of Applications according to Tenders

- **Investments in Energy Efficiency (EE) and Renewable Energy (RES)**



In the Slovenian Development Strategy 2030, Slovenia committed to reducing its ecological footprint by 20% by 2030 (from 4.7 global hectares per capita, in 2013, to 3.8 global hectares per capita, in 2030). The target of reducing the ecological footprint is also highlighted in the National Programme for Environmental Protection 2030, the indicator is also included in the preparation of regional development programmes for the period 2021-2027. Based on the analysis of the potential contribution of measures in the six areas to the reduction of Slovenia's ecological footprint and the scenario with additional measures, it is concluded that additional measures could reduce Slovenia's ecological footprint by 32.6%, of which measures on energy efficiency (hereafter referred to as EE) and renewable energy sources (hereafter referred to as RES) in the industry sector could ensure a reduction of 5.3% (source: Report on the environment in the Republic of Slovenia 2022), to which the Fund is contributing in 2022 with a new financial product developed in cooperation with the Eco Fund.

The Fund has published the tender for Enterprises - Energetika MSVP 2022, with the aim of promoting investments in energy efficiency, renewable energy sources, environmental protection, and climate change adaptation. In the project appraisal process, the Fund applies the technical conditions as defined by the Eco Fund in its tender for investments in energy efficiency, which was previously agreed between the two institutions. Cooperation has also been enhanced through the exchange of experience and good practices.





€3.00 million of dedicated assets and borrowings from EIB were tendered.



The full implementation of the tender will take place in 2023.

#### • Investments in the Development and Competitiveness of Cooperatives



Cooperatives, like all other economic stakeholders, are subject to the same market and its economic laws, with the added value of being more inclusive and pursuing objectives in the general social interest, as well as having a strong role in the local economy. The social impacts of cooperatives are reflected in their better capacity to adapt, the sustainability of jobs and the investment and sharing of assets with the environment. In cooperation with the Cooperative Union of Slovenia, the Fund developed a financial product tailored to the demand and needs of the cooperatives, members of the Cooperative Union of Slovenia.

The Fund published a tender to promote the development of cooperatives - BIZI ZADRUGE. Tender promotes the concentration of supply and preparation of products for the market, the development of food processing, distribution, and catering activities, with positive effects on competitiveness and productivity, on environmental protection and the efficient use of energy, on the digitalisation of business and on the development of the local economy.



€3.00 million of dedicated assets and borrowings from the EIB were tendered.



One application with a requested amount of €0.14 million, received at the end of the year, is still pending. The full implementation of the tender will take place in 2023.

#### • Investments in the Sustainable Development and Competitiveness of the Wood-processing Sector



Wood is a strategic material for Slovenia and, along with water, a naturally renewable resource. Slovenian forests account for 84% of the country's biocapacity, which is 2.18 global hectares per capita. Although Slovenia has an above average biocapacity for European and global conditions, it is one of the countries with an ecological deficit. Slovenian forests produce 4 m<sup>3</sup> of wood per capita per year, but only 0.5 m<sup>3</sup> of wood per capita is used for products. National greenhouse gas balances will improve as Slovenia's wood processing industry produces more high value-added products from its logs, which sequester carbon dioxide in the products. There is an urgent need for restructuring of the industry based on its own resources, which has been recognised in the Slovenian Industrial Strategy, the Smart Specialisation Strategy and the Recovery and Resilience Plan. In cooperation with the Directorate for Wood Technology at the METS, the Fund developed a financial product whereby grant recipients of the Wood Industry Recovery and Resilience Plan can close their financial structures with a repayable resource from the Fund.

The Fund published the tender to promote the development of the wood-processing industry – BIZI Les, aimed at encouraging sustainable investments to develop and increase the competitiveness of the wood-processing industry in the territory of the Republic of Slovenia, with a positive impact on competitiveness, productivity and technological equipment, by investing in the digitalisation of business operations, by investing in environmental protection and the promotion of resource efficiency, and to promote the use of wood in products for a green future.



€3.00 million of dedicated assets and borrowings from the EIB were tendered.



Full implementation will take place in 2023.

#### • Pre-financing of Projects by Economic Operators



The financial product is aimed at investors who successfully applied to tenders for European and/or national funds and have received a positive decision and/or have already signed a contract to obtain these funds. This incentive bridges the time gap until the grant is disbursed.

The Fund published a tender for Pre-financing of projects by economic operators - B PF, aimed at economic operators to bridge the time gap until the disbursement of the grant.



€6.00 million of dedicated assets were tendered.



The tender received forty-nine applications for a total amount of €5.02 million, from which thirty-nine were approved by the end of the year for €3.90 million. Implementation continues in 2023.

- **Processing according to Tenders published in the Previous Year.**



Due to objective circumstances, the processing of thirty-seven applications to tender published in 2021, have been postponed until 2022.

Following tenders in 2021, twenty-five applications totalling €3.00 million were approved in 2022.



### Implementation according to Programme B

In 2022, sixty-one contracts totalling €6.39 million were signed in the framework of the Entrepreneurship Programme (B). Implementation includes contracts concluded with the Fund, which may be combined with resources from the EIB. In 2022, the content of the financial products has been completely overhauled, a lot of work has been invested in market analysis, cooperation with market stakeholders and product launches and promotion, delayed the implementation of the new products to 2023.

Implementation of the Entrepreneurship Programme (B)	Plan 2022	Implementation 2022	Index RE22/BFP22
No. of contracts concluded	75	61	81
Loan amount	€13.00 million	€6.39 million	49
Value of the projects	-	€19.35 million	-

Under Programme B, the Fund also implemented eight contracts totalling €0.89 million under the implementation of the 2021 tender for the granting of development loans in border problem areas, carried out in accordance with Contract No. C2130-16-900001 on the financing and implementation of the Facility for concessional development credits for investments in problem areas in 2016 and 2017, with addenda, and Contract No. C2130-18-900001 on the financing and implementation of the Facility for concessional development credits for investments in problem areas in 2018 and 2019, with addenda.

## 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 Applicants

Agricultural holdings are entitled to funds under programme A, as defined in the Agriculture Act (Official Gazette of the Republic of Slovenia, No. 57/12, 90/12 - ZdZPVHVVR, 26/14, 32/15, 27/17, 22/18, 49/20-ZIUZEOP, 61/20-ZIUZEOP-A, 175/20-ZIUOPDVE, 203/20-ZIUOPDVE, 15/21-ZDUOP, 86/21-dec. US, 112/21-ZIUPGT, 123/21, 44/22, 130/22-ZPOMK-2), 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, 151/22). 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

### • Investments in Sustainable Management of Natural Resources and increasing Food Self-sufficiency.



Over the period 2018-2020, there was a decline in the cultivation of agricultural land (good soils) and an increase in the urbanisation of soils/land, resulting in irreversible soil degradation and loss of natural resource. Changes in the use of large areas of land are observed on the periphery of settlements for industry and trade and along the routes of major infrastructure. However, small-scale changes are predominant in scale due to dispersed individual construction, expansion and upgrading of buildings and minor infrastructure. Urbanisation and especially the development of good agricultural soils reduces the potential for food self-sufficiency and the range of ecosystem services provided by good agricultural soils. In 2020, Slovenia had 853 m<sup>2</sup> of arable land and gardens per capita, which is markedly low compared to other countries and the estimate that about 2.500 m<sup>2</sup> of arable land and gardens per capita is sufficient for adequate food security and self-sufficiency.

Therefore, a tender was published for agricultural and forestry land acquisition projects for loans to agricultural holdings, which were granted access to agricultural and forestry land on the territory of the Republic of Slovenia through this measure, with the aim of sustainable management of natural resources and increasing food self-sufficiency.



€3.00 million of dedicated funds were tendered.



Twenty-five applications were submitted to the tender, requesting €1.96 million, and sixteen applications were approved for €1.30 million. Part of the implementation will take place in 2023.

### • Investments in Climate Change Adaptation and Farm Efficiency



Under the 2014-2020 Rural Development Programme measures, which have been extended until the end of 2024, sub-measures Investments in fixed assets for agricultural holdings, for the processing, marketing, and development of agricultural products and for infrastructure linked to the development, modernisation or adaptation of agriculture and forestry will also take place.

To this end, the Fund published a tender for the granting of loans for primary agricultural production projects, with the aim of enabling agricultural holdings to close the financing structures of projects, or to make the Fund the sole public source for the co-financing of investments in primary agricultural production. The objective of the call for proposals is to promote primary agricultural production for the purposes of adapting to climate change, improving the efficiency of the agricultural holding, improving the natural environment, hygiene conditions or animal welfare standards, or promoting employment opportunities.



€6 million of dedicated assets and borrowings from the EIB were tendered.



Twelve applications were submitted to the tender, requesting €2.30 million, and ten applications were approved for €1.68 million. Part of the implementation will take place in 2023.

### • Pre-financing of Farm Projects



The incentive is aimed at investors who have successfully applied to tenders for European and/or national funds and have received a positive decision and/or have already signed a contract to obtain these funds. This incentive bridges the time gap until the grant is disbursed.

The Fund published a tender for pre-financing of projects in agriculture and forestry - A PF, aimed at bridging the time gap for the implementation of projects of agricultural holdings with approved European and/or national funds in the territory of the Republic of Slovenia.



€7.5 million from dedicated assets were tendered.



Fifty-nine applications were submitted to the tender with a requested amount of €6.61 million, 47 applications were approved by the end of the year for an amount of €5.40 million. Implementation will continue 2023.

- **Processing according to Tenders published in the Previous Year.**



Due to objective circumstances the processing of 38 applications was postponed to 2022 for three calls for tenders launched in 2021.

In 2022, 24 applications were approved under the 2021 calls for tenders for a total amount of €1.50 million.



### Implementation according to Programme A

In 2022, ninety-six contracts were concluded under the Agriculture and Forestry Programme (A) for a total amount of €10.58 million. The implementation includes contracts concluded from the Fund's resources, which may be combined with resources from the EIB. In the first half of 2022, the Fund detected a decline in demand for funds, especially investment funds, which was identified because of the geopolitical crisis following the aggression of Russia against Ukraine, which made agricultural production significantly more expensive and delayed increased prices of agricultural products.

Implementation of the Agriculture and Forestry Programme (A)	Plan 2022	Implementation 2022	Index RE22/BFP22
No. of contracts concluded	95	96	101
Loan amount	€13 million	€10.58 million	81
Value of projects	-	€18.05 million	-

## 5.3 Local Authorities and Other Parts of the Public Sector Programme (C)



### Brief on Programme C

The Local authorities and other parts of the public sector 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 applicants

Under Programme C, municipalities of the Republic of Slovenia, public enterprises registered in accordance with the Act on Utilities (Official Gazette of the Republic of Slovenia, No. 32/93, 30/98-ZZLPPO, 127/06-ZJZP, 38/10-ZUKN, 57/11-ORZGJS40) and legal entities that demonstrate a non-profit status and the purpose of their activity and are publicly (jointly) owned, organised as a public institute, a public research institute, a chamber of commerce and industry, or as a public fund, a public foundation, or a public agency, are eligible.



### Summary of the processing of Applications according to Tenders

- **Investments in the Activities of Public Utilities and the Development of Social Infrastructure**



Utilities are key for environmental protection, nature conservation and water protection. At the systemic level, their operation is regulated in the Act on Public Utilities, while their more detailed or sectoral operation is defined in the Act on Environmental Protection (Official Gazette of the RS, No. 41/04, 17/06 - Official Gazette of the RS, No. 41/04, 20/06, 49/06-ZmetD, 66/06 - dec. US, 33/07-ZPNačrt, 57/08-ZFO-1A, 70/08, 108/09, 108/09-ZPNačrt-A, 48/12, 57/12, 92/13, 56/15, 102/15, 30/16, 60/17-ZDMHS, 61/17-GZ, 21/18-ZNOrg, 84/18-ZIURKOE, 49/20-ZIUZEOP, 61/20-ZIUZEOP-A, 158/20, 44/22-ZVO-2, 160/22- dec. US) the Nature Conservation Act (Official Gazette of the Republic of Slovenia, No. 56/99, 31/00, 119/02, 41/04, 61/06-ZDru-1, 32/08-Ursus arctos, 8/10-ZSKZ-B, 46/14, 21/18-ZNOrg, 31/18, 82/20, 3/22-ZDeb, 105/22-ZZNŠPP) and the Water Act (Official Gazette of the Republic of Slovenia, No. 67/02, 110/02-ZGO-1, 2/04-ZZdl-A, 41/04-ZVO-1, 57/08, 57/12, 100/13, 40/14, 56/15, 60/17-ZDMHS, 49/20-ZIUZEOP, 65/20, 80/20-ZIUOOPE, 152/20-ZZUOOP,

175/20-ZIUOPDVE, 112/21-ZIUPGT, 187/21-ZIPRS2223). To promote the development of social infrastructure, resilience and public activities of local and regional social interest, the Fund identifies as relevant stakeholders' legal entities that demonstrate a non-profit status and purpose of operation and are publicly (co-)owned.

The Fund published a tender for the co-financing of public utility projects and the development of social infrastructure C – KOMUNALNA PODJETJA IN JAVNE USTANOVE, with the aim of improving municipal, environmental, social, sports, etc., public infrastructure for the implementation of non-economic activities.



€4.00 million of dedicated assets and borrowings from the EIB were tendered.



The tender received six applications requesting €2.78 million and four applications were approved for €2.17 million. Implementation will continue in 2023.

#### • Investments in Local Communities



The Fund published a tender for the co-financing of local and regional public infrastructure projects - C OBČINE.



€ 9.00 million from dedicated assets and borrowings from the EIB were tendered.



The tender received seven applications requesting €4.29 million and approved six applications requesting €3.68 million. Implementation will continue in 2023.

#### • Pre-financing of Projects by Public Organisations



The Incentive is aimed at investors who successfully applied for public calls for European and/or national funds and received a positive decision and/or have already signed a contract to obtain these funds. The incentive bridges the time gap until the grant is disbursed.

The Fund published the Call for Pre-financing of Projects of Public Organisations and Non-Profit Private Organisations - C/D PF, aimed at bridging the time gap for the implementation of projects of public organisations with approved European and/or national funds in the territory of the Republic of Slovenia



€4.00 million of the dedicated assets were tendered.



The tender received four applications requesting €0.26 million, one application was approved by the end of the year for €0.14 million. Implementation will continue in 2023.

#### • Processing according to Tenders published in the Previous Year.



Due to objective circumstances, the processing of nine applications for two tenders published in 2021 has been postponed until 2022.

In 2022, seven applications were approved under the 2021 tender totalling €5.77 million.



#### Implementation according to Programme C

In 2022, 16 contracts were approved under the Local Authorities and other parts of the local public sector (C) programme for a total amount of €11.37 million. The implementation includes contracts concluded with the Fund, which may be combined with resources from the EIB. The implementation includes contracts under the newly launched call for tenders for investments in the activities of public companies and in the development of social infrastructure.

Implementation of the Local authorities and other parts of the public sector Programme (C)	Plan 2022	Implementation 2022	Index RE22/BFP22
No. of contracts concluded	15	16	101
Loan amount	€15 million	€11.37 million	76
Value of the projects	-	€20.46 million	-

## 5.4 Non-profit Organisation Programme (D)

D

### Brief on Programme D

The Non-Profit Organisation Programme is intended to finance projects by private non-profit organisations conducting activities in the public interest.

### Eligible Applicants

Under Non-profit private organisations Programme (D) non-profit organisations carrying out activities in the public interest, organised in accordance with the Law on Associations (Official Gazette of the RS, No. 61/06, 91/08-dec. US, 58/09, 39/11, 21/18-ZNOrg), the Law on Institutions (Official Gazette of the RS, No. 12/91, 17/91-I-ZUDE, 55/92-ZVDK, 13/93-ZP-G, 66/93-ZP-H, 66/93-ZVDK-A, 45/94-dec. US, 8/96, 31/00-ZP-L, 36/00-ZPDZC, 127/06-ZJZP) or other forms of organisations, are eligible.

### Summary of the processing of Applications according to Tenders



Climate change adaptation is a set of actions and policies to systematically reduce vulnerability and increase resilience to the perceived and expected impacts of climate change. Effective responses will contribute to increased human security and well-being, the protection of nature and a more sustainable economy.

The Fund published a tender to support the activities of fire protection and rescue services in the performance of public activities or operational tasks of firefighting and other general rescue tasks on the territory of the Republic of Slovenia, with the objective of ensuring the coordinated development of fire and rescue units. The financial product was developed in cooperation with the Slovenian Fire Brigades Association.



€1 million of the dedicated assets and borrowings from the EIB.



Full implementation will take place in 2023.

#### • Pre-financing of Projects by Private Non-profit Organisations



The incentive is aimed at investors who successfully applied for tenders for European and/or national funds and have received a positive decision and/or have already signed a contract to obtain these funds. The incentive bridges the time gap until the grant is disbursed.

The Fund has launched the Call for Pre-financing of Projects of Public Organisations and Non-Profit Private Organisations - C/D PF, aimed at bridging the time gap for the implementation of projects of public organisations with approved European and/or national funding in the territory of the Republic of Slovenia.



€4,00 million of the dedicated assets were tendered.



The tender received fourteen applications requesting €0.76 million and approved eight applications by the end of the year for an amount of €0.35 million.

#### • Raising the Digital Competences of Citizens over 55



The financial product was intended to finance the implementation of free non-formal educational programmes for adults to acquire basic digital competences for citizens aged 55 or over on 12 March 2022 and was developed in cooperation with the Slovenian Government Office for Digital Transformation (SDT), which provided the financial resources for the implementation of the product and enabled for the Fund to be an implementer.

The incentive was published in cooperation with the SDT, which provided the financial resources for the implementation. The Fund published a grant for the co-financing of non-formal education for adults aged 55+ in the field of digital competences for the year 2022 (hereinafter referred to as DIGIT 55+).



€0.75 million was called from the budget line (221015 Digital connectivity) for 2022.



106 applications were submitted to the tender requesting €2.95 million and twenty-nine applications were approved for €0.73 million.





## Implementation according to Programme D

In 2022, sixteen contracts were signed under the Non-Profit Organisations Programme (D) for a total of €0.82 million. Under the programme, the Fund developed a new financial product to increase resilience to the perceived impacts of climate change, which is expected to be fully implemented in 2023.

Implementation of the non-profit programme (D)	Plan 2022	Implementation 2022*	Index RE22/BFP22
No. of contracts concluded	25	16	64
Loan amount	€2 million	€0.82 million	41
Value of the project	-	€1.98 million	-

\*Under Programme D, 29 contracts were also signed because of approved applications under the DIGIT 55+ call for tenders, totalling €0.73 million, but the Fund withdrew from the contracts with the selected providers of digital training for adults, following the instruction of the SDP (which also cancelled the call). The Fund concluded amicable settlement agreements with 18 providers and no agreement was reached with 11 providers.

## 5.5 Summary of the Implementation of Incentives

The Fund tenders' financial incentives based on the biennial Business and Financial Plan or amendments relating to the current year, the GTC, the Rules on the granting of incentives and notified State aid schemes. For the 2022 tenders, the Fund made two amendments to the BFP 2022-2023, which increased the financial incentive implementation plan from €40 million to €45 million.

