



SLOVENIAN
REGIONAL
DEVELOPMENT
FUND



ANNUAL REPORT FOR 2019

Document No.: 450-002/2020

Ribnica, 11th May 2020




TABLE OF CONTENTS

1	SUMMARY	1
2	FUND PRESENTATION.....	3
2.1	FUND PROFILE	3
2.3	ESTABLISHMENT AND TRANSFORMATION OF THE FUND.....	4
2.4	FINANCING OF THE FUND.....	4
2.5	ACTIVITIES AND STRATEGIC ORIENTATIONS	4
3	FUNDAMENTAL PREMISES FOR DRAWING UP THE ANNUAL REPORT FOR 2019	6
3.1	MACROECONOMIC IMPACTS.....	6
3.2	STRATEGIC BASES	8
3.3	LEGAL BASES FOR THE OPERATION OF THE FUND	11
3.3.1	Main provisions.....	11
3.3.2	Basic internal acts.....	13
4	BUSINESS REPORT FOR 2019.....	15
4.1	AUTHORITIES OF THE FUND.....	15
4.1.1	Director	15
4.1.2	Supervisory Board	15
4.1.3	Organisation of employees and their work.....	17
4.1.3.1	Board of Directors.....	18
4.1.3.2	Expert Commissions.....	18
4.1.3.3	Board of Trustees and Debtors.....	21
4.2	RESULTS IN THE FIELD OF INCENTIVES	24
4.2.1	Results of the “(B) Entrepreneurship” Programme incentives.....	24
4.2.1.1	B1 - Sub-programme incentives – with soft loans of the Fund.....	24
4.2.1.2	B4 - Sub-programme incentives – from the government budget appropriations.....	26
4.2.2	Results of the “C-Municipalities” Programme incentives.....	28
4.2.3	Results of the “A-Agriculture and Forestry” Programme incentives	29
4.2.3.1	A1, A2 and A3 Sub-programme incentives.....	29
4.2.3.2	A1 Sub-programme incentives.....	31
4.2.4	Results of the “PF-Pre-financing” Programme incentives	33
4.2.4.1	PF1, PF2 and PF3 Sub-programmes incentives.....	33
4.2.4.2	PF1 and PF3 Sub-programme Incentives.....	34
4.2.4.3	PF2 Sub-programme incentives	36
4.2.5	Results of incentives under the public tenders from 2018	37
4.2.5.1	Results of the “B-Entrepreneurship” Programme incentives – B1 and B2 Sub-programmes.....	37
4.2.5.2	Results of the “B-Entrepreneurship” Programme – B2 Sub-programme.....	37
4.2.5.3	Results of the “B-Entrepreneurship” Programme – B4 Sub-programme.....	37
4.2.5.4	Results of the “C-Municipalities” Programme – C1 Sub-programme	38
4.2.5.5	Results of the “A-Agriculture and Forestry” Programme - A1, A2 and A3 Sub-programmes	38
4.2.5.6	Results of the “PF-Pre-financing” Programme – PF1, PF2 and PF3 Sub-programmes.....	39
4.2.5.7	Results of incentives for the Regional Guarantee Schemes – RGS1 Sub-programme	40
4.2.6	Overview of results by all incentives	41
4.2.6.1	Results of incentives from 2019.....	41
4.2.6.2	Results of incentives from 2018.....	43
4.2.6.3	Analysis of incentives by statistical regions	45
4.2.6.4	Analysis of incentives according to the area of investment.....	49
4.2.7	Effects of the incentives given	52
4.2.8	Examples of best practices	55
4.3	RESULTS IN THE FIELD OF EUROPEAN DEVELOPMENT PROCESSES	56
4.3.1	Presentation of the Certifying Authority	56
4.3.1.1	Participation in the European Territorial Cooperation (ETC) Programmes in the period 2007-2013.....	56
4.3.1.2	Participation in the European Territorial Cooperation (ETC) Programmes in the period 2014-2020.....	56
4.3.1.3	Participation in the Norwegian Financial Mechanism (NFM) Programmes and the European Economic Area Financial Mechanism (EEA FM) Programmes.....	57
4.3.2	Activities of Certifying Authority in 2019.....	58

4.4	GENERAL OPERATING RESULTS	59
4.4.1	ISO Certification activities	59
4.4.2	Carrying out controls and monitoring projects	60
4.4.3	External communication	61
4.5	INVESTMENT RESULTS	63
4.5.1	Information system	63
5	ACCOUNTING REPORT	64
5.1	FINANCIAL STATEMENTS	65
5.1.1	Balance Sheet	65
5.1.1.1	<i>Balance and changes in intangible and tangible fixed assets</i>	67
5.1.1.2	<i>Balance and changes in long-term financial investments and loans</i>	68
5.1.2	Statement of Revenues and Expenses of Other Users	70
5.1.3	Financial Receivables and Investment Account Statement	74
5.1.4	Financing Account Statement	76
5.2	NOTES TO THE FINANCIAL STATEMENTS	77
5.2.1	Balance Sheet	77
5.2.1.1	<i>Long-term assets</i>	77
5.2.1.2	<i>Short-term assets</i>	81
5.2.1.3	<i>Short-term liabilities</i>	82
5.2.1.4	<i>Own resources and long-term liabilities</i>	83
5.2.1.5	<i>Off-balance-sheet record</i>	85
5.2.2	Profit and Loss Statement	85
5.2.2.1	<i>Revenues</i>	85
5.2.2.2	<i>Expenses</i>	86
5.2.2.3	<i>Profit or Loss</i>	88
5.2.3	Financial Receivables and Investments Account Statement	89
5.2.4	Financing Account Statement	90
5.2.5	Fiscal rule	90
5.3	MANAGEMENT OF THE FUND'S ASSETS AND INVESTMENTS	91
5.3.1	Financing of the Fund	91
5.3.2	Earmarked assets	91
5.3.3	Investments of available earmarked assets	92
5.3.4	Performance of tasks under contracts	93
5.3.4.1	<i>Accounting report of the Certifying Authority in the period 2007-2013</i>	93
5.3.4.2	<i>Accounting report of the Certifying Authority in the period 2014-2020</i>	94
5.3.4.3	<i>Accounting monitoring of the public tender "for the problem areas - grants" from the funds of the MEDT</i>	96
5.3.4.4	<i>Accounting monitoring of the public tender "for the problem areas in the form of loans from the MEDT's funds"</i>	96
5.3.4.5	<i>Accounting report on the implementation of regional guarantee scheme</i>	97
5.4	RISK MANAGEMENT	100
5.4.1	Credit risk	100
5.4.2	Market risk	100
5.4.3	Interest rate risk	101
5.4.4	Liquidity risk	101
5.4.5	Operational risk	101
6	FUND'S REPORT ON OPERATING PERFORMANCE	101
6.1	ASSESSMENT OF THE FUND'S SUCCESS	101
6.1.1	Assessment of the functioning of the PIFC System	101
6.1.2	Assessment of success in achieving the objectives set	102
6.1.2.1	<i>Assessment of incentives in 2019</i>	102
6.1.2.2	<i>Assessment of incentives under previous public tenders</i>	104
6.1.3	Assessment of economy and efficiency	105
6.2	EXPLANATIONS FOR FAILURE TO ACHIEVE THE OBJECTIVES	105
7	DIRECTOR'S STATEMENT	107
7.1	ORIGINAL STATEMENT	107
7.2	TRANSLATION OF STATEMENT	108
8	AUDITOR'S OPINION	109