In 2022, the Fund published a total of 14 tenders under the Enterprise, Agriculture and Forestry, Local Authorities and other parts of the public sector, and Non-Profit Organisations programmes, tendering the planned funds. To maximise delivery and to respond to market needs in a timely manner, resources were increased during the reporting period for those calls for tenders where increased demand was perceived.

Given the time-lag in the processes and the fact that, at the end of 2021, the tenders of 2021, have pending applications, contracts to be signed and partially disbursed funds under contracts, Table 2 shows the total implementation of incentives in 2022. It shows the results of the activity of receipt of applications (funds requested), the results of the processing of applications (funds approved), the implementation of the signature of contracts (contract amount) and the funds disbursed, for the 14 calls for tenders in 2022, of which one was cancelled, and for the calls in 2021 whose activity was postponed to 2022. For this reason, it happens that for past calls for tenders, the amount of funds approved is higher than the amount requested, the amount contracted is higher than the amount approved, and the funds drawn down are higher than the amount contracted.

Table 3: Implementation of the incentives in 2022

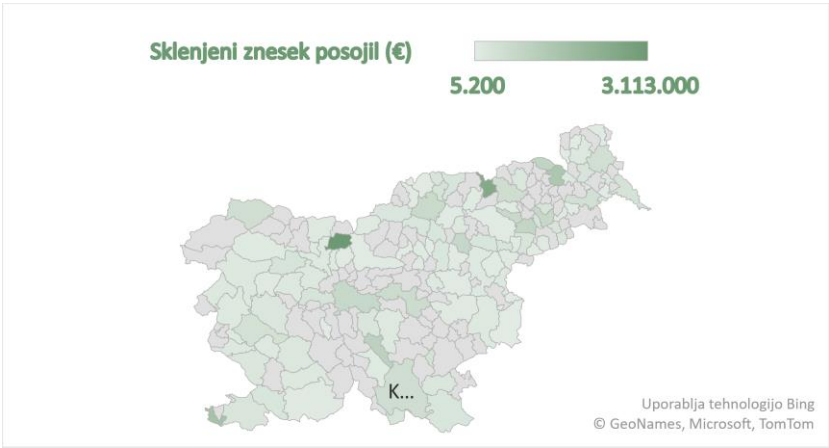
Programme	Requested funds	Approved funds	Contractual amount	Requested amount	Note
<b>Entrepreneurship (B)</b>	8,32	6,76	6,39	13,46	-
Financial products 22	5,16	3,75	3,19	3,19	4 tenders published and processed
Financial products 21-continuation	3,16	3,01	4,09	10,27	5 tenders, published in 2021, processed
<b>Agriculture and forestry (A)</b>	12,47	9,88	10,58	9,97	-
Financial products 22	10,87	8,38	7,08	5,79	3 tenders published and processed
Financial products 21-continuation	1,6	1,5	3,5	4,18	3 tenders, published in 2021, processed
<b>Local authorities and other parts of the public sector (C)</b>	12,92	11,76	11,37	8,23	-
Financial products 22	7,33	5,99	5,68	3,68	4 tenders published and processed
Financial products 21-continuation	5,59	5,77	5,69	4,55	3 tenders, published in 2021
<b>Non-profit organisation (D)</b>	3,88	1,46	0,82	0,82	-
Financial products 22	3,71	1,18	0,35	0,35	3 tenders published and processed, of which one was cancelled*
Financial products 21-continuation	0,17	0,28	0,47	0,47	1 tender, published in 2021, processed
<b>Total</b>	<b>37,59</b>	<b>29,86</b>	<b>30,05</b>	<b>32,48</b>	



The Fund reports of the implementation of incentives in 2022 based on the contracts concluded under the above-mentioned programmes. A total of 189 contracts have been concluded from the Fund's dedicated assets, amounting to €29.16 million. The Fund's financial incentives enabled applicants to implement projects amounting to €59.84 million. Together with other sources, the Fund recorded the implementation of 197 contracts for an amount of €30.05 million. Part of the implementation of the Fund's financial incentives is foreseen in 2023, as the Fund extended tenders to the end of the year or until the publication of new tenders. The Funds objective is to ensure a continuous supply on the market for all programmes.

The Fund (co-)financed projects in 106 municipalities, with the most projects in the municipality of Preddvor, where three projects amounting to €3.11 million were (co-)financed, and the fewest projects in the municipality of Nazarje, where one project amounting to €0.05 million was (co-)financed. In terms of number of projects, the largest number of projects was (co-)financed in the municipality of Moravske Toplice, with eleven projects for an amount of €0.47 million.

Figure 1: Placement of funds by municipalities



### Financial incentives of the Fund in 2022



Volume of planned funds  
 $\Sigma = \text{€}45 \text{ million}$



No. of tenders  
 $\Sigma = 13$



#### Entrepreneurship (B)

- No. of contracts: 61
- Amount of loans: €6.39 million
- Project value: €19.35 million

#### Agriculture and forestry (A)

- No. of contracts: 96
- Amount of loans: €10.58 million
- Project value: €18.05 million

#### Local authorities and other parts of the public sector (C)

- No. of contracts: 16
- Amount of loans: €11,37 million
- Project value: €20,46 million

#### Non-profit organisations (D)

- No. of contracts: 16
- Amount of loans: €0,82 million
- Project value: €1,98 million

Amount of tendered funds: €43 million

Implementation of the tendered funds: 95.5 %

TOTAL\*

- No. of contracts: 189
- Amount of loans: €29,16 million
- Project value: €59,84 million

\*Part of the implementation in 2023

## 5.6 Analysis of Incentives by Regional Aspect

In this section, the Fund provides an analysis of the incentives granted in 2022, irrespective of the source of the incentive, which includes contracts implemented from the Fund's resources and contracts implemented based on financial incentive contracts. In total, 197 contracts are included in the analysis for an amount of €30.05 million.



### 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), considering the Developmental Threat Index (hereinafter referred to as DTI), as set out in Table 3. 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.

Table 4: Placed funds in € and number of supported projects in individual regions classified according to DTI			
Development region	DTI	No. of supported projects	Loan amount in €
Mura region	172,5	43	4,449,623
Littoral-Inner Carniola region	138,3	4	376,033
Drava region	133,4	38	7,614,543
Central Sava region	132,3	2	708,784
Carinthia region	127,7	17	1,833,488
Lower Sava region	121,8	6	194,987
Gorizia region	117,1	10	1,133,218
Savinja region	109,3	24	2,536,576
Coastal-Karst region	103,2	11	2,392,136
Southeast Slovenia	93,0	15	1,671,442
Upper Carniola region	85,3	14	4,716,403
Central Slovenia region	49,6	13	2,421,598

The DTI indicator shows that two regions stand out in terms of development risk, while the differences between other regions are smaller. The Central Slovenia region stands out the most in the positive direction, with an DTI half the national average of 115.29, which means that it is by far the most developed. The Mura region stands out the most in the negative direction, exceeding the Slovenian average by more than two thirds and the average of the Central Slovenian region by 3.5 times, which means that it is by far the least developed. The Fund disbursed €2.42 million, or 8% of the total disbursed, to the Central Slovenia region, supporting thirteen projects. The Fund disbursed €27.63 million, or 92% of the total disbursed, to the other development regions, which have on average 2 times higher DTI, supporting 184 projects. The Fund disbursed €4.45 million for forty-three projects, to the Pomurje region, which is the least developed.

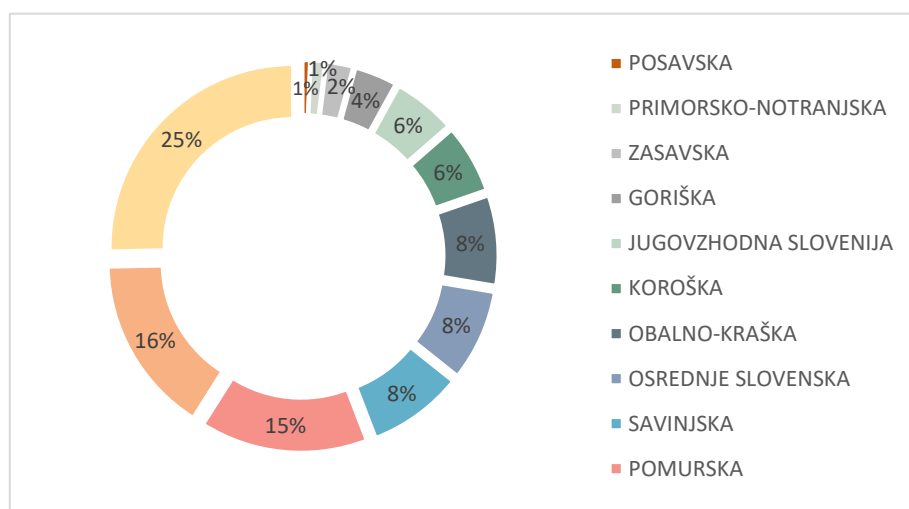
The regions with below-average development are those with an DTI higher than average, i.e., Mura (172.5), Littoral-Inner Carniola (138.8), Drava (133.4), Central Sava (132.3), Carinthia (127.7), Lower Sava (121.8) and Gorizia (117.1) development regions. The Fund disbursed €16.31 million (54% of the total) to these regions, providing financial support to 120 projects.

### Placement of Funds by Development Regions Aspect

As shown in Graph 1, by development region, in terms of the amount of contracts concluded, the largest amount of funds disbursed was in the Drava development region, i.e. €7.61 million (25% of the disbursed funds), followed by the Upper Carniola region with €4.72 million (16% of the disbursed funds), the Mura region with €4.45 million (15% of the disbursed funds), the Savinja region with €2.54 million, the Central Slovenia region with €2.42 million and the Coastal-Karst with €2.39 million (8% of the disbursed funds each), Carinthia with € 1.83 million and Southeast Slovenia with € 1.67 million (6% of the disbursed funds each), Gorizia with €1.13 million (4% of the disbursed funds), Central Sava with €0.71 million (2% of the

disbursed funds), Littoral-Inner Carniola with €0.38 million and Lower Sava Development Region with €0.19 million (1% of the disbursed funds each).

Graph 1: Placed incentives in development regions



#### Placement of Funds by funding Programmes and Development Regions

In 2022, the Fund disbursed financial incentives under four programmes, namely Entrepreneurship (B), Agriculture and Forestry (A), Local Authorities and other parts of the public sector (C) and Non-Profit Organisations (D).

The largest amount of funds under the Entrepreneurship Programme (B) was disbursed in the Drava region with €1.12 million, followed by the Central Slovenia region with €1.04 million, the Upper Carniola region with €0.91 million, the Carinthia region with €0.75 million, and the Coastal and Carpathian region with €0.63 million, Mura with €0.62 million, Savinja with €0.39 million, Littoral-Inner Carniola with €0.38 million, Southeast Slovenia with €0.30 million, Gorizia with €0.21 million and Lower Sava with €0.04 million, while no funds were allocated to the Central Sava region.

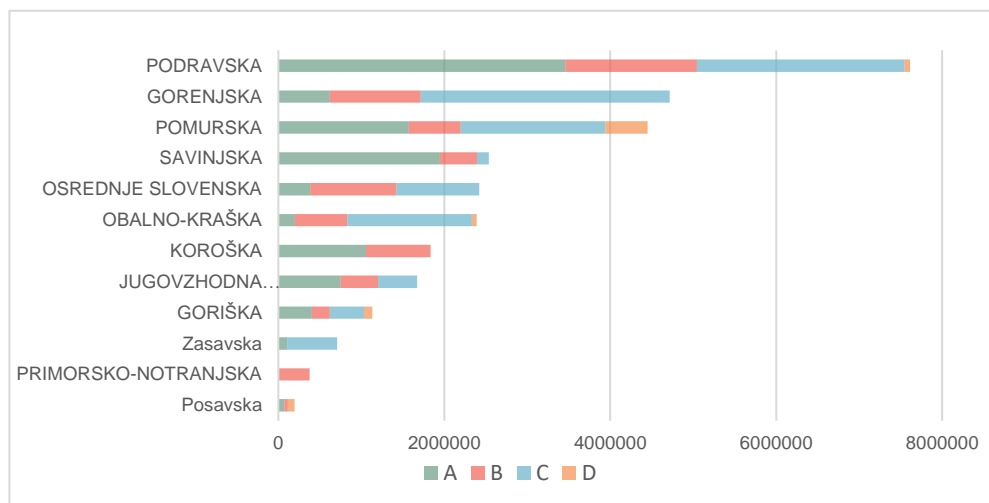
The largest amount of funds under the Agriculture and Forestry Programme (A) was disbursed in the Drava region with €3.46 million, the Savinja region with €1.95 million, the Mura region with €1.57 million, the Carinthia region with €1.06 million, the Southeast Slovenia region with €0.75 million, Upper Carniola region with €0.62 million, Gorizia region with €0.40 million, Central Slovenia region with €0.38 million, Coastal-Karst region with €0.20 million, Central Sava region with €0.11 million and Lower Sava region with €0.07 million, while no funds were allocated to the Littoral-Inner Carniola region.

The largest amount of funds under the Local authorities and other parts of the public sector Programme (C) was disbursed in the Upper Carniola development region with €3.00 million, followed by the Drava region with €2.50 million, the Mura region with €1.75 million, the Coastal-Karst region with €1.00 million, the Mura region with €1.75 million and the Drava region with €1.50 million, 50 million, Central Slovenia with €1 million, Central Sava with €0.60 million, Southeast Slovenia with €0.47 million, Gorizia with €0.42 million and Savinja with €0.14 million, while no funds were placed in the other regions.

The largest amount of funds under the Non-Profit Organisations Programme (D) was disbursed in the Drava region with €0.51 million, followed by Gorizia with €0.10 million, Lower Sava with €0.08 million, Drava with €0.07 million, and Coastal-Karst with €0.05 million and Central Slovenia with €0.025 million, while no placements were made in the other regions.

Under Entrepreneurship Programme (B), the Fund also implemented eight contracts for an amount of €0.89 million concluded under the implementation of the tenders for the disbursement of development loans in border problem areas from 2021, implemented in accordance with the Contract for Problem Areas 2016-2017 and the Contract for Problem Areas 2018-2019. The Fund disbursed most of the funds to the Drava region with €0.47 million, followed by the Upper Carniola with €0.19 million, the South-Eastern Slovenia with €0.15 million, the Savinja with €0.05 million and the Carinthia with €0.03 million.

Graph 2: Placed funds (in €) in development regions according to the Programme

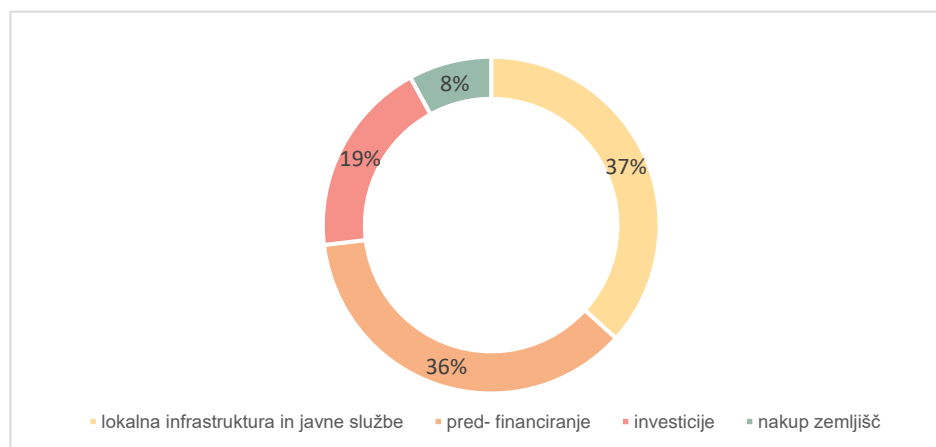


#### Placement of Funds by Purpose of Financing

In 2022, the Fund financed projects for (1) the construction of local infrastructure and public service projects, (2) the provision of bridge loans for the implementation of projects with approved European and/or national funds, (3) the co-financing of investment projects and (4) the purchase of agricultural and forest land.

As shown in Chart 3, the largest amount of disbursed funds was for the construction of local infrastructure and public service projects, €11.04 million (11 projects), representing 37% of the total disbursed funds. This was followed by bridge financing projects totalling €10.93 million (117 projects) with 36% of the disbursed funds, then (co-)financing of investment projects in business (B), agriculture and forestry (A) totalling €5.69 million (30 projects) with 19% of the disbursed funds and co-financing of agricultural and forest land totalling € 2.39 million (39 projects) with 8% of the disbursed funds.

Graph 3: Funds (in €) disbursed by purpose of financing.



#### Reducing the Development Backlog in 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 criteria 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, 101/20 and 112/22) specifies the criteria for determining border problem areas and municipalities that meet these criteria. During the programme's development, the following 87 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, Dobrovnik, Dolenjske Toplice, Dornava, Dravograd, Gorje, 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, 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, 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 in 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 several interconnected factors, each of which has an impact on various levels of development. Individual groups of indicators in the draft Development Incentives Programme for Border Problem Areas for the period 2022–2025 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 2022–2025 classifies municipalities into four homogeneous groups:

- TYPE 1: very weak economic development and extremely 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, Sveti Tomaž, Majšperk, Videm, Zavrč, Apače, Puconci, Podvelka, Kungota, Moravske Toplice, Komen, Solčava, Kobarid, Luče, Poljčane, Črnomelj, Sveta Ana, Žetale, Gorje, Lendava, Dobrovnik, Kočevje, Semič and 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, 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.

#### Placement of Funds in Problem Areas

Table 4 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 diverse types of municipalities according to BPA, totalling €14.56 million (48% of total funds placed), supporting 95 projects.

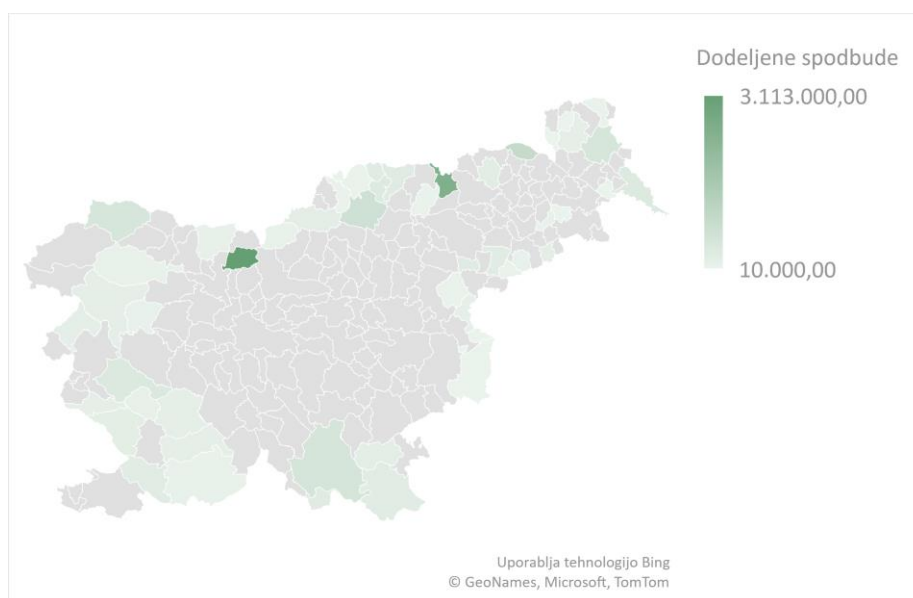
Table 5: Placed funds in € and number of supported projects in individual regions classified according to DTI

Type	Explanation	No. of projects	Amount of funds in €
Type 1	very weak economic development and extremely low development possibilities (11 municipalities)	4	342,400
Type 2	weak economic development and low development possibilities (34 municipalities)	44	4,054,289
Type 3	moderate economic development and moderate development possibilities (25 municipalities)	21	4,614,459
Type 4	better economic development and better development possibilities (20 municipalities)	26	5,551,467
Other municipalities		102	15,486,216

Figure 2 shows the distribution of funds by the amount of funds invested in BPA municipality. In the municipalities of Preddvor, Selnica ob Dravi, Apače, Slovenj Gradec and Kočevje, the Fund disbursed a

total of €7.68 million, or 53% of the total disbursed funds. In 38 BPA municipalities, no funds were placed. In the remaining 44 BPA municipalities, €6.79 million were disbursed.