8.1	ORIGINAL AUDITOR'S OPINION	109
8.2	TRANSLATION OF AUDITOR'S OPINION	112

CONTENTS OF THE TABLES

Table 1: Summary of strategic documents	8
Table 2: Supervisory Board's work in 2019	15
Table 3: Educational composition of employees at the Fund	18
Table 4: Operation of expert commissions in 2019.....	19
Table 5: The amount of outstanding receivables as at 31 December 2019 in EUR.....	21
Table 6: Number of debtors and the level of debt due in the period 2012–2019 in EUR.....	21
Table 7: Results of the Entrepreneurship Programme incentives – B1 Sub-programme.....	24
Table 8: Results of the Entrepreneurship Programme-B4 Sub-programme	26
Table 9: Results of the Municipalities Programme – C1 Sub-programme	28
Table 10: Results of Agriculture and Forestry Programme incentives – A1, A2 and A3 Sub-programme	30
Table 11: Results of the Agriculture and Forestry Programme – A1 Sub-programme.....	32
Table 12: Results of Pre-financing Programme Incentives - PF1, PF2 and PF3 Sub-programme	33
Table 13: Results of the Pre-financing programme incentives – PF1 and PF3 Sub-programmes.....	35
Table 14: Results of the Pre-financing Programme incentives – PF2 Sub-programme.....	36
Table 15: Overview of incentives' results from 2019 as of 31 December 2019	41
Table 16: Overview of incentives' results from 2018 as of 31 December 2019	43
Table 17: Approved applications in 2019 under the Entrepreneurship Programme - B1, B2 and B4 by statistical regions (%).....	45
Table 18: Approved applications in 2019 under the Municipalities Programme - C1 by statistical regions (%).....	46
Table 19: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by statistical regions (%).....	47
Table 20: Approved applications in 2019 under the Pre-financing Programme - PF1, PF2, PF3 by statistical regions (%).....	48
Table 21: Approved applications in 2019 under the Entrepreneurship Programme - B1, B2, B4 by areas of investment (%)	49
Table 22: Approved applications in 2019 under the Municipalities Programme - C1 by areas of investment (%) .	50
Table 23: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by area of investment (%).....	51
Table 24: Assessment of expected effects by incentives	53
Table 25: Amount of funds transferred to the lead partners in 2019 in EUR for the Cooperation Programme 2014-2020	58
Table 26: Amount of submitted payment applications to the EC in 2019 in EUR for the Cooperation Programme 2014-2020	58
Table 27: Annual plan and the realisation of inspections for 2019.....	60
Table 28: Balance Sheet as of 31 December 2019 in EUR.....	65
Table 29: Balance and movement of intangible and tangible fixed assets in EUR	67
Table 30: Balance and changes in long-term financial investments and loans in EUR	68
Table 31: Statement of Revenues and Expenses from 1 January 2019 to 31 December 2019 in EUR	70
Table 32: Financial Receivables and Investment Account Statement from 1 January 2019 to 31 December 2019 in EUR	74
Table 33: Financing Account Statement from 1 January 2019 to 31 December 2019 in EUR	76
Table 34: Changes in intangible assets, immovable property and equipment in 2019 in EUR	77
Table 35: Movement of long-term financial investments in 2019 in EUR.....	78
Table 36: Review of the management of loan contracts by individual bank as at 31 December 2019	79
Table 37: Long-term deposits by individual bank as at 31 December 2019 in EUR	80
Table 38: Deposits intended for the insurance of guarantees as at 31 December 2019 in EUR	80
Table 39: Changes in reserve fund in 2019 in EUR.....	83
Table 40: Changes in fund of earmarked assets in 2019 in EUR	84
Table 41: Types of investments of long-term liabilities as at 31 December 2019 in EUR and in %.....	84
Table 42: Types of revenues in 2019 in EUR	86
Table 43: Types of expenses in 2019 in EUR	87
Table 44: Difference between granted and received repayments of loans granted in 2019 in EUR.....	89
Table 45: Transferred funds by concluded loan contracts in 2019 in EUR	90
Table 46: Unrealised loan facilities from 2018 and 2019 in EUR.....	90
Table 47: Financing Account Statement in EUR.....	90
Table 48: Changes of earmarked assets fund in 2019 in EUR.....	91

Table 49: Types of investments of available earmarked assets as at 31 December 2019 in EUR	92
Table 50: Investments of available earmarked assets in deposits by banks as at 31 December 2019 in EUR	92
Table 51: Investments of available earmarked assets in securities as at 31 December 2019	93
Table 52: Changes in European pre-financing funds by individual Operational Programme in EUR	93
Table 53: Balance of assets and sources of assets of the Certifying Authority as at 31 December 2019 in EUR ..	94
Table 54: Changes of the European advance funds by cooperation programmes in the period 14-20 in EUR	94
Table 55: Balance of assets and sources of assets of the Certifying Authority by cooperation programmes 14-20 as at 31 December 2019 in EUR	95
Table 56: Revenues and expenses of the Certifying Authority by cooperation programmes 14-20 in 2019 in EUR	95
Table 57: Balance of assets and sources of assets of the MEDT as at 31 December 2019 in EUR	96
Table 58: Changes of loans granted from the MEDT's funds in 2019 in EUR	97
Table 59: Changes in contributions with the contractors of regional guarantee schemes in 2019 in EUR	97
Table 60: Balance of assets and sources of assets for regional guarantee schemes as at 31 December 2019 in EUR	99
Table 61: Profit and Loss Statement of the regional guarantee schemes in 2019 in EUR	99

CONTENTS OF GRAPHS

Graph 1: The level of debt due in the period 2012–2019 in EUR	22
Graph 2: Approved applications in 2019 by the Entrepreneurship Programme - B1, B2 and B4 by statistical regions (%)	46
Graph 3: Approved applications in 2019 under the Municipalities Programme - C1 by statistical regions (%)	47
Graph 4: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by statistical regions (%)	48
Graph 5: Approved applications in 2019 under the Pre-financing Programme - PF1, PF2, PF3 by statistical regions (%)	49
Graph 6: Approved applications in 2019 under the Entrepreneurship Programme - B1, B2, B4 by areas of investment (%)	50
Graph 7: Approved applications in 2019 under the Municipalities Programme - C1 by areas of investment (%) ..	50
Graph 8: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by area of investment (%)	51

CONTENTS OF IMAGES

Figure 1: Schematic representation of the Fund's activities and strategic orientations	14
Figure 2: Internal organisation	17
Figure 3: SIQ Certification mark	59