Figure 2: Funds placed (in €) in each municipality in the 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 based on 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, based on 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 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 (Official Gazette of the Republic of Slovenia, No. 154, 21 June 2003) with amendments and supplements.

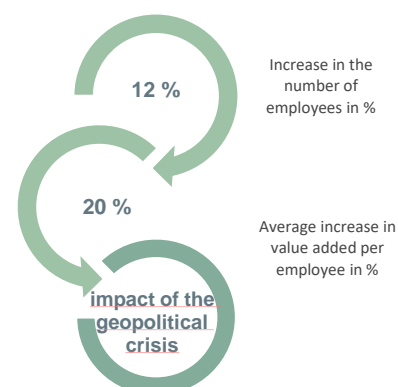
In 2021, the Fund monitored the impact of projects completed two years ago, except for bridge financing and investments in local and regional infrastructure. The Fund monitored impacts by checking publicly available records, through reports from investors and from its own records. The Fund monitors the impact of all approved projects, including those without State aid.



### Impact of Incentives of Entrepreneurship Programme (B)

In 2022, the Fund monitored 48 borrowers whose projects were completed in 2019, and the Fund monitors the impacts 2 years after the completion of the project, based on the publicly available financial statements for 2021. These are the impacts of the investment projects, i.e., impacts such as the increase in the number of employees and productivity (value added per employee).

The number of employees increased by 135, an increase of 12%, or an average of 3 employees per co-funded project. Total value added per employee increased by 438,723 and the average value added per employee increased to €9,140 per enterprise, in 2021. In the year before the investment, the average value per employee was €37,281 per employee, and 2 years after the completion of the investment it was €46,421 per employee.





### Impact of the COVID-19 Epidemic

In 2021, the impacts of the epidemic on business performance were expected but not reflected in the impacts of the monitored companies. Both the number of employees and productivity were increased compared to the year before the investment.

### Impact of the Geopolitical Crisis

Now, only the publicly available 2021 annual accounts are available, which do not yet reflect the impact of the geopolitical crisis resulting from Russia's aggression against Ukraine, which led to an energy crisis, 10% inflation and an extraordinary increase in energy prices. The consequences of the geopolitical crisis will become apparent after the publication of the 2022 annual accounts.



NEPLAST d.o.o. Miren, paper cups

#### EXAMPLE OF GOOD PRACTICE:

##### Entrepreneurship programme

The company NEPLAST d.o.o. acquired new premises and a machine for the production of paper cups, what will be a novelty on the Slovenian market, as the company will have its own production in addition to its own shop and, last but not least, it will have a positive impact on the environment by reducing the intake of plastics. Plastic products will be replaced by more environmentally friendly disposable paper cups and plates. This will certainly have a positive impact on reducing the amount of hard-to-degrade waste.



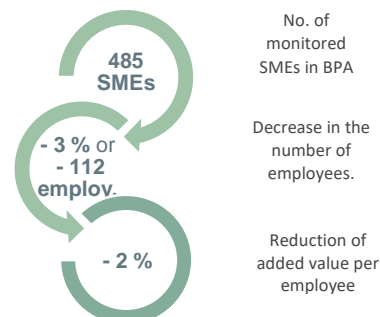
### Effects of Intervention Measures – Liquidity Loans

In 2022, the Fund monitored 485 borrowers with whom it concluded loan agreements in 2020 and 2021 with the aim of providing access to finance for SMEs in border problem areas, as part of the intervention measures to curb the negative impact of the COVID-19 epidemic on the business of SMEs in border problem areas. The results are partial and do not show the full impact of the interventions, and both the borrowers contracted by the Fund in 2020 and those contracted by the Fund in 2021 only drew down funds after signing the contract, mostly in the following calendar year, which means that only a partial impact is visible on the financial statements. The Fund will continue to monitor borrowers in the coming year.

The objective of the measure is to preserve the activities and jobs provided by SMEs in border problem areas. The Fund mostly co-financed labour costs, which were not financed from other public sources and other operating costs. To monitor the impact of the measure, the Fund compares the performance of all monitored borrowers between 2019 and the current year. Currently, data from the 2020 and 2021 financial statements are available from publicly available records, which only partially show the impact of the measure.

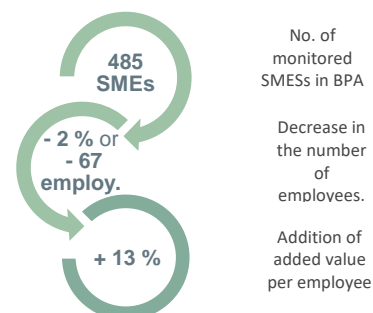
#### Effects on Borrowers visible in the 2020 Financial Statements

Monitored borrowers employed 4,418 people in the year before the epidemic and managed to maintain 4,306 employees in 2020. The number of SME's employees decreased by 3% or by 112 employees. The average value added per employee has also decreased from €35,571 to €34,967, i.e., by 2%.



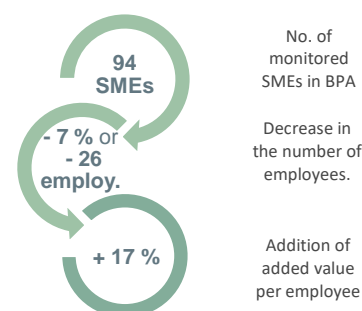
## Effects on Borrowers visible in the 2021 Financial Statements

In the full sample of 485 entities, the number of employees is reduced by 67 (from 4,418 in 2019 to 4,351 in 2021), representing a 2% reduction. Compared to 2020, the number of employees has increased by 13%, suggesting that the impact of the epidemic on the business is diminishing or that the effects of the liquidity facilities are having their effect. The final situation will be seen in the coming year, as part of the drawdowns took place in 2022. Average value added per employee increased from €35,571 in 2019 to €40,742 in 2021, an increase of 13% compared to the year before the epidemic. Based on data from 2020, when a 2% drop in productivity was recorded, we are talking about a 13% increase in value added per employee.



## Effects on Borrowers – Tourism, Catering

The Fund monitored 94 borrowers active in tourism or hospitality activities, including ancillary activities. Compared to 2019, when they employed a total of 716 employees, in 2021 they record a 7% decrease in the number of employees (to 668 employees). Also in this sample, the average value added per employee increased by 17% (from €25,192 in 2019 to €31,418 in 2021). The above-mentioned activities are the most affected by the epidemic, especially in terms of personnel, which suggests that the negative impact of the epidemic in these activities will have a longer-lasting impact than in other activities.



## Impact of Incentives for Projects in Agriculture and Forestry Programme (A)

Under the Agriculture and Forestry (A) programme, the Fund monitored forty-five projects. Among the investment projects completed in 2019, thirty-three improved efficiency and sustainability and invested in development, six improved the natural environment and hygiene and animal welfare standards, one achieved environmental and climate objectives and one improved agricultural infrastructure.



Brand Vučji ogrizek

### EXAMPLE OF GOOD PRACTICE:

#### Agriculture and Forestry Programme

The Vučji Ogrizek farm in Adlešiče has a long tradition: they cultivate 50 ha of karst land, keep 250 sheep, 20 cattle, 20 Istrian donkeys, more than 20 pigs (Mangulica, a breed from the Karst region) and chickens. The farm also has registered complementary activities and its products are marketed under the Vučji ogrizek brand. They produce cheeses, yoghurts, salami (sheep, including Mangulica), etc. The Fund co-financed an investment project on the farm and granted the farmer three bridge financing facilities, which enabled the farm to progress and develop.



## Impact of Incentives of Local Authorities and Other Parts of Public Sector (C)

Under Local authorities and other parts of public sector (C) Programme, 7 contracts were concluded with municipalities for €8.87 million in project financing for the construction of local and regional infrastructure. The projects were focused on the construction of sports infrastructure (€3 million), a low-energy building for a kindergarten (€2.5 million), the adaptation and equipment of a health post (€0.33 million), the improvement of urban water drainage with the construction of a wastewater treatment plant (€0.27 million), and the remaining €2.77 million was for the construction of road infrastructure. €2.77 million was disbursed for the construction of a road infrastructure.



Nursery in Spodnja Idrija

#### EXAMPLE OF GOOD PRACTICE:

##### Local Authorities and Other Parts of Public Sector Programme

Under Programme C, the Fund supported the construction of a nursery in Spodnja Idrija. The project consisted of the removal of an old, one-storey nursery built in 1981 and the construction of a new modern nursery on four floors. The new kindergarten added 3 sections in the 1st and 2nd grades, for a total of 6 sections.

The construction took into account energy and heat saving considerations and included a primary heating, cooling and hot water system based on a low-temperature heating system with a heat pump.



#### Impact of Incentives of Non-profit Organisations Programme (D)

Under Non-profit Organisations (D) programme, 17 contracts of €0.90 million were signed for pre-financing for projects that have been granted European and/or national funding, which also has an impact on the successful absorption of these funds at the level of the Republic of Slovenia. With the help of the funds disbursed, projects with a total value of €2.17 million are being implemented.



Didactic and information panels in Park Prečno

#### EXAMPLE OF GOOD PRACTICE:

##### Non-Profit Organisations Programme

RRA SEVERNE PRIMORSKE d.o.o. implemented the project in the municipality of Kanal ob Soči (Pečno Park) and the municipality of Nova Gorica (Panovec Urban Forest) with the funds for the pre-financing of the TANGRAM projects. Didactic and information panels were erected to raise awareness among visitors, as well as didactic games for children. This contributes to the visibility of small areas with tourist potential and places them on the tourist map of the wider area. The TANGRAM project is co-financed by the Interreg Adrion Programme.

## 5.8 Activities Related to Incentives



### Monitoring, Inspections

In 2022, the Fund adopted the Rules on the in-depth review of projects financed by the Public Fund of the Republic of Slovenia for Regional Development and Rural Development of 28 November 2022 (hereinafter referred to as the Rules), which determine the system decision to carry out an in-depth review of a specific investment project or client, the review procedure, and the persons responsible for the preparation and implementation of the individual activities related to the in-depth review.

The grounds for placing an investment transaction or a client on the list for in-depth review are those circumstances which could directly or indirectly affect the performance of the client and/or the final repayment of the investment transaction: credit rating downgrade and/or, deterioration of the financial and financial situation of the client and/or, increased risk due to unintended use of the financed funds and/or, initiation of simplified compulsory liquidation proceedings and/or, increased credit risk due to other facts and circumstances (e.g. a significant decrease in the value of the collateral of an investment transaction, a significant increase in the probability of default under a contractual transaction...). Other reasons for placing an investment transaction or a client on the in-depth review list are related to the risk of the investment transaction failing to achieve its objectives as set out in the financing agreement or the existence of a suspected breach of the non/purposeful use of the funds financed. Investment operations that have been or should have been closed under the terms of the financing agreement are included in the list. The first list for in-depth review will be prepared in January 2023.



### Marketing, Promotion

The Fund conducted activities to raise the profile of the Fund as a public financial institution of the Republic of Slovenia, which has a significant impact on the promotion of harmonious regional and rural development.

To this end, the Fund participated in events such as the Slovenian Regional Days, the conference of SMEs, the round table "Economic Development in the Municipality of Ribnica", the 1st Slovenian Agriculture Development Conference, the event "Business Finance for Farmers", the monthly training for Spot Advisers, the traditional consultation of the public agricultural advisory service, the meetings of the Council for Less Favoured Areas, the regional meetings of the Slovenian Cooperative Union (5 events) and other events.

#### Media

In 2022, the Fund used fewer print media and more social media (LinkedIn, Facebook), and reached out to target groups with the help of the website [www.srrs.si](http://www.srrs.si) and through the websites of other institutions such as regional development agencies, ministries, including the Rural Network, enterprise centres and municipalities.

The print media used by the Fund are the following: the newspaper Finance, Kmečki glas, the magazine Glas gospodarstva, the newsletter Veter, Rešeto, Krošnjar, the magazine EOL, the magazine Ekodežela, the newsletter Obrtnik, the publication Občine, Pametna Mesta in trajnostni razvoj, etc., according to their commercial offer. The response was as expected, but lower than the response to the webinars organised by the Fund for the different target groups.

#### Project »Agrobiznis«

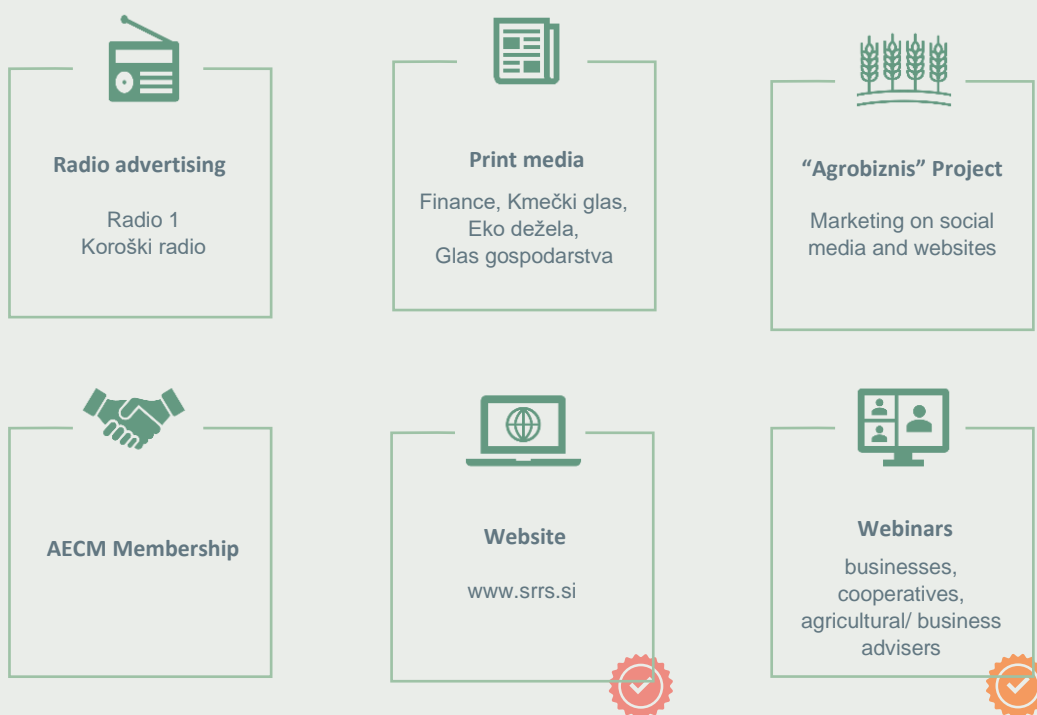
In 2022, the Fund signed a cooperation agreement for the "Agrobiznis" project, which included several content and promotional activities. The Fund contributed to the events "Business Finance for Farmers" and the 1st Slovenian Agriculture Development Conference, promoted itself through the social media Facebook and LinkedIn, appeared on the Agrobiznis.si web portal and as a supporter in the Manager, Moje Finance and Finance magazines.

#### Webinars, Workshops, and Direct Consultancy

The Fund's website [www.srrs.si](http://www.srrs.si) kept the tenders up to date, informed and promoted by publishing news and by updating information on the Fund's products, plans and results of the tenders.

An increasingly important promotional medium are audio-video presentations, which have been conducted by the Fund on its own behalf or in cooperation with other institutions through various tools. In order to inform the widest possible range of the Fund's target groups about the electronic submission of applications and the content of the tenders, a number of audio-video presentations have been carried out, including a presentation on the submission of applications to SPOT advisors, carried out in cooperation with the public agency SPIRIT Slovenia, a presentation of the Fund's incentives with an example of good practice of successful disbursement of funds, in cooperation with the Chamber of Commerce and Industry of Postojna, presentations for representatives of farmers, businesses, cooperatives, consultancies, agricultural advisors, and a presentation for local communities, carried out in cooperation with the Community of Municipalities of Slovenia. Most of the direct communication at the Fund still consists of telephone counselling by project managers, which was available to applicants daily in 2022.

## Marketing and Promotion in 2022





## 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:

- The document system GovernmentConnect, which was implemented in 2021. Throughout 2022, individual customisation projects were conducted to adapt its functioning to the needs of the Fund's work processes. Electronic credit files, as required by the Bank of Slovenia regulations, and personnel files were fully implemented in 2022. A lot of work was invested in the design of the loan process and the support of the process from the issuance of the decision, the signing of the contract, the implementation of the disbursement and the report on the achievement of the objectives of the supported project. Specifications for the integration of the system with the Fund's other information systems were also being prepared and will be implemented in the coming years.
- The e-Rsklad application, which was completed in 2021, enables electronic submission of applications and supports the processing of the received applications. In 2022, activities were conducted to integrate it with the document system and the data warehouse. Further adjustments were also made depending on the specificities of the financial products. The use of the application has revealed certain shortcomings and needs for improvements, which will be implemented in the coming years.
- The SiKredit app is designed for managing incentives or loan transactions. In 2022, upgrades and improvements were made to the system to optimise workflows, including an upgrade to connect directly to the payment system (UJP), an upgrade to the overpayment posting functionality and the creation of a general invoice. Activities were conducted to integrate this system with the document system and the data warehouse and, according to the perceived needs, specifications for the upgrade were drawn up. It is foreseen that the transfer of the management of all the Fund's loan and guarantee operations to this application will be conducted in 2023.
- The FINIS application allows you to monitor all loans held with banks and loans held directly with the Fund throughout the life of the loan. The application also provides a record of grants awarded, guarantees given and capital injections. After the transfer of the management of the Fund's financial contracts (financial incentives) to the SiKredit application, the use of FINIS will be discontinued.

The following activities related to the digitalisation of the business also took place in 2022:

- The Fund implemented a remote digital document signing system, which is planned to be integrated with the GovernemnetConnect to optimise the workflow.
- Activities to set up a CRM and MSI system; a first draft of a new CRM application has been developed. This will allow the collection and display of information on the Fund's contacts with individual stakeholders, and it is envisioned that the solution will run in the Office365 environment already used by the Fund.
- A highlighted segment of activities is focused on cyber risk analysis and security improvements to the Fund's IT system. An analysis was conducted for all main IT systems with security measures implemented. Particular attention was paid to the e-Rsklad application and the review and mitigation of cyber intrusions into the IT system, as well as a penetration test of that application. A policy on the use of complex passwords and two-factor authorisation is being implemented in the individual application solutions. At the end of 2022, the activities of security segmentation of the internal network of the Fund and virtualisation of the server infrastructure started. Team phishing tests were conducted among employees and internal training on cyber threats was conducted.