LIST OF ABBREVIATIONS

- ANC – Autochthonous national communities
- Application – Apps for comprehensive processing and monitoring of applications
- EC – European Commission
- SCA – Single Chart of Accounts
- ESIF – European Structural and Investment Funds
- TSA – Treasury Single Account
- EEA FM – European Economic Area Financial Mechanism
- JR1 – First Public Tender for Granting Soft Loans to Municipalities (tendered in 2019)
- JR2 – Second Public Tender for Granting Soft Loans to Municipalities (tendered in 2019)
- MEDT – Ministry for Economic Development and Technology
- Instruction 1 – Instruction on the Course of the Procedure for Granting Incentives and the Work of Expert Commissions
- NFM – Norwegian Financial Mechanism
- ANC Committee – Committee for Providing the Economic Basis of the Two Autochthonous National Communities
- OP – Operational Programme (in the Financial Perspective 2007-2014)
- OP ECP 14-20 – Operational Programme for the Implementation of the European Cohesion Policy in the Period from 2014-2020
- CA – Certifying Authority
- PFN/PFN 2018-2019 – Business and Financial Plan of the Slovenian Regional and Development Fund for 2018-2019
- Problem Areas Contract for 2016-2017 – Contract No. C2130-16-900001 on the financing and implementation of the instrument of soft loans for the investments in problem areas in 2016 and 2017
- Problem Areas Contract for 2018-2019 – Contract No. C2130-18-900001 on the financing and implementation of the instrument of soft loans for the investments in problems areas in 2018 and 2019
- Rules – Rules on Inspection and Monitoring of Projects Financed by the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas (dated 4 September 2012)
- Rules on Write-offs – Rules on the Criteria for Amending Contractual Provisions and on the Write-off of Liabilities of the Slovenian Regional Development Fund Debtors
- RGS – Regional Guarantee Scheme
- Fund – Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas/Slovenian Regional Development Fund
- Lot 1 - Public tender designed by the state aid rules, which means that it refers to loans with lower interest rates that contain elements of state aid in accordance with the notified schemes (state aids).
- Lot 2 – Public tender designed outside the state aid rules, which means that it refers to loans with an interest rates higher than the reference interest rate for the calculation of state aid that do not contain elements of state aid.
- GTC – General Terms and Conditions
- GODECP – Government Office for Development and European Cohesion Policy
- ZJS-1 – Public Funds Act
- ZSRR-2 – Promotion of Balanced Regional Development Act
- ZUKLPP – Act Regulating the Use of Funds Arising from the Purchase Considerations Based on the Ownership Transformation of Companies Act



"We contribute to the balanced development of the Slovenian regions and promote healthy growth, which remains our primary concern also for the future. We are proud of our results and having achieved the objectives set."

Velislav Žvipelj, Director

1. STRATEGIC ORIENTATION

Regional Development Policy Body

- **Incentives for various purposes** (entrepreneurship, municipalities, agriculture and forestry, ANC, pre-financing and RGS).

- **Implementation of 9 public tenders in 2019.**

- **Tendered funds of EUR 30,280,000.00**, of which:
 - EUR 26,000,000.00 from funds of earmarked assets,
 - EUR 4,280,000.00 from government budget appropriations + EUR 7,249,735.99.

impact



- **Number of supported projects by public tenders from 2019: 82**

- in the total value of **EUR 17,238,589.30**,
- contribution in the total investment value of **EUR 37,253,284.88**.

- **Number of applications being processed: 326 + it is still possible to apply.**



- **Number of supported projects by public tenders from 2018: 75**

- in the total value of **EUR 9,025,762.83**,
- contribution in the total investment value of **EUR 17,824,358.07**.

1 SUMMARY

The Slovenian Regional Development Fund (hereinafter referred to as the "Fund") has an important role in achieving public objectives in regional development and the development of rural areas. The Fund oversees the implementation and achievement of objectives in the field of regional policy, rural areas development policy, balanced development of activities in rural areas and the implementation of endogenous regional policy measures.

The Fund achieves its vision through two main strategic orientations, which ensure the realisation of the Fund's mission. The first strategic orientation pursues the implementation of development objectives, namely by creating incentives that have significant impact on coherent regional development. On the other hand, the second strategic orientation addresses an active involvement of the Fund in the European development processes.

The Fund's incentives are substantially and financially related to the implementation of the State's policy of regional development and the development of rural areas. The incentive programmes refer to the incentives for (1) entrepreneurship, (2) municipalities, (3) agriculture and forestry, (4) areas inhabited by autochthonous national communities, (5) pre-financing and (6) regional guarantee schemes. The Fund also acts within other incentives from the field of regional policy, such as co-operation in development projects, etc. Based on the target orientation of the incentive or the form of financial incentive, the Fund forms meaningful Sub-programmes within the individual programme.

In accordance with the PFN 2018-2019, in 2019, the Fund planned granting incentives of EUR 35,280,000.00, of which EUR 31,000,000.00 was in loans from the funds of the Fund's earmarked assets and EUR 4,280,000.00 in loans from government budget appropriations' funds.

Publication of nine public tenders with a total value of EUR 30,280,000.00 was realised, eight of which from the funds of earmarked assets of the Fund in the total value of EUR 26,000,000.00 and one from the government budget appropriations in the total value of EUR 4,280,000.00, which, on the basis of the contract concluded with the line Ministry for the implementation of problem areas measures, was increased by the remaining funds from previous years of the measures mentioned, namely in the amount of EUR 7,249,735.99. Following these public tenders, the Fund received 132 applications for granting loans. The realisation or the amount of appropriations, following withdrawals and decreases, was the granting of 82 projects in the total of EUR 17,238,589.30, whereby the Fund promoted the performance of investments in the total of EUR 37,253,284.88. Given the announced deadlines or date of publishing individual public tenders, 26 applications are still being processed, while, at the same time, in 2020, applications can still be submitted in seven public tenders.

Due to objective circumstances, such as the publication of a public tender towards the end of the year and/or due to the open type of deadline with the application deadline in 2019, the Fund had six more public tenders in the process of implementation in 2019 (published in 2018), according to which it received in total of 232 public tender applications, of which the number of approved applications in 2019, following (partial) withdrawals, amounted to 75 in the total value of EUR 9,025,762.83, whereby the Fund promoted the implementation of investments in the total of EUR 17,824,358.07.

2. STRATEGIC ORIENTATION

- **Implementing Authority for the implementation of the Operational Programme of the European Cohesion Policy** (incentives of entrepreneurial nature)

- **Certifying Authority**

- OP SI-AT
- OP SI-HU
- OP SI-HR
- INTERREG V-A Slovenia-Austria
- INTERREG V-A Slovenia-Hungary
- INTERREG V-A Slovenia-Croatia

- Norwegian Financial Mechanism,
- European Economic Area Financial Mechanism.

IMPLEMENTATION OF STRATEGIC ORIENTATIONS

- **By organising work appropriately**

- 3 sectors,
- 22 employees.

- **By other activities**

- ISO 9001:2015,
- Building an application for then comprehensive processing and monitoring of applications,
- External communication, etc.

- **By appropriate financial policy**

- Earmarked assets: EUR 99,295,621.75,
- Total revenues: EUR 1,281,231.82,
- Total expenses: EUR 1,138,598.53,
- **Surplus of revenues over expenses: EUR 142,633.29**

The second strategic orientation refers to the active inclusion of the Fund in the European development processes. Pursuant to the Agreement on the Method of Implementing the Tasks of the Implementing Authority (No. 8020-20/2016-5 as at 10 May 2016), signed by the Government Office for Development and European Cohesion Policy, the Fund acquired the role of Implementing Authority in the carrying out the Operational Programme for the Implementation of the European Cohesion Policy in the period from 2014 to 2020, namely from the contents of third priority axis, i.e. Dynamic and Competitive Entrepreneurship for Green Economic Growth. The tasks of the Implementing Authority are the implementation of the public tender, conclusion of subsidy contracts with beneficiaries, monitoring of the implementation of operations, along with discrepancies and forecasts and reporting about this to the intermediate body, providing access to documents, etc.

In the Financial Perspective 2007-2013, the Fund was, based on the Decision of the Government of the Republic of Slovenia, appointed in order to taking responsibility for the implementing the tasks of the Certifying Authority for three Operational Programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia. Given the expressed satisfaction of the programme partners on the performance of the function of Certifying Authority in the period 2007-2013, the Fund took up the function of Certifying Authority also in the programme period 2014-2020, namely in three Cross-border Cooperation Programmes - INTERREG V-A Slovenia-Austria, INTERREG V-A Slovenia-Hungary and INTERREG V-A Slovenia-Croatia. In addition to that, the Fund was also formally appointed as a Certifying Authority in two additional financial mechanisms, namely for the implementation of the European Economic Area Financial Mechanism 2014-2021 and the Norwegian Financial Mechanism 2014-2021, however, as at 1 April 2019, the mentioned function was transferred to the Ministry of Finance.