In the further development of IT support, Fund will continue to focus on the implementation of the integration of IT systems, and on the further development of its IT system in line with the development strategies and guidelines as set out by the EC, the Republic of Slovenia and the documents of the State



Administration (focus on cloud services while taking care of cyber-security, connectivity, where the use of building blocks for electronic data exchange is possible, etc.).



### Internal Control System of Public Finances

The Fund 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 many business operations,
- an adequate information and communication system for most 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 2022, the Fund made the following improvements in the field of internal control:

- A staff incident reporting guide has been developed to enable the Fund to record and identify new risks, establish a record of incidents, and verify staff response to train and identify risks by staff.
- A delineation of tasks has been implemented which, in addition to the four-eye control, ensures a better quality of approval, where approval is proposed by the assistants or committee members and approved by the Loan Committee.

Despite the improvements, the Fund also perceives risks that are not yet sufficiently managed, such as the collection of data from different applications, which requires a lot of manual work, which led to the development of a new application (CRM) that will allow the transfer of metadata between IT systems, thus optimising the workflow.



### Supervision of Operations - Audit

For the performance of internal auditing in 2022, the Fund had concluded a contract with the company IN Revizija d.o.o., which in 2022 performed audits according to the following programme:

- testing internal controls in the calculation and reporting of State aid,
- auditing the correctness of the procedures for promotion and drawing down funds,
- auditing the correctness of the procedures for forecasting and drawing down funds.

All audits conducted have resulted in an opinion that the Fund's management is responding appropriately to risks, thereby increasing the likelihood of achieving the objectives set. The system of procedures and methods is established to the extent and in a manner that ensures that the Fund operates in compliance with the legal requirements in the areas audited.



### ISO standard

The Fund approached the establishment of a quality management system in accordance with the requirements of ISO 9001:2008 and was awarded the ISO 9001:2008 quality label following a successful certification process in 2012. In 2018, the transition to ISO 9001:2015 was made, which enabled the Fund to obtain the ISO 9001:2015 certification and the ISO 9001:2015 quality label, and to renew the ISO 9001:2015 certification and quality label in 2021, thus extending its validity until 2024.



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 conducted 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 2022, the Fund implemented its commitments under the ISO 9001:2015 standard, to which it migrated in 2018. The two documents linked to the standard (the Quality Manual and the Process Catalogue) are being updated and updated to reflect the changes in the processes that take place within the Fund's operations. Two audits were conducted in 2022, an internal audit and a regular external audit. The external audit showed that the Fund maintains and maintains a quality management system in accordance with the principles of ISO 9001:2015 at a prominent level. The internal audit did not identify any non-conformities and thus confirmed that the Fund's quality management system remains compliant with the requirements of that standard. However, recommendations were made through which the Fund contributes to improving and maintaining quality at a prominent level through improvements and corrective actions, thus meeting the commitments of the standard.

## 6.2 Internal Development of the Fund's Operation



### Drafting Internal Rules and maintaining the Archive

In 2022, the Fund intensively worked on the final stage of the submission of the Internal Rules for the Safekeeping of Documentary Material to the Archives of the Republic of Slovenia and their acceptance by the Archives of the Republic of Slovenia. Due to the specificities of the Fund's operations, the model Internal Rules were not adequate and required more activities and coordination with the individual staff members of the Fund and an inventory of the work processes. In cooperation with the Archives of the Republic of Slovenia, the Fund started in 2022 the first weeding of archival material, namely of completed volumes from the beginning of the Fund's operations in 1995 up to and including 2011. The volume of physical documentation will be significantly reduced and, consequently, the space allocated for archiving the material will also be reduced, which will increase the security and economy of the operations. Due to the volume of archival material that the Fund is discarding for the first time, the task will continue into the first half of 2023.



### Sustainable Fund's Operation

In the past year, the Fund accelerated the digitisation of its work processes, resulting in a significant reduction in the use of paper and other office supplies. The number of printers per office has been reduced, leaving only multifunctional devices in use for all staff. Employees are also actively involved in the European Mobility Week, which contributes to sustainable connectivity and healthy mobility, and the Fund promotes a positive climate among employees through symbolic prizes.



### Reducing Energy Consumption and Energy Accounting

The Government of the Republic of Slovenia prescribed measures to reduce energy consumption in the public sector in 2022 and to regulate energy performance certificates for state-owned real estate with a surface area of more than 250 m<sup>2</sup>. To this end, the Fund has invited the Energy Agency to collaborate with it to accelerate improvements in energy efficiency, to produce energy performance certificates and to introduce energy accounting. An analysis of the existing state of the premises and the identification of the technical capacities and investments needed to improve energy efficiency will help to reduce energy costs. The implementation of the activities started in 2022 and will continue in the following year.

## 6.3 Cooperation with External Organisations



### Fund's Engagement with Other Stakeholders

During its 2022 operations, the Fund cooperated with domestic and foreign organisations, which was evident in the following areas:

- The Fund became an Associate Member of the European Association of Guarantee Schemes (AECM) in 2015, and a Full Member of the AECM in 2022.

- In early 2022, the Fund was selected by the European Investment Bank (EIB) as one of two Slovenian financial incentive institutions to receive free advisory support from the EIB in the further development of green financial products (EIB Climate Action Support Facility, EFSI Regulation). The contract between the EIB and the Fund was signed in June 2022. The main objective of the advisory support of the CASF (EIB Climate Action Support Facility) is to contribute to the EU's sustainable financial policy objectives by strengthening the role of financial institutions in financing the transition to a low-carbon and climate-resilient economy. The implementation of the consultation started in February 2023 and is expected to last for 6 months.
- As already mentioned in Chapter 5, the Fund strengthened its cooperation with the Eco Fund, the Directorate for Timber, and the Cooperative Union of Slovenia, focusing on the development of updated content for financial products under the Entrepreneurship Programme. Through this cooperation, the Fund gained new knowledge, information and initiatives stemming from the good practices of these institutions.
- The Fund was visited by a delegation from North Macedonia, which visited several institutions for regional development as part of a study tour of Slovenia and Croatia. The delegation was familiarised with the legal basis for the Fund's operations and the internal rules used by the Fund to allocate financial incentives. They were particularly interested in the process of granting financial incentives, from the preparation of tenders to the processing of applications, to the issuance of decision documents, the conclusion of contracts, the disbursement of funds and the monitoring of projects. They showed their enthusiasm for the digitisation of procedures and the results that this way of working brings. The Fund is pleased to have been recognised as an example of good practice and hopes that the delegation's visit will contribute to improving regional development beyond Slovenia's borders.
- The Fund strengthened its cooperation with the Agency for Agricultural Markets and Rural Development, whose representatives visited the Fund, where they were briefed on the Fund's operations and saw some of the Fund's processes in action, especially those that have been digitised. Both the Fund and the Agency see many opportunities that can be achieved by building on existing cooperation and exchanging good practices.

## 6.4 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 exposed to credit, market, interest rate, liquidity, and operational and reputational risks. To manage the 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. In June, the Fund adopted a new Rating Policy and Credit Risk Management Policy. The Fund thus manages credit risk through the following measures:

- By assigning credit ratings according to the organisational form of the client in the granting of financial incentives and in the subsequent monitoring of the client until default.
- By calculating each customer's credit rating and estimates potential loss amount. The classification into a rating group is based on an assessment of the ability of the client to meet its financial obligations to the Fund, considering the quality of the collateral securing the transaction.
- Most of the claims on customers are secured in accordance with and to the extent provided for in the individual tenders and the Collateral Rules, by mortgages on immovable property.
- The Fund normally deposits unrestricted dedicated assets with the MF, but those with a maturity of more than one year may also be deposited with commercial banks, in accordance with legislation.
- In accordance with the Bank of Slovenia's methodology, the Fund classifies receivables from debtors into groups A to E, internally in 9 rating classes, which are comparable to international and national ratings via an internal translation table.
- The Fund established a guarantee fund for the implementation of guarantees under the RGS financial instrument.



### Market Risk

Market risk is the risk of loss arising from potential adverse changes in the value of the Fund's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, prices of debt securities, commodity prices, etc.

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 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.

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.
- A fixed interest rate, which is optionally offered in different tenders depending on the fund's business policy. The Fund also borrows part of its resources from the EIB at a fixed interest rate.
- A policy of creating active interest rates that encourage investment in less developed regions while at the same time ensuring a long-term surplus of revenues over expenditures, thus preserving the value of 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 implementation of incentive tenders in the current budget 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 implementation 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 because 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 continued in 2022 with:

- the established GC document system was further enhanced with additional functionalities,
- integration of the GC system and e-Rsklad,
- signing of certain documents via mSign
- further upgrading of the application Krediti,
- full implementation of VPN access from workstations,
- ongoing activities to connect the individual IT components into a comprehensive IT system.

The Fund considers that it is adequately managing operational risk and that it is managing it well, as based on the perceived events affecting operational risk, no actual losses occurred in 2022, only potential losses, which were less than €500.

In the area of the performance of the tasks of the Certifying Authority, the Fund has been a user of eMS - the electronic monitoring system for European cross-border cooperation programmes since 2016, which is not linked to the Fund's accounting system iCenter in the 2014-2020 perspective. The operational risks due to manual data transfer are adequately managed by the Fund through the controlled implementation of activities following the established paperless procedure.

The question of constitutional review in the case of Regional Centre for Development, d.o.o. is still open:

- 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. Based on 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 involving the Fund,
- trends in key business indicators,
- the scope, status, and content of the complaints of the Fund's applicants.

In the past year, the Fund implemented the Digit 55+ financial product for people aged 55+, following a change in government policy, following the approval of the Slovenian Government's Office for Digital Transformation, where it completed the selection of providers. Following the outcome of the whole tender, the tender was cancelled on 16 September 2022 and all activities related to the implementation of the training courses for the Digital Voucher - DIGIT 55+ were stopped. In relation to the tender and the activities already conducted around contracts concluded with contractors, most of the eligible costs have been agreed and settled. The Fund has taken a professional approach to the modification of the call and the public has also perceived that the call has been managed professionally and transparently by the Fund. Otherwise, there could have been a greater risk of reputational damage.

## 6.5 Participation in ETC 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 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 conducted in relation to expenditure,
- considering, when drawing up and submitting payment applications, the results of all audits conducted 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.

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

The Fund actively participated in the implementation of European Territorial Cooperation Programmes (hereinafter referred to as ETC) programmes and has prepared an updated Certifying Authority's Guide (version 7.0), adapted to the revised and updated procedures for monitoring the implementation of the ETC programmes.

In July 2022, the Certifying Authority received from the EC the annual advance payment for the individual Cooperation Programmes for 2022, at the same time as the reimbursement of the annual advance payment for 2021 and the restatement of the 2020/2021 accounting year.

In 2022, it conducted checks and disbursements of project reports in all three Cooperation Programmes, and, as part of the treatment of irregularities, conducted checks and recoveries of financial corrections. It regularly sent payment requests to the EC and prepared the financial statements for the seventh accounting year (1 July 2020 - 30 June 2021) in February.

Table 1: Amount of funds transferred to leading partners in 2022 in € for PS 14-20	
Cooperation Programme	Amount of transferred funds (in €)
INTERREG V.A Slovenia-Austria	6,893,996.89
INTERREG V-A Slovenia-Hungary	1,516,862.47
INTERREG V-A Slovenia-Croatia	9,162,921.55
<b>Total</b>	<b>14,573,780.91</b>

Table 2: Amount of EC payment requests sent in 2022 in € for PS 14-20		
Cooperation Programme	Amount of transferred funds (in €) *	Total requests**
INTERREG V.A Slovenia-Austria	6,896,054.39	6,585,251.44
INTERREG V-A Slovenia-Hungary	1,630,552.55	1,793,774.17
INTERREG V-A Slovenia-Croatia	7,000,792.77	5,488,924.47
<b>Total</b>	<b>15,527,399.71</b>	<b>13,867,950.08</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 2007-2013

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 conducted 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 conduct 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 seventh 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 will also be integrated into the European Territorial Cooperation Programmes in the programming period 2021-2027. By decision of the Programme Partners of the participating Member States and subsequently by Government Decision No 51203-12/2022/3 of 8 December 2022, the Government of the Republic of Slovenia has appointed the Fund to perform the accounting function for the following programmes:

- Interreg Slovenia-Austria,
- Interreg Slovenia-Croatia,
- Interreg Slovenia-Hungary.

In 2022, the European Commission approved all three programmes (Interreg Slovenia-Austria 2021-2027 on 15 June 2022, Interreg Slovenia-Croatia 2021-2027 on 11 August 2022 and Interreg Slovenia-Hungary 2021-2027 on 14 November 2022). For this purpose, sub-accounts for the Interreg Slovenia-Austria (27 July 2022) and for the Interreg Slovenia-Croatia (14 September 2022) programmes have been opened at the UJP.

In 2022, the Fund monitored developments regarding the establishment of structures, procedures, and a new monitoring information system (Jems).

# F INANCIAL REPORT

**07** Financial Report

**08** Assets and Investments



The Slovenian Regional Development Fund makes the following statements in respect of events after the balance sheet date:

- that there have been no momentous events after the balance sheet date of 31 December 2022 and up to the adoption of the 2022 Annual Report that would have an impact on the Fund's 2022 financial statements
- that the Annual Report 2022 of the Fund was adopted by the College of Directors on 28 February 2023,
- that he is responsible for the preparation of the Annual Report and for the fair presentation of the Fund's assets and liabilities and financial position,
- that the Annual Report is drawn up in accordance with the Accounting Act and the Regulations on the preparation of annual reports for the budget, budget users and other public law bodies,
- that it is responsible for proper accounting, for responding appropriately to safeguard its assets and for the prevention and detection of fraud and other irregularities or illegalities.
- that the accounting estimates are made based on the principles of prudence and sound fiscal management
- that the Fund's Annual Report for 2022 may be published.





### **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 2022 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 2022 and the income statement for the year then ended 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.





# PROSPERUS

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

## 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 2022. 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 2022 by Slovenian Regional Development Fund and the rules on credit risk management as at 31. December 2022 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 25<sup>th</sup>, 2023





## 7.1 Financial Statements

Table 3: Balance sheet on 31 December 2022 (in €)

Breakdown of the accounts	Title	Amount as of 31 December 2022	Amount as of 31 December 2021	BFP 2022	Index 3/4	Index 3/5
1	2	3.	4.	5.	6.	7.
<b>ASSETS</b>						
<b>LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT</b>		<b>110.637.465</b>	<b>114.047.862</b>	<b>123.240.861</b>	<b>97</b>	<b>90</b>
00	INTANGIBLE ASSETS AND LONG-TERM PREPAYMENTS AND ACCRUED INCOME	375.559	346.129	447.217	109	84
01	ACCUMULATED AMORTISATION OF INTANGIBLE ASSETS	221.878	244.528	305.793	91	73
02	REAL ESTATE	508.720	508.720	508.720	100	100
03	VALUE ADJUSTMENT OF REAL ESTATE	303.740	288.479	303.741	105	100
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	357.662	347.679	364.733	103	98
05	VALUE ADJUSTMENT OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	285.789	261.599	319.498	109	89
06	LONG-TERM INVESTMENTS	351.910	349.223	349.223	101	101
07	LONG-TERM LOANS AND DEPOSITS GRANTED	109.855.022	113.290.717	122.500.000	97	90
08	LONG-TERM OPERATING RECEIVABLES	0	0	0	0	0
09	RECEIVABLES FOR ASSETS GIVEN TO MANAGEMENT	0	0	0	0	0
<b>SHORT-TERM ASSETS, EXCEPT INVENTORIES AND PREPAYMENTS AND ACCRUED INCOME</b>		<b>97.980.137</b>	<b>88.688.346</b>	<b>85.460.039</b>	<b>110</b>	<b>115</b>
10	CASH IN HAND AND HIGHLY LIQUID SECURITIES			0	0	0
11	BALANCES HELD WITH BANKS AND OTHER FINANCIAL INSTITUTIONS	1.654.691	3.384.462	1.500.000	49	110
12	SHORT-TERM ACCOUNTS RECEIVABLE	34.109	27.742	23.000	123	148
13	PAID ADVANCES AND GUARANTEES	0	0	0	0	0
14	SHORT-TERM RECEIVABLES FOR USERS OF THE COMMON CHART OF ACCOUNTS	65.686.048	53.315.224	51.223.894	123	128
15	SHORT-TERM INVESTMENTS	26.273.178	25.612.692	26.419.947	103	99
16	SHORT-TERM RECEIVABLES FROM FINANCING	1.468.902	1.432.352	1.395.000	103	105
17	OTHER SHORT-TERM RECEIVABLES	2.741.047	4.427.762	4.700.250	62	58
18	UNPAID EXPENSES	122.162	488.112	197.948	25	62
19	PREPAYMENTS AND ACCRUED INCOME	0	0	0	0	0
<b>INVENTORIES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>208.617.602</b>	<b>202.736.208</b>	<b>208.700.900</b>	<b>103</b>	<b>100</b>
99	ASSETS ACCOUNTS OF OFF-BALANCE-SHEET RECORDS	14.241.246	23.645.681	10.000.000	60	142
<b>LIABILITIES TO ASSET SOURCES</b>						
<b>SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUES</b>		<b>12.790.022</b>	<b>13.835.962</b>	<b>13.291.529</b>	<b>92</b>	<b>96</b>
20	SHORT-TERM LIABILITIES FOR ADVANCES AND GUARANTEES RECEIVED	0	0	0	0	0
21	SHORT-TERM LIABILITIES TO EMPLOYEES	72.393	60.581	68.970	119	105
22	SHORT-TERM LIABILITIES TO SUPPLIERS	14.321	16.824	30.175	85	47
23	OTHER SHORT-TERM OPERATING LIABILITIES	5.805.162	3.375.645	3.280.941	172	177
24	SHORT-TERM LIABILITIES TO USERS OF THE COMMON CHART OF ACCOUNTS	173.367	173.424	0	100	0
25	SHORT-TERM LIABILITIES FOR FINANCERS	3.177.237	3.177.237	3.177.237	100	100
26	SHORT-TERM LIABILITIES FROM FINANCING	26.007	878	29.398	2.963	73
28	UNPAID INCOME	3.520.546	7.031.373	6.704.808	50	53
29	ACCRUED COSTS AND DEFERRED REVENUES	988	0	0	0	0
<b>EQUITY AND NON-CURRENT LIABILITIES</b>		<b>195.827.580</b>	<b>188.900.246</b>	<b>195.409.371</b>	<b>104</b>	<b>100</b>
90	GENERAL FUND	0	0	0	0	0
91	RESERVE FUND	12.831.006	13.378.597	12.668.000	96	101
92	LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	0	0	0	0	0
93	LONG-TIME PROVISIONS	0	0	0	0	0
940	FUND OF APPROPRIATED ASSETS IN PUBLIC FUNDS	135.141.808	124.517.080	134.888.016	109	100
96	LONG-TERM FINANCIAL LIABILITIES	16.247.269	19.424.506	16.247.267	84	100
97	OTHER LONG-TERM LIABILITIES	31.607.497	31.580.062	31.606.088	100	100
980	LIABILITIES FOR TANGIBLE AND INTANGIBLE FIXED ASSETS	0	0	0	0	0
981	LIABILITIES FOR LONG-TERM INVESTMENTS	0	0	0	0	0
985	SURPLUS OF REVENUES OVER EXPENDITURES	0	0	0	0	0
986	SURPLUS OF EXPENDITURES OVER REVENUES	0	0	0	0	0
<b>I. TOTAL LIABILITIES</b>		<b>208.617.602</b>	<b>202.736.208</b>	<b>208.700.900</b>	<b>103</b>	<b>100</b>
99	LIABILITIES ACCOUNT OF OFF-BALANCE-SHEET RECORDS	14.241.246	23.645.681	10.000.000	60	142

Table 4: Balance and movement on intangible assets and tangible fixed assets

		Value 1 January 2022	Adjustment of the value 1. 2022	Increase of the purchase value	Adjustment of the value increase	Decrease of the purchase value	Decrease of value adjustment	Depreciation	Non-depreciable value as of 31 December 2022	Upward revaluation	Revaluation due to impairment
1.	2.	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	1.202.528	794.606	100.410	0	60.998	60.121	76.923	430.533	0	0
A.	Long-term defereed costs	0	0	0	0	0	0	0	0	0	0
B.	Long-term property rights	346.129	244.528	85.210	0	55.780	55.780	33.130	153.681	0	0
C.	Other inatngible 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	288.479	0	0	0	0	15.262	204.979	0	0
F.	Equipment	347.679	261.599	15.200	0	5.217	4.341	28.531	71.873	0	0
G.	Other tangible fixed assets	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 5: Balance and changes in long-term investments and loans

		The amount of investments/ loans granted as of 1 January 2022	The amount of adjustments of investments/ loans granted as of 1 January 2022	Increase in investments/ loans granted	Increase in adjustments of investments/ loans granted	Decrease in investments/ loans granted	Decrease in investments/ loans granted	Amount of investments/ loans granted as of 31 December 2022	The amount of investments/ loans granted as of 31 December 2022	Book value of investments and loans granted on 31 December 2022	Amount of written- off investments/ loans granted
1.	Type of investment/loan	3.	4.	5.	6.	7.	8.	9. (3+5-7)	10. (4+6-8)	11. (9-10)	12.
I.	Long-term financial investments	349.223	0	2.687	0	0	0	351.910	0	351.910	0
A.	Investments in shares	0	0	0	0	0	0	0	0	0	0
B.	Investment in stakes	349.223	0	2.687	0	0	0	351.910	0	351.910	0
1.	Investments in stakes in public companies	329.223	0	2.687	0	0	0	331.910	0	331.910	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	138.628.811	0	37.647.334	0	39.901.384	0	136.374.762		136.374.762	554.091
A.	Long-term loans granted	103.493.866	0	34.959.133	0	29.329.355	0	109.123.643	0	109.123.643	554.091
3.	Long-term loans granted to public companies	1.039.065	0	663.116	0	691.427	0	1.010.755	0	1.010.755	0
4.	Long-term loans granted to financial institutions	0	0	500.000	0	6.944	0	493.056	0	493.056	0
5.	Long-term loans granted to private companies	71.551.906	0	25.665.002	0	22.435.983	0	74.780.924	0	74.780.924	554.091
6.	Long-term loans granted to other government institutions	30.902.895	0	8.131.015	0	6.195.001	0	32.838.909	0	32.838.909	0
B.	Long-term loans granted through repurchasing of debt securities	5.746.454	0	0	0	798.000	0	4.948.454	0	4.948.454	0
1.	Domestic securities	5.746.454	0	0	0	798.000	0	4.948.454	0	4.948.454	0
2.	Foreign debt securities	0	0	0	0	0	0	0	0	0	0
C.	Long-term granted deposits	6.055.626	0	0	0	4.933.126	0	1.122.499	0	1.122.499	0
1.	Long-term deposits granted to commercial banks	4.700.000	0	0	0	4.700.000	0	0	0	0	0
2.	Other long-term granted deposits	1.355.626	0	0	0	233.126	0	1.122.499	0	1.122.499	0
D.	Other long-term loans granted	23.332.866	0	2.688.201	0	4.840.902	0	21.180.166	0	21.180.166	0
E.	TOTAL	138.978.034	0	37.650.021	0	39.901.384	0	136.726.672	0	136.726.672	554.091

Table 6: Income and expenses statement as of 31 December 2022 (in €)

Breakdown of the accounts	ACCOUNT	REALISATION 2022	REALISATION 2021	BFP 2022	Index REAL. 2022 /PLAN 2022	Index REAL. 2022 REAL. 2021
1.	2.	3.	4.	5.	6.(3/5)	7.(3/4)
	<b>I. TOTAL REVENUE</b>	<b>1.539.684</b>	<b>1.433.206</b>	<b>1.589.173</b>	<b>97</b>	<b>107</b>
	<b>CURRENT REVENUE</b>	<b>1.347.981</b>	<b>1.081.810</b>	<b>1.397.470</b>	<b>96</b>	<b>125</b>
	<b>70 TAX REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>71 NON-TAX REVENUE</b>	<b>1.347.981</b>	<b>1.081.810</b>	<b>1.397.470</b>	<b>96</b>	<b>125</b>
	710 PARTICIPATION IN PROFIT AND INCOME FROM PROPERTY	1.162.693	962.109	1.241.716	94	121
	7100 Revenues over expenditures			0	0	0
	7102 Interest revenues	1.162.693	962.109	1.241.716	94	121
	7103 Assets revenue	0	0	0	0	0
	711 ADMINISTRATIVE FEES ND TAXES	0	0	0	0	0
	712 FINES AND OTHER PENALTIES	0	0	0	0	0
	713 THE MARKET	160.245	117.476	150.754	106	136
	714 OTHER NON-TAX REVENUES	25.044	2.225	5.000	501	1.126
	7140 Other voluntary social security contributions	0	0	0	0	0
	7141 Other non-tax revenues	25.044	2.225	5.000	501	1.126
	<b>72 CAPITAL REVENUE</b>	<b>0</b>	<b>3.500</b>	<b>0</b>	<b>0</b>	<b>0</b>
	720 REVENUE FROM SALES OF FIXED ASSETS	0	3.500	0	0	0
	7200 Revenue from sales of building and premises	0	0	0	0	0
	7201 Revenue from sales of vehicles	0	3.500	0	0	0
	7202 Revenue from sales of equipment	0	0	0	0	0
	7203 Revenue from sales of other fixed assets	0	0	0	0	0
	721 REVENUE FROM SALES OF OTHER FIXED ASSETS	0	0	0	0	0
	722 REVENUE FROM SALES OF INVENTORIES	0	0	0	0	0
	<b>73 RECEIVED DONATIONS</b>	<b>17.154</b>	<b>0</b>	<b>17.154</b>	<b>0</b>	<b>0</b>
	730 RECEIVED DONATIONS FROM DOMESTIC SOURCES	17.154	0	17.154	0	0
	<b>74 TRANSFER REVENUE</b>	<b>93.164</b>	<b>274.141</b>	<b>93.153</b>	<b>100</b>	<b>34</b>
	740 TRANSFER REVENUE FROM OTHER INSTITUTIONS	93.164	274.141	93.153	100	34
	7400 Funds received from the State budget	93.164	274.141	93.153	100	34
	741 FUNDS RECEIVED FROM THE STATE BUDGET REMITTED FROM OTHER COUNTRIES	0	0	0	0	0
	<b>FUNDS RECEIVED FROM THE STATE BUDGET REMITTED FROM OTHER COUNTRIES</b>	<b>81.384</b>	<b>73.755</b>	<b>81.396</b>	<b>100</b>	<b>110</b>
	782 FUNDS RECEIVED FROM THE STRUCTURAL FUNDS OF THE EU BUDGET	81.384	73.755	81.396	100	110
	7821 Development Fund (ERDF)	81.384	73.755	81.396	100	110
	<b>II. TOTAL EXPENDITURE</b>	<b>1.311.839</b>	<b>1.272.123</b>	<b>1.538.674</b>	<b>85</b>	<b>103</b>
	<b>40 CURRENT EXPENDITURE</b>	<b>1.206.003</b>	<b>1.165.987</b>	<b>1.383.497</b>	<b>87</b>	<b>103</b>
	400 SALARIES AND OTHER EMPLOYEE COSTS	762.304	720.672	867.865	88	106
	4000 Salaries and allowances	676.190	635.611	771.657	88	106
	4001 Annual leave bonus	28.669	22.411	27.566	104	128
	4002 Reimbursement and allowances	41.966	33.489	46.667	90	125
	4003 Performance bonus	12.853	9.391	17.395	74	137
	4004 Overtime	0	1.670	2.000	0	0
	4005 Payments to non-residents under contracts	0	0	0	0	0
	4009 Other employee expenses	2.627	18.100	2.580	102	15
	401 EMPLOYER'S SOCIAL SECURITY CONTRIBUTION	121.902	114.484	138.678	88	106
	4010 Contributions for pension and disability insurance	61.355	57.550	70.117	88	107
	4011 Contribution for health insurance	49.154	46.749	56.173	88	105
	4012 Contributions for employment	719	715	951	76	101
	4013 Contributions for parental protection	693	660	792	88	105
	4015 Collective supplementary pension insurance premiums under the ZKDPZJU	9.980	8.811	10.645	94	113



Breakdown of the accounts	ACCOUNT	REALISATION 2022	REALISATION 2021	BFP 2022	INDEX REAL. 2022 /PLAN 2022 6.(3/5)	INDEX REAL. 2022 REAL. 2021 7.(3/4)
1.	2.	3.	4.	5.	6.(3/5)	7.(3/4)
402	EXPENSES FOR GOODS AND SERVICES	272.701	257.697	327.316	83	106
4020	Stationer and general material and services	80.435	65.367	95.710	84	123
4021	Special material and services	799	2.812	6.200	13	28
4022	Energy, water, public utilities and communications	30.975	34.613	34.240	90	89
4023	Transport costs and services	5.411	8.302	7.200	75	65
4024	Buisness travel expenses	4.541	573	11.500	39	793
4025	Regular maintenance	25.776	25.491	33.780	76	101
4026	Commercial rents and leases	25.876	17.257	25.700	101	150
4027	Fines and compensation	0	0	0	0	0
4029	Other operating expenses	98.887	103.281	112.986	88	96
403	DOMESTIC INTEREST PAYMENTS	0	0	0	0	0
404	FOREIGN INTEREST POAYMENTS	49.097	0	49.638	99	0
4040	Interest payments on loans to international financial institutions	0	0	0	0	0
4041	Interest payments on loans to foreign governments	0	0	0	0	0
4042	Interest payments on loans to foreign commercial banks and financial institutions	49.097	0	49.638	99	0
4043	Interest payments on loans to other foreign lenders	0	0	0	0	0
4044	Interest payments on securities issued in foreign markets	0	0	0	0	0
405	Transfer of the budgeted part of the result of the EDF system's performance of the previous year	0	0	0	0	0
409	RESERVES	0	73.134	0	0	0
4090	General budget provision	0	0	0	0	0
4091	Budget reserve	0	0	0	0	0
4092	Other reserves	0	0	0	0	0
4093	Dedicated funds	0	0	0	0	0
4098	Provision for credit risks in public funds	0	73.134	0	0	0
41	LIQUID TRANSFER	0	0	0	0	0
410	SUBSIDIES	0	0	0	0	0
411	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	0	0	0	0	0
412	TRANSFERS TO INSTITUTIONS	0	0	0	0	0
413	Other current domestic transfers	0	0	0	0	0
4133	Current transfers to public institutions	0	0	0	0	0
4135	Current payments to other public service operators than indirect budget users	0	0	0	0	0
414	CURRENT TRANSFERS ABROAD	0	0	0	0	0
42	INVESTMENT EXPENSES	105.835	106.136	155.177	68	100
420	PURCHASE AND CONSTRUCTION OF FIXED ASSETS	105.835	106.136	155.177	68	100
4200	Purchase of buildings and premises	0	0	0	0	0
4201	Purchase of vehicles	0	30.223	0	0	0
4202	Purchase of equipment	14.356	19.509	11.000	131	74
4203	Purchase of other fixed assets	0	0	0	0	0
4204	New construction, reconstruction and adaptation	0	0	0	0	0
4205	Replacement investments and renewal	6.229	17.564	33.447	19	35
4206	Purchase of land and natural resources	0	0	0	0	0
4207	Purchase of intangible assets	85.250	38.840	110.730	77	219
43	INVESTMENT TRANSFER	0	0	0	0	0
431	INVESTMENT TRNASFERS TO LEGAL ENTITIES AND NATURAL PERSONS OTHER THAN BUDGET USERS	0	0	0	0	0
4313	Investment transfers to private companies	0	0	0	0	0
450	PLAČILA SREDSTEV V PRORAČUN EVROPSKE UNIJE	0	0	0	0	0
III/1	SURPLUS OF REVENUE OVER EXPENDITURE	227.845	161.083	50.499	0	141
III/2	SURPLUS OF EXPENDITURE OVER REVENUE	0	0	0	0	0
	Average number of employees calculated on the basis of working hours put in the accounting period (rounded to 1)	22	21	22	100	105
	No. of months of operation	12	12	12	100	100

Table 7: Account of financial receivables and investments as of 31 December 2022 (in €)

Breakdown of the account	ACCOUNT	REALISATION 2022	REALISATION 2021	BFP 2022	Indeks REAL. 2022 /PLAN 2022	Indeks REAL. 2022 REAL. 2021
1.	2.	3.	4.	5.	6.(3/5)	7.(3/4)
	<b>IV. REPAYMENTS OF LOANS RECEIVED AND SALE OF CAPITAL 75 SHARES</b>	<b>25.653.166</b>	<b>21.241.878</b>	<b>21.938.000</b>	<b>117</b>	<b>121</b>
	750 REPAYMENTS OF LOANS RECEIVED	25.644.825	20.841.878	21.929.660	117	123
	7500 Repayments of loans received from individuals and private individuals	8.864.301	6.623.858	6.880.096	129	134
	7501 Received repayments of loans granted to public funds	0	0	0	0	0
	7502 Repayments received of loans granted from public corporations and corporations owned by the State or municipalities	1.010.635	1.635.209	1.500.000	67	62
	7503 Received repayments of loans granted to financial institutions	240.071	530.089	202.127	119	45
	7504 Repayments received of loans granted by private companies	10.079.004	7.411.419	8.168.000	123	136
	7505 Repayments received from municipalities of loans granted	5.450.814	4.641.302	5.179.437	105	117
	751 PURCHASE OF EQUITY STAKES	8.341	400.000	8.340	100	0
	7510 Funds acquired through the sale of capital shares in public companies and companies owned by the government or the municipalities	8.341	400.000	8.340	100	0
	7512 Funds acquired through the sale of capital shares in private companies	0	0	0	0	0
	752 PURCHASES FROM PRIVATISATION	0	0	0	0	0
	REPAYMENTS OF LOANS RECEIVED TO ENTITIES INCLUDED IN THE 753 SINGLE ASSET MANAGEMENT OF THE SINGLE TREASURY ACCOUNT SYSTEM	0	0	0	0	0
	<b>44 V. LOANS GRANTED AND CAPITAL INCREASE</b>	<b>30.993.563</b>	<b>30.876.250</b>	<b>35.049.890</b>	<b>88</b>	<b>100</b>
	440 LOANS GRANTED	30.993.563	30.876.250	35.049.890	88	100
	4400 Loans granted to individuals and private individuals	13.772.614	13.043.518	13.990.526	98	106
	4401 Loans granted to public funds	0	0	0	0	0
	4402 Loans granted to public companies by the government and municipalities	804.044	635.796	1.136.051	71	126
	4403 Loans granted to financial institutions	500.000	0	0	0	0
	4404 Loans granted to private enterprises	8.386.052	14.758.378	12.799.416	66	57
	4405 Loans granted to municipalities	7.530.853	2.438.559	7.123.897	106	309
	441 INCREASE IN STAKES AND INVESTMENTS	0	0	0	0	0
	Increase in capital shares in public companies and companies owned by 4410 the government or municipalities	0	0	0	0	0
	4411 Increase in equity stakes in financial institutions	0	0	0	0	0
	4412 Increase in equity stakes in private companies	0	0	0	0	0
	4413 Joint ventures	0	0	0	0	0
	4414 Increase in foreign capital shares	0	0	0	0	0
	4415 Increase in other financial investments	0	0	0	0	0
	442 CONSUMPTION OF PURCHASE FUNDS FROM PRIVATIZATION	0	0	0	0	0
	INCREASE OF DEDICATED PROPERTY IN PUBLIC FUNDS AND 443 OTHER LEGAL ENTITIES UNDER PUBLIC LAW OWNING PROPERTY	0	0	0	0	0
	LOANS GRANTED TO ENTITIES INVOLVED IN THE SINGLE ASSET 444 MANAGEMENT OF THE SINGLE TREASURY ACCOUNT SYSTEM	0	0	0	0	0
	<b>VII/1 LOANS RECEIVED MINUS LOANS GRANTED AND CHANGE IN EQUITY HOLDINGS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>VII/2 LOANS GRANTED MINUS LOANS RECEIVED AND CHANGE IN EQUITY HOLDINGS</b>	<b>5.340.398</b>	<b>9.634.372</b>	<b>13.111.890</b>	<b>41</b>	<b>55</b>

Table 8: Financing account statement as of 31 December 2022 (in €)

BREAKDOWN OF THE ACCOUNTS	ACCOUNT	REALISATION 2022	REALISATION 2021	BFP 2022	Index REAL. 2022 /PLAN 2022	Index REAL. 2022 /REAL. 2021
1.	2.	3.	4.	5.	6.(3/5)	7.(3/4)
<b>50 VII. BORROWING</b>		<b>0</b>	<b>10.000.000</b>	<b>0</b>	<b>0</b>	<b>0</b>
500 DOMESTIC BORROWING		0	0	0	0	0
5000 Loans raised from the Bank of Slovenia		0	0	0	0	0
5001 Loans raised from commercial banks		0	0	0	0	0
5002 Loans raised from other financial institutions		0	0	0	0	0
5003 Loans raised from other domestic lenders		0	0	0	0	0
5004 Funds obtained through the issuance of securities on the domestic market		0	0	0	0	0
501 BORROWING ABROAD		0	10.000.000	0	0	0
5010 Loans raised from international financial institutions		0	0	0	0	0
5011 Loans raised from foreign governments		0	0	0	0	0
5012 Loans raised from foreign commercial banks and financial institutions		0	10.000.000	0	0	0
5013 Loans raised from other foreign lenders		0	0	0	0	0
5014 Funds obtained through the issuance of securities on the domestic market		0	0	0	0	0
<b>55 VIII. DEBT PAYMENTS</b>		<b>3.177.237</b>	<b>3.177.237</b>	<b>3.177.237</b>	<b>100</b>	<b>100</b>
550 DOMESTIC DEBT REPAYMENTS		0	0	0	0	0
5500 Repayments of loans to the Bank of Slovenia		0	0	0	0	0
5501 Repayments of loans to commercial banks		0	0	0	0	0
5502 Repayments of loans to other financial institutions		0	0	0	0	0
5503 Repayments of loans to other domestic lenders		0	0	0	0	0
5504 Repayments of principal of securities issued on the domestic market		0	0	0	0	0
551 DEBT REPAYMENT ABROAD		3.177.237	3.177.237	3.177.237	100	100
5510 Repayments of debt to international financial institutions		0	0	0	0	0
5511 Repayment of debt to foreign governments		0	0	0	0	0
5512 Repayment of debt to foreign commercial bank and financial institutions		3.177.237	3.177.237	3.177.237	100	100
5513 Repayment to other foreign lenders		0	0	0	0	0
5514 Repayments of principal of securities issued on foreign markets		0	0	0	0	0
<b>IX/1 NET BORROWING</b>		<b>-3.177.237</b>	<b>6.822.763</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IX/2 NET DEBT REPAYMENT</b>		<b>0</b>	<b>0</b>	<b>3.177.237</b>	<b>0</b>	<b>0</b>
<b>X/1 INCREASE IN FUNDS ON ACCOUNTS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>X/2 DECREASE IN FUNDS ON ACCOUNTS</b>		<b>8.289.789</b>	<b>2.650.527</b>	<b>-16.238.628</b>	<b>-51</b>	<b>313</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 €110,637,464.50 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 13, shows, the value of intangible assets, real estate and equipment amounted to €430,533.17,

- Intangible assets in the amount of €153,681.07 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 €85,210.04 in 2022 due to the upgrade of existing computer programmes in the amount of €83,677.26 and the upgrade of the website in the amount €1,532.78 €. Their value is reduced by €33,129.96 due to accrued depreciation in 2022.
- The real estate in the amount of €204,979.27 € represents the business premises of the Fund. Their value decreased by €15,261.60 in 2022 due to accrued depreciation.
- Equipment worth €71,872.83. In 2022, the purchase value of equipment and other tangible fixed assets increased by €15,200.05 due to new purchases, namely the purchase of computer equipment for €9,254.58, replacement of the heating system in the amount of €5,646.47 and the purchase of office equipment for €299.00. Their value is reduced by €28,531.27 in 2022 due to accrued depreciation.
- Due to destruction and deterioration, some fixed assets were written off, whose current value amounted to €876.31.