For a successful implementation of the Fund's strategic orientations, appropriate internal organisation is necessary as well. In 2019, the latter was carried out in three sectors, namely the Sector for the Implementation of Incentives, the General Sector and the Financial Sector, within which the Certifying Authority is also organised. As at 31 December 2019, the Fund employed a Director or Acting Director, 18 civil servants for an indefinite period and 3 public servants employed for the duration of implementation of the Certifying Authority's project within the Technical Assistance in the European Territorial Cooperation Programmes. The Fund's employees show a high level of commitment, innovation and motivation in performing their work tasks, where they are especially attuned to the needs of target groups.

In 2014, the Fund continued to renovate and update documents related to the new ISO 9001:2015 quality standard, to which it switched in 2018, thus demonstrating its focus on an effective quality management system in fulfilling the requirements of external stakeholders or the recipients of regional incentives. Moreover, the Fund also continued with the activities to build an application for the comprehensive processing and monitoring of applications, which would enable electronic submission and processing of applications.

When having the financial operations of the Fund in mind, it should be pointed out that the only systemic financial resources of the Fund are the purchase considerations that the Fund obtains in accordance with the law. The Fund manages earmarked assets in accordance with the purposes for which they were established and with an objective of maintaining or increasing the value thereof. The Fund carefully plans the investments and minimises the operating costs at all times.

The essential data of the Fund in 2019 is:

- Total revenues: EUR 1,281,231.82,
- Total expenses: EUR 1,138,598.53,
- Surplus of revenues over expenses: EUR 142,633.29,
- Earmarked assets: EUR 99,295,621.75.

2 FUND PRESENTATION



2.1 FUND PROFILE

Name	Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas
Abbreviated name	Slovenian Regional Development Fund
Address	Škrabčev trg 9a, 1310 Ribnica
Telephone	+386 1 836 19 53
Telefax	+386 1 836 19 56
Website	www.regionalnisklad.si
Organisational form	Public fund
Classification of activity	84.130 – Regulation of and contribution to more efficient operation of businesses
Founder	Government of the Republic of Slovenia
Competent ministry	Ministry for Economic Development and Technology (MEDT)
Earmarked assets	EUR 99,295,621.75 (as at 31 December 2019)
Tax number	92466834
Registration number	5940117
Acting Director	Velislav Žvipelj
Members of the Supervisory Board	<ul style="list-style-type: none"> • 2 representatives of the government body responsible for regional development • 1 representative of the government body responsible for development • 1 representative of the ministry responsible for development of rural areas • 1 representative of the ministry responsible for finances • 1 representative of entities promoting development at the regional level • 1 representative of experts from the field of regional development

2.3 ESTABLISHMENT AND TRANSFORMATION OF THE FUND

Pursuant to Act Regulating the Use of Funds Arising from the Purchase Considerations Based on the Ownership Transformation of Companies Act (Slovene: ZUKLPP) (Official Gazette of the Republic of Slovenia, No. 45/95, 34/96, 60/99, 22/00, 67/01 and 47/02), the Fund for Regional Development and Preservation of the Settlement of Slovene Rural Areas was established in 1995, as a limited liability company with the Republic of Slovenia as the only shareholder. The Fund was registered in the court register on 19 June 1996, under the No. SRG 96/01512.

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

On 23 July 2009, the Government of the Republic of Slovenia adopted a new Memorandum of the Foundation, based on which it renamed the Fund as the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas (abbreviated name Slovenian Regional Development Fund) and harmonised its operation with the provisions of the new Public Funds Act (Slovene: ZJS-1) (Official Gazette of the Republic of Slovenia, No. 77/08 and 8/10).

2.4 FINANCING OF THE FUND

The only systemic financial resources of the Fund are the purchase considerations acquired by the Fund on the basis of Article 7 of the ZUKLPP, specifically in the amount of:

- 11.5% from the funds received for the regional development and preservation of the settlement of Slovene rural areas,
- 2.5% from the funds received for the providing for the economic basis of the autochthonous national communities.

The Fund provides funds for work from its own revenues. The largest source represents the interest on loans and term deposits based on available funds. For the performance of the Certifying Authority's tasks, the Fund obtains reimbursement of expenses within the framework of technical assistance from the EC's budget and the state budget.

2.5 ACTIVITIES AND STRATEGIC ORIENTATIONS

The Fund is a public financial institution of the Republic of Slovenia, established with the purpose of achieving public objectives in the field of regional development and the development of rural areas on a continuing basis. As a professional institution for the field of regional development and cohesion policy, the Fund, through the performance of tasks and the implementation of granting of financial incentives, oversees the implementation and achievement of objectives in the field of regional policy, rural areas development policy and the balanced development of activities in rural areas, as well as the implementation of measures of the endogenous regional policy. To this end, the Fund continuously upgrades and adapts its offer within the framework of the statutory incentives and directs, both independently and in cooperation with other regional and development-oriented organisations, its assets, as well as the state and European assets in the projects, which contribute to the achievement of greater and balanced development of the Slovenian and the European regions.

The Fund implements its vision through two main strategic orientations, which enable the realisation of the Fund's mission. The first strategic orientation pursues the realisation of development plans, namely by creating incentives that have a significant impact on harmonious regional development. The second strategic orientation refers to the active involvement of the Fund in the European development processes.

The Fund's incentives are substantively and financially related to the implementation of the national policy of regional development and development of rural areas, by taking into consideration the strategic documents of both the European Commission (hereinafter referred to as the "EC") and the Republic of Slovenia. As a rule, the incentives are carried out within the framework of six programmes, namely the (B) Entrepreneurship Programme, the (C) Municipalities Programme, the (A) Agriculture and Forestry Programme, the Programme for Projects in the Areas Home to Italian and Hungarian Autochthonous National Communities (hereinafter referred to as the "ANC"), the (PF) Pre-financing Programme, and the (RGS) Regional Guarantee Schemes Programme.

FUND PRESENTATION SUMMARY

1. FUND PROFILE

- **Organisational form:** Public fund
- **Nomenclature of Economic Activities:** 84.130
- **Founder:** Government of the Republic of Slovenia
- **Competent ministry:** MEDT

2. FINANCING OF THE FUND

- The only systemic financial resources of the Fund are the **proceeds** (Article 7 of the ZUKLPP) in the amount of:
 - 11.5% from the funds received for the regional development and preservation of the settlement of Slovene rural areas,
 - 2.5% from the funds received for establishing an economic base for autochthonous national communities.
- **Own revenues** (the largest source represents the interest on loans and term deposits based on available funds).

3. STRATEGIC ORIENTATIONS

- **Regional Development Policy Body**
 - Incentives for entrepreneurship
 - Incentives for municipalities
 - Incentives for agriculture and forestry
 - Incentives for the ANC
 - Incentives for pre-financing
 - Incentives for the RGS
 - Other incentives from the field of regional policy



Form of incentive:

- Primarily loans with a favourable interest rate
 - Guarantees
 - Grants (if funds are ensured)
- **Involvement in the European development processes**
 - Implementing body for the implementation of the Operational Programme of the European Cohesion Policy.
 - Certifying Authority
 - o FP 2007-2013
 - o FP 2014-2020

Within an individual programme, the Fund creates meaningful incentives, mainly with respect to the targeting of incentives or according to the form of financial incentives. In addition to this, the Fund also acts in the field of other incentives from regional policy measures, such as the implementation of regional policy emergency measures, cooperation in development projects, etc. The primary form of incentives are loans with a favourable interest rate compared to the current market rate for equivalent bank loans. When implementing incentives from external financial sources, the Fund may also grant incentives in the form of grants alone or in combination with loans.

The second strategic orientation refers to the active inclusion of the Fund in the European development processes. Pursuant to the Agreement on the Method of Implementing the Tasks of the Implementing Authority (No. 8020-20/2016-5 as at 10 May 2016), signed by the Ministry for Economic Development and Technology, the Fund acquired the role of Implementing Authority for the implementation of the Operational Programme for the Implementation of the European Cohesion Policy in the period from 2014 to 2020 (hereinafter referred to as the "OP ECP 14-20"), based on the contents of the third priority axis, i.e. Dynamic and Competitive Entrepreneurship for Green Economic Growth. The tasks of the Implementing Authority include the implementation of the public tenders, conclusion of subsidy contracts with beneficiaries, monitoring of operations' implementation, discrepancies and forecasts and reporting about this to the intermediate body, providing access to documents from the field of the European cohesion policy, etc.

In the Financial Perspective 2007-2013, the Fund was, based on the decision of the Slovenian Government, appointed for a responsible function of implementing tasks of the Certifying Authority for three Operational Programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia. Given the expressed satisfaction of the programme partners on the performance of the function of Certifying Authority in the period 2007-2013, the Fund also took up the function of Certifying Authority in the programme period 2014-2020, for the three Cross-border Cooperation Programmes - INTERREG V-A Slovenia-Austria, INTERREG V-A Slovenia-Hungary and INTERREG V-A Slovenia-Croatia. The Certifying Authority's tasks relate mainly to the preparation of certified statements of expenditure and applications for payment and their transmission to the European Commission, to the certification that the expenditure declared complies with the applicable European and national rules, that it has arisen from projects selected for co-financing, and that the statements of expenditure are accurate and result from reliable accounting systems based on verifiable supporting document, etc.

In addition to this, the Fund was also formally appointed as a Certifying Authority in two additional financial mechanisms, namely for the implementation of the European Economic Area Financial Mechanism 2014-2021 and the Norwegian Financial Mechanism 2014-2021. The Memorandums of Understanding for the implementation of the mentioned programmes were signed on 17 April 2018. In 2019, the implementation of the Certifying Authority's tasks on these two mechanisms was transferred to the Ministry of Finance due to the changed circumstances.

3 FUNDAMENTAL PREMISES FOR DRAWING UP THE ANNUAL REPORT FOR 2019

3.1 MACROECONOMIC IMPACTS

The macroeconomic framework in 2019 has not changed significantly compared to the previous year. The declining trend of economic growth, the worsening of geopolitical tensions, the focus on individual nations at the expense of other countries or parts of the world, and the pressing threats of climate change, continued. There have been no escalations (yet), but the danger is still hanging over us like the Sword of Damocles. Once again, the situation could be described as a fairly beautiful, mostly sunny day with a few clouds and some thunder in the distance, with restless glances unable to determine if the weather front is moving further away or the atmosphere is just vibrating in a seeming peace, while, in reality, a storm of unimaginable scale will break out at any moment. With such restlessness in mind and a perplexed gaze, the world is entering 2020, so it is not surprising to feel the extreme pessimism of managers from all corners of our world on one side, along with the somewhat surprising optimism of institutions with regard to the recovery of the European economy on the other. The news is strongly contradictory. The greatest managerial pessimism can be felt in North America and Western Europe, which is why we cannot avoid the feeling that the relative lack of concern in Central and Eastern Europe represents unjustified optimism in the illusion of guaranteed growth, without taking into consideration the intertwined nature of trade flows and the consequent domino effect. When looking forward, we are becoming increasingly concerned that many developing countries will be faced with a renewed lack of preparedness for the challenges of a new storm, a new crisis. We are thus very conscious of the fact that the greater the volatility of any economic upheavals, the less developed and more dependent on the purchasing power of the most developed nations an individual country will be.

Real GDP growth in 2019 has decreased everywhere. For example, in China it fell from 6.6% in 2018 to 6.1% in 2019. Forecasts for 2020 and 2021 remain at 6.0% or 5.8%. A similar further downward trend applies also for the USA: 2.3% in 2019, while projections for the future predict 2.0% and 1.7%. A downturn is also registered in the eurozone: from 1.9% in 2018 to only 1.2% in 2019. Individual developed countries, such as Italy and Germany, which were already threatened by recession, do not need to be particularly highlighted. Last year Italy registered growth of only 0.2%, while Germany saw only 0.6%! This raises the question of whether it's realistic to believe that the decline of economic activity has bottomed out, and that the downward trend in other countries, including developed European countries but with the exception of China and the USA, will be reversed in 2020. This seems unlikely.

The trade war between the USA and China that broke out at the end of 2019 has led to the signing of an agreement, although this can only be understood as a lull, a temporary armistice, due to other developments. If the demands of the USA are met then this will lead to a decrease in China's trade with Europe, the countries of the Far East and the rest of the world, or to a breakdown of China's agreement with the USA and, consequently, a new escalation of their war on trade in goods and services. The EU and USA are also looking for a new trade agreement, and the post-Brexit agreement between the UK and EU will also be a hard nut to crack. The forecasts in this context are extremely unreliable and the results cannot be easily predicted, as an event that would entirely change the forecasts could happen at any moment.

What about Slovenia? No important global issues were resolved in 2019 – if anything, they were even further exacerbated. A good example of this is the situation in the Middle East and the southern coast of the Mediterranean. The whole year passed in the anticipation of Brexit, the actual start of which is now being pushed towards 2021. Despite Germany and Italy being important Slovenian partners, since the Slovenian economy exports 19% of its total exports to Germany and almost 12% to Italy, total Slovenian exports in 2019 continued to grow. While it is true that Slovenia is also recording a decline in export volume to its traditional markets, such changes demonstrate the capability of the Slovenian economy to deal with market turbulence. Despite the positive changes that occurred in 2019, Slovenia's heavy reliance on foreign trade raises the question of whether there can be GDP growth in the next two years, or if a period of stagnation is coming.

Slovenia performed relatively well in the extremely unpredictable circumstances of recent times. The GDP growth rate, which amounted to an impressive 4.8% in 2017 and an equally impressive 4.1% in 2018, fell by more than expected by the UMAR, BS, OECD and others in the spring of 2019. The estimate for the last year's GDP growth is now, upon entering 2020, varying between 2.4% and 2.8%. In all likelihood, we can expect an intermediate measured value of 2.6%. The stated growth rate is still

above the average in the current circumstances, but consideration must also be given to the lower development starting point of Slovenia in comparison with the more developed countries of Europe and around the world, and with that the related higher expectations for growth.

In the previous year, Slovenia was still in the middle of the European Perspective 2014-2020. The implementation of projects in the public interest and in support of the private sector using the "European" money was still strong. This fact should provide us with much of the answer to the question of why Slovenia has such a high level of employment. Of course, we can attribute some of this to the exceptional export efficiency of Slovenian companies, where signs of a decline in orders and the first needs to reduce the number of employees started to show in the fourth quarter of the year. However, the European co-financing of infrastructural and other important projects for the development of regions is very important in Slovenia. This is also the reason why we cannot be too optimistic for the year we are entering – stagnation in GDP growth and exports both seem likely. Moreover, because Europe is entering a period between two perspectives, as Perspective 2014-2020 is slowly coming to an end, while the new one is still in the preparation phase. Therefore, there is still a long way before the new distribution of funds among the Member States and the subsequent publication of project tenders, so, as a consequence, the cycle of economic activity in Slovenia will undoubtedly slow down.