Table 13: Movement of intangible assets, real estate, and equipment in 2022 in €

Type	Status on 1 January 2022	Increase	Reduction	Depreciation	Status on 31 December 2022
Intangible assets	97,333.73	89,477.30	0,00	33,129.96	153,681.07
Intangible assets under construction	4,267.26	4,524.41	8,791.67	0.00	0.00
Business buildings	220,240.87	0.00	0.00	15,261.60	204,979.27
Equipment and other tangible fixed assets	86,080.36	15,200.05	876.31	28,531.27	71,872.83
Total	407,922.22	109,201.76	9,667.98	76,922.83	430,533.17

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 2022 amounted to €76,922.83 €.

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 Funds operation.

The value of intangible assets and tangible fixed assets in the amount of €391,638.00 was planned 2022. For 2022, the Fund planned to spend €11,000.00 on office and computer equipment, €33,447.00 on investment maintenance and €110,730.00 on upgrading existing computer programmes intended for monitoring loans and documentary material. In 2022, equipment purchases were higher than planned, while computer software upgrades and capital maintenance of equipment and premises were lower than planned. The decommissioning of intangible assets and property, plant and equipment resulted in a decrease in the acquisition and amortisation of intangible assets and property, plant, and equipment. Present value of intangible assets, property, plant, and equipment on 31 December 2022 amounts to €430,533.17, or 9.93% higher than planned.

## b.) Long-term Financial Investments

As Table 14 shows, long-term financial investments amounted to €351,909.76. In 2022, their value increased by €2,686.66.

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. Based on the balance sheet, the Fund has revalued its investments in RRA Koroška d.o.o. and RRA Zeleni kras d.o.o. accordingly in 2022. In 2022, the Fund did not revalue the acquired equity interests (in BSC d.o.o., RCR d.o.o. and RRA Mura) from 2014 as at 31.12.2022 in accordance with the Court of Auditors' opinion No 330-7/2014/36 obtained as at 31.12.2022, as these are investments acquired and recorded at their appraised value and not at cost. There has also been no change in the value of the investment in RRA Celje, which is in the process of insolvency and will need to be written down at the end of the insolvency proceedings.

For 2022, the Fund anticipated a balance of long-term financial investments of €349,223.00, or €2,686.66 less than what was implemented. The increase in the value of long-term investments is due to the adjustment to the book value of capital as of 31 December 2021 for RRA Koroški d.o.o. and RRA Zeleni Kras d.o.o.

Table 14: Movement of long-term financial investments in 2022 in €

Investment	Status on 1 January 2022	Increase	Reduction	Status on 31. December 2022	Share in the company in %
BSC, poslovno podp. center, d.o.o.	43,000.00	0.00	0.00	43,000.00	28.45
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.	32,581.29	563.22	0.00	33,144.51	33.54
RRA Mura d.o.o.	1.00	0.00	0.00	1.00	39.00
RRA Zeleni kras d.o.o.	74,758.36	2,123.44	0.00	76,881.80	22.50
Total	349,223.10	2,686.66	0.00	351,909.76	-

## 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 €136,374,761.89. In the balance sheet, loans and deposits are disclosed by maturity, so the corresponding part of long-term loans and deposits maturing in 2023 in the amount €26,519,740.32 is shown in the balance sheet (according to purpose) among short-term financial investments and 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 receivables from users of the single account plan. Their balance as of 31 December 2022 amounts to €4,598,756.60. In the balance sheet, the amount of long-term loans, investments in securities and deposits are therefore €109,855,021.57.

In 2022, the Fund planned assets of long-term loans and deposits in the amount of €122,500,000.00. Due to the low interest rates, the Fund has no free cash in long-term deposits in 2022. It was foreseen to draw down loans from the Fund's resources amounting to € 35,049,890.00, but only € 30,993,563.15 were drawn down, resulting in a lower balance of long-term loans. The balance of long-term loans, deposits, and investments in securities as of 31 December 2021 amounts to €109,855,021.57, which is 10.32% lower than planned. The source of investment in long-term loans, dedicated deposits and

securities is the Fund's unrestricted dedicated assets. Loans granted from the State budget are not shown in the financial receivables and investments account, but only in the balance sheet.

### c1) Long-term Loans

The balance of long-term loans, excluding funds invested in guarantee schemes based on loan agreements under the Fund's tenders, amounted to €134,902,565.66 on 31 December 2022, of which €4,598,756.60 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 €4,182,425.59 and matured liabilities from loans managed by the Fund in the amount of €416,331.01. In 20212, the balance of long-term loans, excluding disputed loans, increased by €3,149,242.35, representing the difference between returned and transferred funds. The corresponding part of long-term loans, shown in the gross balance due in 2023 in the amount of €26,227,506.31, is shown in the balance sheet among short-term financial investments and receivables from users of the single account plan.

The Fund approves its own investments, whereas previously commercial banks oversaw managing loans under contracts for the provision of financial services. At the end of 2022, the Fund had 53 loan agreements with one commercial bank. Allocation of the Fund's loan agreement portfolio by individual contractors as of 31 December 2022 is shown in Table 15.

Table 15: Management of loan agreements by individual contractors as of 31 December 2022			
Bank	In €	%	No. of loans
Banka Intesa Sanpaolo d.d.	6,993,713.67	5.18	53
Slovenian Regional Development Fund	123,872,175.19	91.82	1290
Slovenian Regional Development Fund (terminated contracts)	4,036,676.80	2.99	49
Total (principal)	134,902,565.66	100.00	1392

### c2) Long-term Deposits

As 31 December 2022, the Fund had no unrestricted cash in long-term deposits and long-term dedicated deposits amounted to €1,122,499.33 that are used to secure guarantees given by the Fund. Part of the deposits, amounting to € 292,234.01, which mature in 2023, is shown as short-term financial investments in the balance sheet. The balance of long-term earmarked deposits is shown in Table 16.

Table 16: Deposits intended to insure guarantees as of 31 December 2022			
Bank	No. of deposits	Balance of deposits in €	Bank shares in %
Bank Intesa Sanpaolo d.d.	1	15,750.00	1.40
Bank Sparkasse d.d.	3	38,950.00	3.47
Delavska hranilnica d.d.	14	347,622.76	30.97
Lon d.d.	1	25,000.00	2.23
Nova KBM d.d.	14	336,059.82	29.94
Nova Ljubljanska banka d.d.	14	359,116.75	31.99
Total (principal)	47	1,122,499.33	100.00

## 3) Investment in Securities

Investments in long-term securities amounted to €4,948,453.50 at 31 December 2022 and consisted only of investments in bonds of the Republic of Slovenia. The holdings by individual bond are shown in Table 29.



### Short-term Assets

As of 31 December 2022, short-term assets amounted to €97,980,137.43 and were composed of:

- Cash on accounts in the amount €1,654,691.33, which contains only the cash balance on the Funds sub-accounts.
- Trade receivables in the amount €34,108.77 which include receivables for loan management and given guarantees; legal proceedings are underway for the portion in the amount of €23,494.81.
- Short-term receivables from users of the single account plan in the amount of €65,686,048.22, containing:

- Short-term financial investments from deposits made to the MF in the amount of €54,900,000.00, and accrued interest in bonds of the Republic of Slovenia in the amount of €129,366.86, of which €9,409,820.30 from METS funds.
- Overdue principal, loan management costs and accrued interest on loans granted in the amount of €51,308.67.
- Investments of the Fund as a Certifying Authority under the ETC Programmes in the financial perspective 2007-2013 in the amount of €1,861,773.82 €.
- Investments of the Fund as a Certifying Authority under the ETC Programmes in the financial perspective 2014-2020 in the amount of €3,898,279.66.
- Overdue receivables in 2022 from given loans and bonds of the Republic of Slovenia in the amount of €4,845,319.21 from users of the single chart of accounts.
- Short-term financial investments in the amount of €26,273,177.71 containing:
  - receivables from disputed loans in the amount of €4,182,425.59 which include receivables reported in compulsory settlement proceedings, bankruptcy proceedings and enforcement proceedings,
  - In 2023 the overdue principal of the Fund's loans and the repayment of dedicated deposits in RGS in the amount of €22,090,752.12 €.
- Short-term receivables from financing in the amount of €1,468,901.56, containing:
  - short-term receivables from accrued interest as of 31 December 2021 in the amount of €661,552.55 €,
  - receivables from realised guarantees for the principal amounting to €781,783.87,
  - transferred receivables, on 31 December 2021, due to the liquidation of the company PIIC Murania.
  - disputed receivable from disbursed grants in the amount of €22,923.00.
- Other short-term receivables in the amount of €2,741,047.47, which comprise claims from the Fund as Certifying Authority under all three ETC Programmes, namely:
  - receivables from the EC under the 2014-2020 financial perspective for reimbursement of funds paid to the Lead Partners until 31 December 2022 amounting to €2,603,892.10.
  - receivables from the Lead Partners for undue payments amounting to €2,819.39 due in 2023 or to be offset,
  - a receivable from the Health Insurance Fund for reimbursement of salary costs amounting to €11,931.42.
  - a receivable from the Fund to FURS for the reimbursement of corporate income tax advances paid for 2022, amounting to €158.28.
  - a receivable from an employee for an advance paid for a business trip, amounting to €988.00.
  - receivables for grants unduly paid based on the contract concluded with the line ministry for the implementation of Strand A of the project "Measures in border problem areas combined with the measure of the Regional Guarantee Schemes in the whole country" for the period 2011-2012 for an amount of €106 841,59
  - receivables from the Fund as Certifying Authority to the Municipality of Lendava amounting to €14,416.69.
  - Unpaid expenditure of €122,162.37 representing payables to staff, suppliers and managing partners which were repaid in 2023.

For 2022, the Fund planned receivables from users of the single chart of accounts amounting to €51,223,894.00 and receivables in short-term investments of €26,419,947.00. The planned drawdown of loans granted was €35,049,890.00, but only €30,993,563.15 of the Fund's loans were drawn down in 2022. In 2022, the loans disbursed in 2021 and 2022 were not fully drawn down. In 2022, the Fund obtained from the State Budget a dedicated capital injection of €10,379,170.88 for the promotion of regional development and the preservation of the Slovenian countryside, as well as the creation of an economic base for the Indigenous communities, which will be used in the following years. Due to the lack of interest of banks in tying up free cash for more than one year and low interest rates, in 2022 the Fund has only placed free cash in the deposits given by the MF, which is reflected in higher receivables from the users of the EAA. Short-term receivables from the users of the Single Chart of Accounts are thus 28.23% higher than planned at €65,686,048.22, while short-term financial investments amount to €26,273,177.71 and are within the planned level.

The source of investment in short-term receivables from users of the single chart of accounts and short-term financial investments is the Fund's unrestricted dedicated assets and the funds received from the State Budget for the implementation of concessional development credits and the funds for the implementation of the Cross-Border Operational Programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia, which are accounted for separately from the Fund's other assets (dedicated assets). The Fund's unrestricted earmarked assets and the State Budget for the implementation of the cross-border operational programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Hungary are disclosed in the financial statements.

The Fund discussed overdue unpaid claims at the Trust and Debt Board meetings and is conducting recovery procedures in accordance with the GTC and the Rules on the Recovery of Overdue Unpaid Claims. The outstanding overdue receivables, which are detailed in Chapter 4.2, are grouped as follows:

- receivables from disputed loans established in receivership, bankruptcy, and other legal proceedings against the beneficiaries of the loans, amounting to €4,182,425.59.
- short-term receivables from interest and fees on disputed loans and guarantees amounting to €536,749.58.
- receivables for guarantees redeemed and repayment of Fund grants amounting to €804,706.87 (excluding accrued interest)
- receivables from borrowers in arrears amounting to €371,612.84.



### Short-term Liabilities

Current liabilities as of 31 December 2022 amounted to €12,790,021.73 and consisted of:

- Payables to employees of €72,393.17, which were settled in January 2023.
- Payables to suppliers of €14,321.11, which were settled as they fell due, the bulk of which is due for the upgrade of the incentive tracking application for €4,227.30, maintenance costs for computer software and equipment of €2,605.46, compensation for the provision of legal services of €1,317.60, student work costs of €879.68 and heating costs of €854.65.
- Other current payables amounting to €5,805,162.37, comprising:
  - payroll contributions payable and supplementary pension insurance payable of €11,659.90,
  - the Fund's liabilities as Certifying Authority under the ETC Programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia for pre-financing received amounting to €1,865,538.02,
  - payables to the Tax Administration of the Republic of Slovenia for the financial services tax levied amounting to €1,049.86,
  - payable to the Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia for the payment of the contribution for the promotion of employment of disabled persons in the amount of €752.10,
  - the commitments of the Fund as Certifying Authority for the funds received under the territorial Cooperation Programmes in the 2014-2020 financial perspective in the INTERREG V-A programmes, amounting to €3,924,599.16,
  - liabilities for the repayment of funds transferred incorrectly amounting to €1,563.33, which were repaid to the bank in 2023.
- Payables to users of the single chart of accounts amounting to €173,366.89, comprising:
  - payables to suppliers amounting to €217.34 which were settled in 2023 in accordance with their due date,
  - payables to the METS amounting to €173,149.55 for the reimbursement of grants unduly paid.
- Payables to financiers for the repayment of instalments of loans totalling €3,177,236.64 to the EIB, due in 2023.
- Current financial liabilities amounting to €26,007.24 for deferred interest on borrowings from the EIB due in 2023.
- Unpaid revenue of €3,520,546.31 representing interest and other receivables accrued up to 31 December 2022.
- Accrued charges for the advance paid to an employee for a mission amounting to €988.00.

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 €195,827,580.20 as of 31 December 2022, 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 shown in Table 17, the Reserve Fund as of 31 December 2022 amounts to €12,831,006.19 and contains provisions for credit risks amounting to €11,832,235.09 and the assets of the Guarantee Fund. Based on the Rating Regulation, a methodology has been established to classify customers into rating classes and groups. In accordance with the Credit Risk Management Regulation, the necessary provisions for credit risk management and the Guarantee Fund have been calculated as at 31 December 2022. The amount of provisions required for credit risks was calculated at €10,747,146.90 and for guarantee fund risks at €998,771.10. In 2022, the write-off of liabilities to borrowers led to a decrease in



the reserve fund of €554,091.18. The increase in the provisioning for credit risks is due to the transfer of provisions from the Guarantee Fund amounting to €664,699.06.

The Fund has a Guarantee Fund of €998,771.10 for guarantees issued, which is lower by €658,199.06 compared to 1 January 2022 and reflects the balance of the Fund's guarantees issued as of 31 December 2022. The decrease in the Guarantee Fund is due to the transfer of part of the provisions already made in previous years, amounting to €664,699.06, to the provision for credit risks. The increase in the Guarantee Fund was due to the repayment of guarantees called up for an amount of €6,500.00. The movement of the reserve fund in 2022 is shown in Table 17.

For information, the necessary provisions for credit risks have also been calculated based on the Fund's methodology, which, based on the contracts concluded with the METS, will be covered in the event of losses by the capital injection received for the liquidity facilities or by the Fund's long-term liabilities to the METS, and are shown in the off-balance-sheet records.

Table 17: Movement of the reserve fund in 2022 in €				
Formed reservations	Balance on 1 January 2022	Increase	Reduction	Balance on 31 December 2022
For credit risks	11,721,627.21	664,699.06	554,091.18	11,832,235.09
RGS Guarantee fund	1,656,970.16	6,500.00	664,699.06	998,771.10
<b>Total</b>	<b>13,378,597.37</b>	<b>671,199.06</b>	<b>1,218,790.24</b>	<b>12,831,006.19</b>

#### b.) Dedicated Assets Fund

As shown in Table 18, the dedicated assets fund as of 31 December 2022 amounts to €135,141,808.39 and reflects the balance of the dedicated fund for investments, guarantees and other, as follows.

- The dedicated assets for financial investments increased by €10,379,170.88 in 2022 because of the capital injections received from the State Budget, amounting to €132,256,337.98.
- The dedicated assets fund for guarantees redeemed, amounting to €51,643.44. In 2022, the Fund received reimbursements of €6,500.00 from the guarantees called.
- The other dedicated assets fund, which at 31 December 2022 amounted to €2,833,826.97, is €252,057.27 higher than the balance at 1 January 2022. Accumulated depreciation in 2022 amounting to €76,922.83, the write-down of the preset value of fixed assets of €876.31 and, due to the repayment of the 2021 liabilities, a smaller cash inflow of €1,232.80 following the finalisation of the liquidation of PIIC Murania d.o.o., had an impact on the decrease in the other dedicated assets fund. The increase in the other dedicated assets fund was due to the acquisition cost of intangible assets and property, plant, and equipment in 2022 of €100,410.09, the adjustment of long-term investments of €2,686.66, the inflow of funds from the loan written off €147.18 and the surplus of revenue over expenditure of €227,845.28.