The view through the prism of monetary measures and their impact on economic activity also seems similar. The US Federal Reserve has cautiously raised the key interest rate, which now stands at 1.75%, but no further increases are expected. What is more, the conditions for its reduction can arise very quickly. The European Central Bank has not even detected a situation for which it could raise the key interest rate. It maintained it at 0.0%, whereby it resumed the quantitative easing measures, and, in the previous year, lowered the interest rate on bank deposits with the European Central Bank system to -0.5%. As a result, the EURIBOR of all maturities also fell, and the interest rates of commercial banks, insofar as they still receive deposits from the non-financial sector, are now rapidly approaching zero, with an increasing number of banks charging demurrage charge for cash in accounts and in deposits.

As had already been pointed out in the 2018 macroeconomic impacts, Europe has entered the period of zero return, the ECB will in all likelihood have to insist on quantitative easing, which will mean lower interest rates in the future, too, while, in the event of a major deterioration of the management conditions, there will also be new problems for banks, as they will not generate sufficient revenues to cover the necessary impairments and cancellation of debts. In 2019, the declining trend in expected government bond yields continued. For the first time, we have witnessed a situation where the expected yield on a Slovenian bond fell below 0.0%, while the State Treasury issued treasury bills with a yield close to the interest rate for deposits with the Central Bank, i.e. close to -0.50%.

How did the macroeconomic situation affect the Fund's operations in 2019? As already indicated, the Slovenian financial system continued to have a high level of liquidity last year, and, as a consequence, little interest in accepting deposits from the available earmarked assets of the Fund. The volume of interest income from investing free cash in deposits and government bonds has additionally decreased, and will reduce even more in 2020. The Fund is, therefore, entering a period when it will no longer be able to cover its current expenses with the current revenues. Nevertheless, due to extraordinary revenues and lower expenditure than planned, the Fund has once again ended the year with a surplus of revenues over expenses. Moreover, because the still stable economic environment fostered the strong payment capacity of its debtors, there was no need to increase the already formed volume of credit risks provisions.

In the segment of classic loans to entrepreneurship and for investments within the framework of local self-government, easier accessibility to bank credit was also seen in 2019. However, the low cost of borrowing money does not mean that commercial banks are now properly servicing the economy, but rather that the competition in the market is still worsening and that merely offering cheaper loans for the development and market breakthrough of companies is not always a sufficient incentive to undertake new investments. There is, therefore, a clear need for new financial instruments, which, upon decreasing interest costs, also bring the benefit of easier security of borrowing. In such a situation, the focus of the Fund's activities was put on incentives granted from the MEDT's funds for investments in problem areas, on pre-financing of the European projects and on the incentives for agriculture. Unfortunately, the Fund's efforts, in cooperation with the relevant Ministry, to prepare a renewed regional guarantee schemes financial instrument within the framework of the joint financial engineering, which would enable government interest rate subsidies and issuance of guarantees for bank loans without the need for additional collateral by guarantee beneficiaries, did not turn out to be fruitful last year either. The challenge, therefore, remains to overcome the regulatory obstacles and successfully implement the preparation of measures within the framework of financial engineering, in order to ensure a shift from

grants or loans only to incentives that effectively intertwine the public and private funds, non-reimbursable and reimbursable incentives, with the aim of guiding and promoting regional development.

3.2 STRATEGIC BASES

In the conduct of its operations, the Fund takes into consideration the strategic documents for the period 2014-2020, which influence or direct its operation, as it integrates the defined priority orientations or objectives (summarised in Table 1) in the creation of its own incentives.

Table 1: Summary of strategic documents

SUMMARY OF STRATEGIC DOCUMENTS AFFECTING THE FUND'S OPERATIONS	
<p>Europe 2020 – A Strategy for smart, sustainable and inclusive growth (Communication from the EC of 3 March 2010)</p>	<p>The Europe 2020 Strategy sets out the vision of a social market economy for Europe in the 21st century, whereby the headline targets are to:</p> <ul style="list-style-type: none"> • Increase the employment rate of the population between the ages 20 and 64 from the current 69% to 75%, • Achieve the objective of investing 3% of GDP in research and development, • Reduce greenhouse gas emissions by at least 20% compared to the 1990 levels (or by 30% if the conditions are right), to increase the share of renewable energy sources to 20% and to increase energy consumption efficiency by 20% (the so-called 20/20/20 climate/energy target), • Reduce early school leaving from the current 15% to 10%, and to increase the share of the 30-34-year olds having completed tertiary education from 31% to at least 40%, • Reduce the number of people in Europe living below national poverty thresholds from 25% by taking 20 million of people out of poverty. <p>The Europe 2020 Strategy is designed on three priority areas:</p> <ul style="list-style-type: none"> • Smart growth, which is designed for developing the economy based on innovation (<i>improving the general conditions as well as access to financing of research and innovation, so as to turn innovative ideas in products and services</i>), knowledge (<i>enhancing the performance of education systems and facilitating the entry of young people to the labour market</i>) and digital society (<i>establishing high-speed Internet and reaping the benefits of a digital single market</i>), • Sustainable growth promoting competitiveness (<i>improving the business environment for small and medium-sized enterprises (hereinafter referred to as the “SMEs”), fostering the development of a sound and sustainable industrial base</i>) and a green economy, which uses renewable resources more efficiently (<i>supporting the transformation towards a low-carbon economy, increasing use of renewables, modernisation of transport sector</i>), • Inclusive growth designed to foster a high-employment economy (<i>modernisation of labour markets, strengthening the role and position of people by developing their knowledge, etc.</i>) and skills enabling economic, social and territorial cohesion.
<p>Partnership Agreement (October, 2014, approved by the EC, 30 October 2014)</p>	<p>The Partnership Agreement is a strategic document that presents a basis for the mobilisation of the resources from the EU 2014-2020 Funds, which are the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, whereby for the period 2014-2020 the EU laid down 11 thematic objectives, relating to smart, sustainable and inclusive growth:</p> <ul style="list-style-type: none"> • Strengthening research, technological development and innovation, • Improving access to information and communication technologies and increasing their use and quality, • Enhancing the competitiveness of SMEs, the agricultural sector, and the fisheries and aquaculture sector, • Supporting the shift towards a low-carbon economy, • Promoting climate change adaptation, • Protecting the environment and promoting resource efficiency, • Promoting sustainable transport and removing bottlenecks, • Promoting sustainable and quality employment and supporting labour mobility, • Promoting social inclusion, combating poverty and discrimination, • Investing in education, training and vocational training, • Enhancing the institutional capacity of public authorities and stakeholders and thus efficient public administration.

<p>Slovenia's 2030 Development Strategy (adopted by the government on 7 December 2017)</p>	<p>Slovenia's 2030 Development Strategy pursues the key objective, i.e. raised quality for all, through five strategic orientations:</p> <ul style="list-style-type: none"> • Inclusive, healthy, safe and responsible society, • Learning for and throughout life, • Highly productive economy, which creates added value for all, • Preserved and healthy natural environment, • High level of cooperation, competence and management efficiency. <p>As set forth in the Strategy, in order to implement the strategic objectives it is necessary to take action in different interrelated and interdependent areas that are reflected in the following twelve strategy development objectives: a healthy and active life, the knowledge and skills necessary for a good quality of life and work, a decent life for all, culture and language as the fundamental factors of the national identity, economic stability, a competitive and socially responsible entrepreneurial and research sector, an inclusive labour market and quality jobs, a low-carbon circular economy, sustainable management of natural resources, a trustworthy legal system, a safe and globally responsible Slovenia, efficient management and high-quality public services.</p>
<p>Operational Programme for the Implementation of the European Cohesion Policy in the Period 2014-2020 (December 2014)</p>	<p>In the period 2014-2020, a single operational programme has been established for disbursement of funds from all three structural funds of the European Cohesion Policy, such as the European Regional Development Fund, the European Social Fund and the Cohesion Fund.</p> <p>The document does not include the sectoral or regional approach, as the aim is for the funds to be secured for sound projects, no matter the sector or the region. Support will thus be given to those projects that will contribute to the reinforcement of competitiveness and the necessary increase in value added per employee, preservation and creation of new jobs, internationalisation, reduction of socio-economic disparities, etc.</p> <p>The document contains priority axes of the selected investment priorities, in which Slovenia will invest the European Cohesion Policy funds in the period 2014-2020:</p> <ul style="list-style-type: none"> • Priority Axis 1: International competitiveness of research, innovation and technological development in line with smart specialisation for enhanced competitiveness and greening of economy. • Priority Axis 2: Enhancing access to, and use and quality of, ICT. • Priority Axis 3: Dynamic and competitive entrepreneurship for green economic growth. • Priority Axis 4: Sustainable consumption and production of energy and smart grids. • Priority Axis 5: Climate change adaptation. • Priority Axis 6: Improvements to the environment and biodiversity status. • Priority Axis 7: Infrastructure development and promotion of sustainable mobility. • Priority Axis 8: Promoting employment and supporting transnational labour mobility. • Priority Axis 9: Social inclusion and reduction of poverty risks, active ageing and health. • Priority Axis 10: Knowledge, skills and lifelong learning to enhance employability. • Priority Axis 11: Rule of law, enhancing institutional capacity, efficient public administration and capacity building of NGOs and social partners.
<p>Cooperation Programmes:</p> <ul style="list-style-type: none"> • INTERREG V-A Slovenia-Austria • INTERREG V-A Slovenia-Hungary • INTERREG V-A Slovenia-Croatia 	<p>The Cooperation Programme is a programming document prepared jointly by the countries participating in the European Territorial Cooperation Programmes and approved by the EC. The conceptual orientation of the Cooperation Programme pursues the ambition of the European Cohesion Policy for the period 2014-2020 and the European 2020 Strategy, with its aim of "smart, sustainable and inclusive growth". It takes into account the macro-regional, national and regional strategies and contains the situational analysis, strategy, development priorities, organisational structure and financing system of the programme throughout the areas it covers. The objectives of the stated cooperation programmes are achieved by implementation of joint operations with partners from the two participating countries.</p> <p>The individual Cooperation Programmes cover the selected priority axes pursued by:</p> <ul style="list-style-type: none"> • INTERREG V-A Slovenia-Austria follows the Priority Axis 1 (strengthening research, innovation and technological development), the Priority Axis 6 (preserving and protecting the environment and promoting resource efficiency) and the priority Axis 11 (enhancing the institutional capacity of public authorities and stakeholders and efficient public administration). • INTERREG V-A Slovenia-Hungary follows the priority Axis 6 (preserving and protecting the environment and promoting resource efficiency) and the Priority Axis 11 (enhancing the institutional capacity of public authorities and stakeholders and efficient public administration). • INTERREG V-A Slovenia-Croatia follows the Priority Axis 5 (promoting climate change adaptation and risk prevention and management), the Priority Axis 6 (preserving and protecting the environment and promoting resource efficiency) and the priority Axis 11 (enhancing the institutional capacity of public authorities and stakeholders and efficient public administration).

<p>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, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006</p>	<p>The regulation lays down general rules applicable to the European Structural and Investment Funds (hereinafter referred to as the “ESI Funds”). In addition, this Regulation contains provisions to ensure the effectiveness of the ESI Funds and coordination of Funds with each other and other instruments of the European Union. It covers common rules applicable to the ESI Funds and general rules with regard to the tasks, priority objectives and organisation of the Funds, as well as the criteria to be complied with by Member States and regions to be eligible for support from the ESI Funds, the financial resources available and the criteria for their allocation. Moreover, it also lays down rules on management and control, financial management, accounting and financial corrections.</p>
<p>Regulation (EU) No. 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific rules about the investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006</p>	<p>The Regulation lays down the tasks of the European Regional Development Fund, the scope of support from the Fund for the »investment for growth and jobs« goal and the “European Territorial Cooperation” goal, and specific provisions for the support from the European Regional Development Fund for the “investment for growth and jobs” goal.</p>
<p>Regulation (EU) No. 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal</p>	<p>The Regulation contains the alignment with the Europe 2020 Strategy and is part of the legislative package on cohesion policy for the period 2014-2020. One of the objectives of the cohesion policy is the European territorial cooperation, which provides a framework for the implementation of common interventions and the exchange of policies among the national, regional and local actors from different Member States.</p>
<p>Norwegian Financial Mechanism for the period 2014-2021 and the European Economic Area Financial Mechanism for the period 2014-2021</p>	<p>The Norwegian Financial Mechanism (hereinafter referred to as the “NFM”) and the European Economic Area Financial Mechanism (hereinafter referred to as the “EEA FM”) are unique instruments and the basis of cooperation between Slovenia and the donor countries – Norway, Iceland and Lichtenstein. Their aim to reduce the economic and social disparities in Europe and to strengthen bilateral relations between donor and recipient countries.</p> <p>For the period 2014-2021, the framework of these financial mechanisms envisages primary achievement of two objectives:</p> <ol style="list-style-type: none"> 1. Reducing economic and social disparities between countries, as despite progress differences in the economic development and standard of living still persist in Europe. This is why the funds of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism are primarily intended to be used to address such differences in line with the policies of the European Union, with an emphasis being given to climate change, research and development, civil society and investing in people based on human resources development and social development. 2. Strengthening cooperation with donor countries, in particular through the promotion of mutual cooperation, which should be implemented, inter alia, by the establishment of partnerships between organisations in donor and recipient countries.
<p>Regulation on the Implementation of the European Economic Area (EEA) Financial Mechanism in the period 2014–2021 (adopted by the EEA Financial Mechanism Committee on 8 September 2016 and approved by the Standing Committee of the EFTA States on 23 September 2016)</p> <p>Regulation on the Implementation of the Norwegian Financial Mechanism in the period 2014–2021 (adopted by the Ministry of Foreign Affairs of the Kingdom of Norway on 23 September 2016)</p>	<p>The management and control of the EEA FM and the NFM is carried out in accordance with the legislative package applicable to all beneficiary countries. It contains five priority areas of support, complementarity and synergies, with the priorities associated to the Europe 2020 Strategy and the thematic objectives defined in the framework of the European Cohesion Policy for the period 2014-2020, synchronisation of the new financial period with the time-frame of the EU Cohesion Policy (2014-2020) Instrument, enhanced focus on the results and strengthened monitoring of progress in attaining the agreed objectives at the programme level.</p>