Table 18: Movement of the dedicated assets fund in 2022 in €					
Account	Title	Status 1 January 2022	Increase	Reduction	Status 31 December 2022
	Payment of dedicated assets by the METS	79,276,410.72	10,379,170.88	0.00	89,655,581.60
	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
9401	Dedicated assets fund for financial investments	121,877,167.10	10,379,170.88	0.00	132,256,337.98
9402	Dedicated assets fund for mobilised guarantees	58,143.44	0.00	6,500.00	51,643.44
9403	Dedicated assets fund for other purposes	2,581,769.70	34,783,838.92	34,531,781.65	2,833,826.97
	Financial investment fund	277,391.25	31,190,129.28	31,188,528.24	278,992.29
	Fund for the financing account	0.00	3,177,236.65	3,177,236.65	0.00
	Excess revenue over expenditure from 2020 and 2021	249,300.12	0.00	88,217.62	161,082.50
	Excess revenue over expenditure from 2022	0.00	227,845.28	0.00	227,845.28
	Dedicated assets fund - unallocated surplus of previous years	1,647,156.11	88,217.62	0.00	1,735,373.73
	Dedicated assets fund for intangible assets and tangible fixed assets	407,922.22	100,410.09	77,799.14	430,533.17
	<b>Dedicated assets fund</b>	<b>124,517,080.24</b>	<b>45,163,009.80</b>	<b>34,538,281.65</b>	<b>135,141,808.39</b>



### c.) Long-term Financial Liabilities

Long-term financial liabilities amounted to €19,424,505.57 at 31 December 2022. The Fund's indebtedness is represented by borrowings from the EIB. The corresponding part of the borrowings maturing in 2023, amounting to €3,177,236.64, is shown in the balance sheet as current liabilities to financiers, therefore the value of the long-term financial liabilities in the balance sheet is shown as follows €16,247,268.93.

### d.) Other Long-term Liabilities

In 2016, the Fund concluded the Contract for Problem Areas 2016-2017 with the line ministry, whereby it received €20,000,000.00 for the management of funds dedicated for the implementation of concessional development credits. In 2018, an additional contract was concluded for the period 2018-2019, which provides for additional funds of €7,290,000.00 in 2018 and €4,280,000.00 in 2019. In 2021, the Fund concluded an Addendum to the 2018-2019 Contract by which the Ministry authorised the continuation of the financing of the projects. The balance of other long-term liabilities as of 31 December 2022 amounts to €31,607,496.69. In 2022, the Fund has disbursed credits amounting to €1,485,790.34. Part of the loans amounting to €3,732,994.12 was repaid in 2022. As of 31 December 2022, interest on loans and unrestricted cash amounting to €50,131.53 has been accrued and paid amounting to €37,496.69. The funds not placed in credits represent unrestricted cash and are placed in deposits with the MF and in the Fund's sub-account. The unpaid interest is recorded under short-term financing receivables. Table 20 shows the types of investments of long-term liabilities as at 31 December 2022.

Table 19: Types of investments in long-term liabilities as of 31 December 2022 in € and %		
Type of investment	Investment value in €	Share
Assets in the sub-account of the Fund	332,772.04	1.05
Assets in applications submitted to the Ministry of Finance	9,409,166.19	29.76
Assets in loans	21,878,193.30	69.19
Total (principal and interest)	31,620,131.53	100.00



### Off-balance Sheet Records

In the off-balance sheet accounts, the Fund records potential liabilities arising from the issued guarantees, namely for guarantees issued under Regional Guarantee Schemes amounting to €972,703.07, the balance of unrecorded assets at the date of the 31 December 2022 for loans granted from the Fund's resources amounting to €6,889,868.30 which will be drawn down in 2023 and the balance of small inventories carried off-balance sheet amounting to €7,017.40. Also shown are the necessary provisions to cover losses due to credit risks on the METS assets amounting to €3,417,260.74 and to cover losses on the COVID-19 liquidity loans amounting to €2,954,396.44.



### Post-balance Sheet Events

After the balance sheet, which was prepared on 31 December 2022, 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 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 considered for expenses on formed provisions for credit risks in public funds.



## Revenue

Revenues are broken down into tax revenues, non-tax revenues, capital revenues, donations received, transfer revenues, and assets received from the EU. In 2022, 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,
- received donation and
- transfer revenue from the state budget for the performance of tasks under the contract for the provision of non-formal adult education in the field of basic digital competences for 2022.

In 2022, the Fund also generated transfer revenue from the State budget and received funding from the EU budget under the European Regional Development Fund for the performance of its tasks as Certifying Authority.

As shown in Table 20, the Fund's revenue in 2022 amounted to €1,539,683.79 and consisted of:

- Income from property, comprising income from real and default interest paid on the Fund's loans of €1,008,828.53, on deposits and bonds of temporarily unrestricted funds of €146,696.66 and other interest of €7,167.67. In 2022, interest income was realised at €1,162,692.86, or € 79,023.14 lower than planned, while in 2021 it was realised at € 962,109.08.
- Revenue from the sale of goods and services, which includes payments received from contracting costs paid and loan management costs. Revenue was budgeted at €150,754.00 and realised at €160,244.91, or 6.30% more than budgeted. Revenue from the sale of goods and services was realised at €117,475.92 in 2021.
- Grants from the Climate Change Fund amounting to €17,153.75 are intended to reimburse the cost of the purchase of an electric car in 2021.
- Other non-tax revenue of €25,043.50, which includes revenue from previous years, the reimbursement of costs by Naložba plus Ltd. for funds unduly received by PIIC Murania Ltd. in previous years, which resulted in a significantly higher realised revenue than planned.
- Transfer revenue from other public financial institutions, comprising inflows from the State budget for reimbursement of costs incurred for the performance of the tasks of the Certifying Authority for ETC programmes from technical assistance funds, amounting to €48,164.39, and reimbursement of costs from the Government Office for Digital Transformation for reimbursement of the implementation of the tender for co-financing of the implementation of non-formal education programmes for adults aged 55 and over in the field of basic digital competences for 2022, amounting to €45,000.00. The revenue in 2022 was planned at the amount of €93,153.00 and realised at €93,164.39.
- Funds received from the EU Structural Policy budget, which include reimbursements of costs incurred for the performance of the tasks of the Certifying Authority on ETC programmes from technical assistance funds. The EC transferred funds within the planned amount of €81.384,38.

As can be seen from Table 20, revenue was budgeted at €1,589,173.00 and realised at €1,539,683.79, or 3.11% lower than budgeted. In 2021, revenue of €1,433,205.77 was realised, or 7.43% less than in 2022.

Table 20: Types of revenue in 2022 in €

Subgroup of accounts	Title	Plan 2022	Implementation 2022	Index RE22/NA22	Implementation 2021	Index RE22/RE21
710	Property revenues	1,241,716.00	1,162,692.86	93.64	962,109.08	120.85
713	Revenue from sales of goods/sales	150,754.00	160,244.91	106.30	117,475.92	136.41
714	Other non-tax revenue	5,000.00	25,043.50	500.87	2,224.97	1,125.57
720	Revenue from the sale of fixed assets	0.00	0.00	0.00	3,500.00	0.00
730	Donations from domestic sources	17,154.00	17,153.75	0.00	0.00	0.00
740	Transfer revenue from other public finance institutions	93,153.00	93,164.39	100.01	274,141.13	33.98
782	Funds received from the EU structural policy budget	81,396.00	81,384.38	99.99	73,754.67	110.34
Total		1,589,173.00	1,539,683.79	96.89	1,433,205.77	107.43



## Expenditure

Expenditure is broken down into current expenditure, current transfer expenditure, investment expenditure, investment transfer expenditure and payments to the EU budget. Current expenses are expenses that include payments incurred due to labour costs, material costs, interest payments, credit risk provisions and other expenses for goods and services. 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 21, the Fund's expenditures in 2021 amounted to €1,311,838.51 and include current and investment expenditures.

Table 21: Types of expenditure in 2022 in €						
Subgroup of accounts	Title	Plan 2022	Implementation 2022	Index RE22/NA22	Implementation 2021	Index RE22/RE21
400	Salaries and other employee costs	867,865.00	762,304.04	87.84	720,671.83	105.78
401	Employer contribution for social security	138,678.00	121,901.56	87.90	114,483.95	106.48
402	Expenses for goods and services	327,316.00	272,700.84	83.31	257,696.95	105.82
404	Interest payments abroad	49,638.00	49,096.86	98.91	0.00	0.00
409	Reserves	0.00	0.00	100.00	73,134.38	0.00
420	Purchase and construction of fixed assets	155,177.00	105,835.21	68.20	106,136.16	99.72
Total		1,538,674.00	1,311,838.51	85.26	1,272,123.27	103.12

### a.) Current Expenses

#### a1) Salaries and Other Expenses of Employees and Employer's Social Security Contributions

Salaries and other employee expenses and employer's social security contributions amounting to €884,205.60 were calculated and paid to the Fund's staff in accordance with the Regulation on amendments and supplements to the Regulation on internal organisation, systematisation and evaluation of posts and the Collective Agreement for the Non-Economic Sector.

Salaries, employer's contributions, and other employee expenses were 12.15% lower than planned and 5.87% higher than realised in 2021. Three new recruitments were planned for 2022, but two were realised at the end of the year, which translates into lower salary expenditure than planned. Late recruitments and sickness absences have had an impact on lower than planned labour costs. Later recruitments and home working also resulted in lower than planned commuting and meal allowances.

#### a2) Expenses for Goods and Services

Expenses for good and services amounted to €272,700.84 in 2022 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 €80,435.44,
- special material and services in the amount of €798.97 €,
- costs for electricity, utilities and heating, telephone services and postage in the amount of €30,975.09,
- costs for fuel and lubricant, purchase of vignettes and vehicle maintenance and insurance in the amount €5,410.84,
- subsistence costs, transport, and other expenses for business trips in the amount of €4,540.88,
- costs for the ongoing maintenance of business facilities and equipment in the amount of €25,776.16,

- costs for the rental of computer software, compensation for the use of building land and other rents in the amount of €25,876.14,
- 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 €98,887.32.

Expenditure on goods and services was budgeted at €327,316.00 and implemented at €272,700.84, or 16.69% lower than planned. The largest part of the costs is accounted for by other operating expenditure amounting to €98,887.86, followed by office supplies and services amounting to €80,435.44 in 2022, energy, water, utilities, and communication costs amounting to €30,975.09, rent and lease payments amounting to €25,876.14 and routine maintenance costs amounting to €25,776.16. The COVID-19 epidemic had an indirect impact on lower travel and training costs, as a sizeable number of meetings and training sessions were organised remotely, resulting in lower travel and transport costs. Upgrades to the document management system and the development of an application to track applications have allowed for a greater volume of electronic transactions, with a positive impact on lower costs for office supplies and services.

#### a3) Foreign Interest Payments

Foreign interest payments were planned at €49,638.00 in 2022 and were realised at €49,096,86.

#### a4) Provisions for Credit Risks

The Fund has not planned a provision for credit risks for 2022. The calculated provisions for credit risk management and the Guarantee Fund at 31 December 2022 are lower than the already established reserve fund, therefore the Fund has not made any additional provisions for credit risk at 31 December 2022.

### b.) Investment Expenses

The purchase of fixed assets represents the value of payments in 2022 for tangible and intangible assets amounting to €105,835.21, namely for the upgrade of computer software amounting to €83,717.22, the purchase of computer equipment amounting to €8,410.54, the investment maintenance of premises and equipment amounting to €6,229.20, the replacement of the heating system amounting to €5,646.47, the upgrading of the website amounting to €1,532.78, and the purchase of office equipment amounting to €299.00.

The Fund had planned for the purchase and construction of fixed assets for 2022 for an amount of € 155,177.00, but the outturn was lower by € 49,341.79. The planned capital maintenance costs for equipment and premises, planned at €33,447.00 and realised at €33,447.00, were not fully implemented in 2022 in amount of €6,229.20. In 2022, the Fund undertook the upgrade of the computer network, the configuration of new server capacities and the purchase and installation of the necessary equipment, which was only partially realised in 2022. The major part will be realised in 2023. Urgent works were also ordered in 2022 for the rehabilitation of the roof of the Fund's office building, which have not yet been started. The purchase of equipment was planned for 2022 for an amount of €11,000.00, but €14,356.01 was paid out of this, or €3,356.01 more than planned.



### Profit/Loss

The economic outturn shows a surplus of revenue over expenditure of €227,845.28. The profit or loss shown in the Fund's accounts increases the other earmarked fund. For 2022, the Fund has planned a surplus of revenue over expenditure of €50,499.00.

The Fund's favourable outturn in 2022 was due to lower expenditure due to some unrealised tasks in 2022, increased digitisation of business processes, new recruits at the end of the year, the continuation of the COVID-19 epidemic, reflected in lower travel and training costs. The Fund's promotion costs were lower, the preparation of the investment documentation for the renovation of the office premises was not fully implemented, the upgrade of the computer network and the configuration of the server capacities have not yet been fully implemented. Expenditure was planned at €1,538,674.00 and realised at €1,311,838.51, or €226,835.49 less than planned. The main variances are in the cost of salaries and other staff expenditure, which is €122,337.40 lower than planned, and in the cost of expenditure on goods and services, which is €54,615.16 lower than planned.

The Fund's revenue for 2022 was planned at €1,589,173.00 and realised at €1,539,683.79, or €49,489.21 less than planned. Other non-tax revenue and revenue from the sale of goods and services were higher than planned, while revenue from interest on loans was slightly lower.

## 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 22, the account of financial receivables and investments for 2022 shows.

- Refunds of loans totalling €25,644,824.90 were received in 2022 as part of the Fund's purpose implementation, which is €3,715,164.90 more than planned.
- Proceeds from the liquidation, completed in 2021, of PIIC Murania d.o.o. were realised in 2022 in the amount of €8,340.00. In view of the expected cash inflow from the liquidation of the company, the Fund has established a receivable in 2021 and has increased the earmarked fund for this purpose by other. The repayment of cash is therefore shown as a repayment in the Statement of Financial Receivables and Investments in the current year.
- Loans drawn down amounting to €30,993,563.15, which do not include loans drawn down from the METS funds amounting to €1,485,790.34, the transfers of which are not recorded in the accounts receivable and investments.

The Statement of Financial Receivables and Investments at 31 December 2022 shows a difference between repayments made and received on loans and equity of € 5,340,397.50. Loans granted are lower than planned by € 4,056,326.85. The departures from the allocations made in 2021 and 2022 and the delay in the drawdown of the allocated loans have had an impact on the lower than planned amount of loans disbursed. In 2022, there was a waiver of € 3,694,006.99 of the Fund's approved loans.

Table 22: Account of financial receivables and investments in €				
Subgroup of accounts	Title	Plan	Implementation	Index RE/NAČ
750	Repayments received of loans granted	21,929,660.00	25,644,824.90	116.94
751	Sale of equity shares	8,340.00	8,340.75	100.01
440	Granted loans	35,049,890.00	30,993,563.15	88.43
Difference (granted-accepted repayments of loans and equity interests)		13,111,890.00	5,340,397.50	40.73

Table 23 shows the funds transferred under the loan agreements by purpose in 2022. The funds transferred amount to €30,993,563.15. In 2022, METS loans amounting to €1,485,790.34 were also disbursed, which are not recorded in the Statement of Financial Receivables and Investments and are shown in Table 23.

Table 23: Funds transferred under concluded loan agreements in 2021 in €				
Incentives	Appropriations		Funds drawn	For approvals in 2023
	Before 2022	In 2022	In 2022	
Programme B	6,157,960.00	6,800,804.50	11,977,102.78	300,000.00
Programme C	2,541,969.37	11,709,676.00	8,239,185.34	4,241,413.30
Programme A	3,568,974.57	9,880,422.00	9,959,643.03	2,348,455.00
Programme D	183,200.00	734,432.00	817,632.00	0.00
Total	12,452,103.94	29,125,334.50	30,993,563.15	6,889,868.30

## 7.5 Explanatory Notes to the Financing Account Statement

The financing account statement shows borrowings and principal repayments. The Fund did not incur any borrowings in 2022 but repaid to the European Investment Bank the principal amount of the loan of €

3,177,236.65, which was borrowed in previous years. The repayment of the loan was in line with the planned amount. Table 24 shows the financing account statement, which reflects the evolution of borrowings and repayments from the European Investment Bank in 2022.

Table 24: Financing account statement in €				
Subgroup of accounts	Title	Plan	Implementation	Index RE/NAČ
501	Borrowing abroad	0.00	0.00	0.00
551	Debt repayment abroad	3,177,237.00	3,177,236.65	100.00
Net repayment		3,177,237.00	6,822,763.65	100.00

In 2022, there is a decrease of €8,289,788.87 in the account, which reflects the difference between the excess of revenue over expenditure less the difference between loans granted and repaid and the net repayment of debt. In 2022, the Fund generated a surplus of revenue over expenditure of €227,845.28, disbursed €5,340,397.50 more loans than it received in repayments and repaid a credit of €3,177,236.65.

## 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. The Fund does not show a surplus calculated according to the fiscal rule as of 31 December 2022, as it has a negative cash flow, i.e., a decrease of €8,289,788.87 in the assets in the accounts as at 31 December 2022.

Table 25: Calculation of surplus of revenues over expenditure by cash flow (in €)	
Surplus of revenues over expenditure	227,845.28
Difference between received and granted funds from financial investments	-5,340,397.50
Net debt payment	-3,177,236.65
= Cash flow deficit as of 31 December 2022	-8,289,788.87
(Reduced by) outstanding liabilities as of 31 December 2022	-127,964.05
(Reduced by) unused dedicated assets as of 31 December 2022	-51,740,943.20
Deficit according to the fiscal rule as of 31 December 2022	-60,158,696.12



## 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 based on 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 purchase consideration of €379,170.88 received, the Fund has also obtained additional earmarked funds of €10,000,000.00 from the State Budget in 2022 for the granting of soft loans in the fields of entrepreneurship, agriculture and forestry, local authorities, and other parts of the public sector.

For the allocation of incentives in 2022, the Fund used temporarily free funds from dedicated assets and returned loan funds.

The Fund has provided its own resources for the work. The largest source is income from property, both interest on unrestricted cash received in 2022 amounting to €146,696.66 and interest on loans and earmarked deposits received in 2022 amounting to €1,015,996.20. This is followed by the reimbursement of the costs of concluding and managing the loans granted, amounting to €160,244.91, and the transfer revenue from the State Budget for the reimbursement of the costs of technical assistance for the performance of the Fund's tasks as Certifying Authority and the reimbursement of costs by the Government Office for Digital Transformation, amounting to a total of €93,164.39. From the European Commission, funds amounting to €81,384.38 were received for the reimbursement of technical assistance costs for the performance of the tasks of the Fund as Certifying Authority. The smallest part, amounting to €25,043.50, is represented by other non-tax revenue and a donation received for the purchase of an electric vehicle amounting to €17,153.75.

The Fund used the repayments received on the loans and temporarily unrestricted funds for the incentives given and the repayment of the borrowings. In 2022, repayments of loans made from the Fund's resources amounted to €25,644,824.90.



### 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 26, the Fund's dedicated assets for financial investments as of 31 December 2022 amount to €132,256,337.98. It consists of the payments made to date from the purchase price from the budget of the Republic of Slovenia, the PHARE funds carried forward, the surplus of revenue over expenditure carried forward from previous years, the receivables carried forward in 2002 on the basis of a gratuitous assignment concluded with the METS, the receivables carried forward in 2011 based on a decision of the Government of the Republic of Slovenia on the basis of the Republic of Slovenia's long term deposits in the Regional Guarantee Schemes and the transfer of the Fund's business shares in 2014, which the Fund carries forward at their appraised value.

Table 26: Movement of the dedicated assets fund (DA) in 2022 in €

Account	Title	Status	Increase	Reduction	Status
		1 January 2022			31 January 2022
9401	Dedicated assets fund	121,877,167.10	10,379,170.88	0.00	132,256,337.98

	for financial investments				
9402	Dedicated assets fund for realised guarantees	58,143.44	0.00	6,500.00	51,643.44
9403	Dedicated assets fund for other purposes	2,581,769.70	34,783,838.92	34,531,781.65	2,833,826.97
94	Dedicated assets fund	124,517,080.24	45,163,009.80	34,538,281.65	135,141,808.39

The Dedicated Assets Fund at 31 December 2022 was €10,624,728.15 higher than the opening balance at 1 January 2022. The Dedicated Assets Fund for financial investments increased by €10,379,170.88 in 2022 due to the capital increase received. As a result of the guarantees called, a dedicated fund for guarantees called has been created in 2020, amounting to €51,643.44 as at 31 December 2022. The Other dedicated assets fund, as at 31 December 2022, was €252,057.27 higher than the opening balance as at 1 January 2022. The increase in the Other dedicated assets fund was due to the surplus of revenue over expenditure of €227,845.28. The increase in the earmarked fund was also due to the acquisition of intangible fixed assets and property, plant, and equipment for an amount of €100,410.09, the adjustment of financial investments for an amount of €2,686.66 and the repayment of a loan forgiven for an amount of €147.18. The decrease in the other earmarked fund was due to depreciation charges of €76,922.83, the write-down of the present value of fixed assets of €876.31 and a small cash inflow of €1,232.80 due to the repayment of the 2021 liabilities following the liquidation of PIIC Murania Ltd.

The Dedicated Assets Fund has increased compared to the 31 December 2021 situation, as it is €10,624,728.15 higher at 31 December 2022 than at 1 January 2022. The surplus of income over expenditure from 2020, dedicated for the operation of the Fund in 2021, has, following a decision of the Government of the Republic of Slovenia, increased the value of the unallocated surplus from previous years. The surplus of revenue over expenditure in 2022 of €227,845.28 had a favourable impact on the Assets dedicated for other. As the earmarked fund as at 31 December 2022 is higher than the dedicated fund as of 1 January 2022, it follows that the Fund has operated in accordance with Article 25 of the ZJS1.



#### investments in Free Dedicated Assets

In accordance with Article 26 of the Law on the Financial Sector and Articles 27 and 28 of the Constitutive Act, the Fund had unrestricted earmarked resources in the form of long-term securities and deposits with the MF and a small part in the Fund's sub-accounts. Table 27 shows the types of investments of the unrestricted funds as at 31 December 2022 and does not include the METS funds received by the Fund for the implementation of concessional development credits in problem areas and for the performance of the tasks of the Certifying Authority, which are also placed in accordance with the provisions of the ZJS-1.

Table 27: 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	0.00	0.00	0.00
Deposits with the STE system asset manager	45,575,707.26	87.87	34.46
Securities (issued by the Republic of Slovenia)	4,989,828.50	9.62	3.77
Cash in hand	0.00	0.00	0.00
Transaction account balance	1,294,954.00	2.50	0.98
Total (principal and interest)	51,860,489.76	100.00	39.21

Table 28 shows the types of investments in securities as of 31 December 2022, which are in accordance with Article 26 of the ZJS-1.

Table 28: Investments of free dedicated assets in securities as of 31 December 2022 in €			
Bank	Balance of deposits	Share of the bond (in %)	Share in dedicated assets of the Fund (in %)
RS 79 bonds	2,004,064.05	40.16	1.52
RS 80 bonds	976,856.58	19.58	0.74

RS 81 bonds	1,007,382.53	20.19	0.76
RS 84 bonds	1,001,525.34	20.07	0.76
<b>Total (principal and interest)</b>	<b>4,989,828.50</b>	<b>100.00</b>	<b>3.77</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 conducting the tasks of the Certifying Authority for the period 2007-2013, for which adequate human and financial resources were provided to the Fund.

To conduct 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 29, the value of these assets at 31 December 2022 is €1,862,860.70. For the future perspective, the OP Slovenia-Austria programme has transferred funds to external contractors amounting to €20,016.00.

Table 29: Resources by operational programme as of 31 December 2022 in €			
Title	Status 1 January 2022	Assets spent	Status 31 December 2022
OP Slovenia-Austria	1,664,948.53	20,016.00	1,644,932.53
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>1,882,876.70</b>	<b>20,016.00</b>	<b>1,862,860.70</b>

The Fund has unrestricted Certifying Authority funds of €1,859,700.00 invested in deposits from the MF and funds of €3,764.20 in the sub-accounts of the individual Operational Programmes. In addition to the liabilities for funds received, the Fund also has a liability for accrued interest of €2,677.32 as at 31 December 2022. At 31 December 2022, the Fund does not show any payables to lead partners (LP), but it does show a receivable from the LP on the OP Slovenia-Hungary amounting to €14,416.69 due to an irregularity detected, which is subject to legal proceedings and is expected to be written off. The situation of the funds and sources of funds for the programming period 2007-2013 is shown in Table 30.

Table 30: Balance of funds and sources of funds of the FP Certifying Authority 2007-2013 as of 31 December 2022 in €				
Overview of funds and sources of funds	OP Slovenia-Austria	OP Slovenia-Hungary	OP Slovenija-Croatia	Total
Short-term assets	1,646,761.53	17,142.44	216,050.74	1,879,954.71
Account balance	279.46	2,722.18	762.56	3,764.20
Assets in applications submitted to the Ministry of Finance	1,644,700.00	0.00	215,000.00	1,859,700.00
Receivables from interest	1,782.07	3.57	288.18	2,073.82
Receivables from securities	0.00	14,416.69	0.00	14,416.69
Short-term liabilities	1,646,761.53	17,142.44	216,050.74	1,879,954.71
Liabilities to the EU for OPs	1,644,932.53	2,602.07	215,326.10	1,862,860.70
Liabilities for interest	1,829.00	123.68	724.64	2,677.32
Liabilities to suppliers	0.00	0.00	0.00	0.00
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 based on 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

In 2015-2021, the Fund has already obtained upfront funding from the European budget amounting to €87,104,896.73 to conduct the tasks of the Certifying Authority. In 2022, additional funding was received from the EC amounting to €17,409,450.67. Undue payments of €9,573.37 were recovered from the Managing Partners. Funds amounting to €14,573,780.91 were transferred to the Lead Partners. As shown in Table 32, the value of these funds as of 31 December 2022 is €3,913,860.96.

Table 31: Movement of European pre-financing funds by individual PGs (FP14-20) in 2022 in €

Title	Status 1 January 2022	Increase	Reduction	Status 31 December 2022
INTERREG V-A Slovenia-Austria	800,827.44	7,864,820.92	6,897,528.29	1,768,120.07
INTERREG V-A Slovenia-Hungary	267,779.28	1,632,563.15	1,516,862.47	383,479.96
INTERREG V-A Slovenia-Croatia	11.11	7,927,265.32	6,165,015.50	1,762,260.93
<b>Total</b>	<b>1,068,617.83</b>	<b>17,424,649.39</b>	<b>14,579,406.26</b>	<b>3,913,860.96</b>

The Fund had available Certifying Authority resources of €3,894,000.00 placed in deposits with the Ministry of Finance and a smaller part of €26,319.50 in the sub-account of each operational programme.

As of 31 December 2022, the Fund has receivables from the EC for reimbursement of claims paid to Lead Partners amounting to €2,603,892.10, while receivables for undue payments to Lead Partners amount to €2,819.39. As of 31 December 2022, the Fund has payables for pre-financing received amounting to €3,913,860.96, payables to staff amounting to €10,988.59, payables for accrued interest amounting to €10,738.20, payables to suppliers amounting to €485.93 and unpaid receivables amounting to €2,606,711.49. An overview of the assets and sources of funds as of 31 December 2022 is shown in Table 32.

Table 32: 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	PS Slovenia- Austria	PS Slovenia- Hungary	PS Slovenia- Croatia	Total
Short-term assets	2,963,330.34	901,301.91	2,678,152.92	6,542,785.17
Transaction account balance	21,595.26	445.52	4,278.72	26,319.50
Assets in applications submitted to the Ministry of Finance	1,750,000.00	384,000.00	1,760,000.00	3,894,000.00
Requests for payment to the EC	1,185,546.55	511,662.61	906,682.94	2,603,892.10
Receivables for paid assets of securities	345.05	2,474.34	0.00	2,819.39
Claims for reimbursement of technical assistance	1,374.97	528.67	2,376.02	4,279.66
Outstanding liabilities	4,468.51	2,190.77	4,815.24	11,474.52
Short-term liabilities	2,963,330.34	901,301.91	2,678,152.92	6,542,785.17
Liabilities to the EU for funds received	1,768,120.07	383,479.96	1,762,260.93	3,913,860.96
Liabilities for transfer to securities	4,850.16	1,494.23	4,393.81	10,738.20
Liabilities to employees	4,285.67	2,087.68	4,615.24	10,988.59
Liabilities to suppliers	182.84	103.09	200.00	485.93
Unpaid receivables	1,185,891.60	514,136.95	906,682.94	2,606,711.49

### Revenue and Expenditures

The expenditure of the Certifying Authority was planned at €137,889.00 and realised at €134,116.12. Revenue was budgeted at €129,549.00 and realised at €129,548.77. In February 2022, the Fund forwarded to the CEBS for review the request for reimbursement of technical assistance costs for the

period 1 July - 31 December 2022 for an amount of €67,985.85. The claim will be booked after the audit in 2023. An overview of the income and expenditure is shown in Table 33.

Overview of funds and sources of funds	Plan	PG Slovenia-Austria	PG Slovenia-Hungary	PG Slovenija-Croatia	Implementation 2022	Index RE/NA
Salaries and other employee costs	102,283.00	38,829.75	19,403.07	42,894.14	102,126.96	99.85
Employer contribution for social security	16,606.00	6,425.11	3,127.50	6,913.55	16,466.16	99.16
Expenses for goods and services	13,000.00	4,170.40	2,034.03	4,294.00	10,499.17	80.76
Purchase and construction of fixed assets	6,000.00	1,959.30	954.52	2,110.01	5,023.83	83.73
<b>Total expenses</b>	<b>137,889.00</b>	<b>52,384.56</b>	<b>25,519.12</b>	<b>56,212.44</b>	<b>134,116.12</b>	<b>97.26</b>
Funds received from the state budget	48,153.00	15,134.23	12,381.76	20,648.40	48,164.39	100.02
Funds received from the EU budget	81,396.00	35,313.16	12,381.75	33,689.47	81,384.38	99.99
<b>Total revenue</b>	<b>129,549.00</b>	<b>50,447.39</b>	<b>24,763.51</b>	<b>54,337.87</b>	<b>129,548.77</b>	<b>100.00</b>



#### Accounting monitoring of the Tender "NPS border areas" from METS Funds

The Fund concluded Contract No C1536-11B990001 with the Ministry for the implementation of Strand A of the project "Measures in border and problem areas in combination with the measure of Regional Guarantee Schemes in the whole country" for the period 2011-2012, for the purpose of carrying out a public call for proposals for the award of grants to co-finance initial investments and the creation of new jobs in border problem areas. For this purpose, funds amounting to €13,640,029.04 were transferred to the beneficiaries in the years 2011 and 2012.

In accordance with the contract, the Fund conducted a review of the projects that had received grants and identified certain irregularities, which led it to request the companies to repay the funds unduly paid, with interest on overdue payments. Some of the companies have settled their liabilities, while some have been subject to legal proceedings. For the unduly paid funds, the Fund has established a liability towards the METS, whereby the unpaid liability is reduced by the costs incurred by the Fund in bringing the legal and other proceedings necessary for the recovery of the funds. In 2021, the Fund repaid the received funds amounting to €670,000.00 to METS. As at 31 December 2022, the Fund has a receivable from the company amounting to €106,841.59. The liability of the Fund to METS as at 31 December 2022 amounts to €173,149.55. In 2020, a compulsory settlement order was issued for the receivable, which is expected to be repaid by 31 December 2024 for 36,75% of the receivable. If the creditor fulfils its obligation, part of the receivable amounting to €55,611.72 will have to be written off. From the funds received for the NPS border areas from the METS, the Fund has unrestricted funds of €66,307.96 as of 31 December 2022.



#### Accounting monitoring of the Tender for "Problem Areas" from METS Funds

In 2016, the Fund concluded the Contract for the Problem Areas 2016-2017 with the line ministry and obtained €20,000,000.00, which are recorded as other long-term liabilities. In 2018, the Fund entered an additional Contract with the line ministry for Problem Areas 2018-2019 for an amount of €11,570,000.00, of which part of the funds of €7,290,000.00 was received in 2018 and part of the funds of €4,280,000.00 in 2019. As part of the funds were not disbursed, in 2021 the Fund concluded an Addendum to the 2018-2019 Contract with the line ministry, whereby the ministry allowed the continuation of the financing in the border problem areas until 31 December 2022. Loan funds amounting to €1,485,790.34 were disbursed in 2022. The Fund separately accounts for the receivables and payables from the funds received from the METS. Loans granted and their repayments are not recorded in the financial receivables and investments account, but only as receivables from the recipients of the funds and repayment liabilities to the METS. The balances are shown in Table 34.

Table 34: Balance of funds and sources of funds of the METS as of 31 December 2022 in €	
Title	Implementation
Assets	31,620,131.53
Loans granted	21,878,193.30
Assets in the sub-accounts of the Fund	332,117.93
Applications submitted to the MF	9,409,820.30
Sources of the funds	31,620,131.53
Unpaid interest	12,634.84
Long-term liabilities	31,607,496.69

In the period 2017-2022, loans amounting to €30,331,837.37 were disbursed, of which €8,456,458.61 were repaid. Interest on the loans granted amounted to €18,441.98. By 31 December 2022, interest payments of €15,627.44 had been made on the loans granted. In 2017, the Fund placed part of its unrestricted cash in a long-term deposit with a commercial bank, generating receipts of €509.77. No receipts were generated from unrestricted funds in 2018-2021. In 2022, receipts of €21,359.48 were generated from interest on free cash. The accrued interest of €50,131.53 increases the METS funds received. As of 31 December 2022, the Fund has a major part of its unrestricted cash, amounting to €9,400,000.00, placed in deposits from the MF. In 2020, two loan agreements are subject to legal proceedings due to non-payment. An overview of the evolution of the loans by individual contract with MGTŠ is shown in Table 35.

Table 35: Movement of loans granted from METS funds in 2022 in €				
Loans under contract	Balance on 1 January 2022	Drawing	Repayment	Balance on 31 December 2022
C2130-16-90001 (2016-2017)	16,754,670.27	1,420,820.88	2,609,943.16	15,565,547.99
C2130-18-90001 (2018-2019)	7,367,912.27	64,969.46	1,123,050.96	6,309,830.77
<b>Total (principal)</b>	<b>24,122,582.54</b>	<b>1,485,790.34</b>	<b>3,732,994.12</b>	<b>21,875,378.76</b>

For information, the necessary provisions for credit risks of the loans granted from the METS resources for soft development loans to start-up business projects in problem areas, where possible non-repayment by the borrowers will reduce the Fund's liabilities to the METS, have also been calculated based on the Fund's methodology. The expected potential loss on these loans is up to a maximum of 30% of the funds tendered. Based on the Fund's methodology, a provision of €3,417,260.74 is currently required for these funds, representing 11.27% of the funds committed and drawn down.



### Financial Report on the implementation of Liquidity Loans (COVID-19)

In 2021, the Government of the Republic of Slovenia decided to increase the dedicated assets and the capital of the Fund by the contribution of additional earmarked assets in the amount of €14,056 million, to provide liquidity through financial products for companies, as a measure to mitigate and remedy the consequences of the COVID-19 epidemic. Based on the decision, the Fund and the METS concluded Contract No. The agreement was concluded with the MF and the Ministry of Transport and Communications of the Fund, and the Fund undertook to provide funds for the increase of the Fund's earmarked assets and capital and to provide the Fund with additional funds from the earmarked assets in the amount of €12,600,000.00. The agreement was concluded with the Ministry of Transport and Communications of the Fund and the Ministry of Transport and Communications of the Ministry of Transport and Communications of the Fund. The Fund has granted loan funds amounting to €15,330,862.00 in 2020 based on two calls for tenders targeting micro, small and medium-sized enterprises, and institutions. In 2021, the measure continued as the Government of the Republic of Slovenia provided additional funds to increase the earmarked assets for granting liquidity loans to SMEs in border problem areas. In 2021, loan funds amounting to €14,932,395.00 have been approved. By 31 December 2021, loan funds amounting to €23,961,275.18 have been disbursed. In 2022, loan funds amounting to €5,374,480.78 have been drawn down. After 31 December 2022, no further drawdowns are possible. The Fund disbursed liquidity facilities amounting to €29,335,755.96. By 31 December 2022, repayments amounting to €7,160,329.85 have been made.

The loans are non-interest bearing. However, interest of €5,821.91 was charged in 2022. As at 31 December 2022, the outstanding interest on overdue loans amounts to €1,909.62. Table 37 shows the outstanding balance of loans as at 31 December 2022.



Table 36: Movement of funds intended for liquidity loans in 2022 in €

Source	Loans drawn	Share of funds (in %)	Loans repaid	Loan balance as of 31 December 2022
Dedicated recapitalisation	14,056,000.00	47.91	3,430,816.53	10,625,183.47
Fund's other assets	15,279,755.96	52.09	3,729,513.32	11,550,242.64
Total (principal)	29,335,755.96	100.00	7,160,329.85	22,175,426.11

It is agreed in Contract No C2130-20G410000 that the dedicated assets of the Fund contributed under this Contract may be reduced to cover losses on outstanding loans up to a maximum of 80% of the earmarked capital paid in. As at 31 December 2022, provisions amounting to €2,954,396.44 have been calculated on an indicative basis.



### Financial Report on the Funds Potential Liabilities in the Coming Years

In 2016, the Fund concluded Contract No C2130-16570002 with the METS on the implementation of the call for tenders "Incentives for SMEs in the timber sector", whereby the Fund assumed the tasks of the implementing body for the implementation of the call for tenders "Incentives for SMEs in the timber sector", which was aimed at awarding grants from the Ministry's funds. In 2016, the Fund conducted the call for tenders, peer-reviewed and assessed the applications received and, based on their assessment and the criteria set out in the call for tenders, issued the relevant decisions on the approval or rejection of the applications. As of 31 December 2022, two legal proceedings are pending in this respect, which are likely to result in a financial liability for the Fund, to be settled by the Fund from its own resources and to be reimbursed by the METS. The applicants applied to the public call for METS grants in 2016, one of which was rejected in its entirety as unfounded, but in December 2022 the Fund received a judgment on behalf of the people that the Fund's decision be reversed and that it be returned to the Fund for a retrial. In the case of the second applicant, the funds were approved but disbursed in part by the Fund, which led the applicant to file a lawsuit, which was dismissed in its entirety, which led the applicant to file an appeal. The value of the administrative dispute is €294,099.00, while the value of the judgment is €133,780.00.



SPODBUJAMO  
ZDRAVO RAST 

Slovenski regionalno razvojni sklad / Slovenian *Regional Development Fund*

Škrabčev trg 9a, 1310 Ribnica

T 01 836 19 53 E [info@srrs.si](mailto:info@srrs.si) W [www.srrs.si](http://www.srrs.si)