<p>Rural Development Programme of the Republic of Slovenia for the Period 2014-2020 (adopted by the EC on 22 September 2019)</p>	<p>The Rural Development Programme of the Republic of Slovenia for the period 2014-2020 is a programming document that serves Slovenia as a basis for the implementation of the rural development measures. The Programme reflects the national priorities identified by the Member State on the basis of an analysis of realities and the state of agriculture, food and forestry, as well as the involvement of these branches of the economy in rural and global developments.</p> <p>The key orientations refer to:</p> <ul style="list-style-type: none"> • Promoting the transfer of knowledge and innovations in agriculture, forestry and rural areas, • Enhancing farm viability and the competitiveness of all types of agriculture in all regions, and promoting innovative farm technologies and sustainable management of forests. • Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture, • Restoring, preserving and enhancing ecosystems related to agriculture and forestry, • Promoting social inclusion, poverty reduction and economic development in rural areas.
<p>Smart Specialisation Strategy (adopted by the Government of the Republic of Slovenia on 20 September 2015 and approved by the EC on 5 November 2015)</p>	<p>The Smart Specialisation Strategy will be strategically focused on sustainable technologies and healthy living services, which shall classify Slovenia as a green, active, healthy and digital region with outstanding conditions for creation and innovation, aimed at development of medium and hi-tech solutions in niche fields.</p> <p>The key objectives include raising the value added per employee, exporting hi-tech intensive products and services with a high share of knowledge and promoting entrepreneurial activities. The objectives are elaborated for each of the nine priorities, where the fields and technologies with competitive advantages for Slovenia are clearly defined. In these fields, Slovenia will pass from a follower to the co-creator of global trends. These fields are (1) a healthy living and working environment, (2) natural and traditional resources for the future, and (3) industry 4.0.</p>

3.3 LEGAL BASES FOR THE OPERATION OF THE FUND

3.3.1 Main provisions

1. Basic laws

- Public Funds Act (Slovene: ZJS-1) (Official Gazette of the Republic of Slovenia, No. 77/08, 8/10-ZSKZ-B), which governs public funds and thereby also the Fund, has the status of a legal person under public law. Article 24 of the Public Funds Act requires that a public fund must have general terms and conditions that define the criteria, conditions, procedures and scope of incentives with regard to the individual beneficiaries, mutual rights and obligations of the Fund and the beneficiaries of incentives, which presents the legal basis for adopting the General Terms and Conditions.
- Act Regulating the Use of Funds Arising from the Purchase Considerations Based on the Ownership Transformation of Companies Act (Slovene: ZUKLPP) (Official Gazette of the Republic of Slovenia, No. 45/95, 34/96, 60/99 – ZSRR, 22/00 – ZJS, 67/01, 47/02) on the basis of which the Fund obtains the only systematic source arising from purchase considerations.
- Promotion of Balanced Regional Development Act (Slovene: ZSRR-2) (Official Gazette of the Republic of Slovenia, No. 20/11, 57/12, 46/16), which lays down the modalities of mutual coordination between the state and municipalities in planning regional policy and implementing regional development tasks, the activities and performance of development such tasks and the regional policy measures. In the second chapter, between planning and implementing the regional policy at the state-level, Article 10 defines the role of the Fund, which based on the public powers:
 - may, on the basis of contracts with direct budget users, grant and provide financial incentives under their responsibility,
 - grant and provide financial incentives from its earmarked assets and government budget appropriations,
 - establish and implement regional guarantee schemes, micro-credit and other entrepreneurship support schemes implemented at the level of entire region.

On the basis of Article 30a, the Fund also carries out urgent regional policy measures.

2. Regulations on the granting of incentives

- Decree on the Methodology of Determining the Level of Development of Municipalities (Official Gazette of the Republic of Slovenia, No. 76/17),

- Decree on Granting of Regional Incentives (Official Gazette of the Republic of Slovenia, No. 113/09,37/10, 20/11, 24/11, 16/13),
- Decree on the Implementation of Endogenous Regional Policy Measures (Official Gazette of the Republic of Slovenia, No. 16/13, 78/15, 46/19),
- Decree on the Regional Aid Map for 2014-2020 (Official Gazette of the Republic of Slovenia, No.103/13),
- Decree on the Criteria for Defining Territories with Special Development Problems, and on the Determination of Municipalities meeting these Criteria (Official Gazette of the Republic of Slovenia, No. 59/00, 93/05),
- Rules on the Classification of Development Regions by the Level of Development for the Programming Period 2014-2020 (Official Gazette of the Republic of Slovenia, No. 34/14),
- Regulation on the Procedure of Standards and Methods to Allocate Means for the Promotion of the Evolutional Programmes and the Preferential Tasks (Official Gazette of the Republic of Slovenia, No. 56/11),
- Triglav National Park Act (Slovene: ZTNP-1) (Official Gazette of the Republic of Slovenia, No. 52/10, 46/14-ZON-C, 60/17).

3. Regulations concerning border problem areas

- Decree Determining Border Problem Areas (Official Gazette of the Republic of Slovenia, No. 22/11, 97/12, 24/15, 35/17),
- Programme of Encouraging the Competitiveness of Maribor with the Wider Surroundings in the Period 2013/2018 (Decision of the Slovenian Government, No. 30200-1/2013/4 as at 10 October 2013, with amendments No. 30301-3/2016/3 of 23 June 2016 and No. 30301-3/2016/10 of 13 October 2016),
- Decision on Additional Temporary Development Support Measures for a Problem Area with a High Unemployment Rate - Maribor with the Wider Surroundings, No. 00726-16/2016 (Official Gazette of the Republic of Slovenia, No. 53/13, 36/16),
- Programme for Promoting Competitiveness and Development Support Measures in Pokolpje in the Period 2011-2016 (Decision of the Slovenian Government, No. 30300-2/2011/4 of 7 April 2011) and amendments to the Programme for Promoting Competitiveness and Development Support Measures in Pokolpje in the Period 2011-2016 (Decision of the Slovenian Government, No. 30301-1/2012/3 of 2 February 2012),
- Amendments to the Programme for Promoting Competitiveness and Development Support Measures in Pokolpje in the Period 2011-2020 (Decision of the Slovenian Government, No. 30301-2/2016/4 of 23 June 2016),
- Programme for Promoting Competitiveness and Development Support Measures for the Region of Municipalities of Hrastnik, Radeče and Trbovlje for the Period 2013-2020 (Decision of the Slovenian Government, No. 00726-19/2013/7 of 25 July 2013, with the amendments No. 30301-4/2016/6 of 23 June 2016),
- Amendments to the Programme for Promoting Competitiveness of the Pomurje Region in the Period 2010-2019 (Decision of the Slovenian Government, No. 30301-6/2017/3 of 14 September 2017),
- Decision of the Slovenian Government on Additional Temporary Development Support Measures for the Problem Areas with a High Level of Unemployment (Official Gazette of the Republic of Slovenia, No. 36/16, 64/16).

4. Regulations in respect of state aid

- Monitoring of State Aid Act (Slovene: ZsDrP) (Official Gazette of the Republic of Slovenia, No. 37/04), which governs the notification procedure, reporting obligations and recording state aid and the conformity assessment of state aid, which does not need to be reported to the European Commission.
- Decree on Allocating Regional State Aid and on Methods of Implementation of Regional Employment Incentive and Employment and Investment Tax Relief (Official gazette of the republic of Slovenia, No. 93/14, 77/16, 14/18).

5. Regulations from financial operations

- Accounting Act (Slovene: ZR) (Official Gazette of the Republic of Slovenia, No. 23/99, 30/02, 114/06-ZUE),
- Public Finance Act (Slovene: ZJF) (Official Gazette of the Republic of Slovenia, No. 79/99, 124/00, 79/01, 30/02, 56/02-ZJU, 110/02-ZDT-B, 127/06-ZJZP, 14/07-ZSPDPO, 109/08, 49/09, 38/10-ZUKN, 107/10, 110/11-ZDIU12, 104/12-ZIPRS1314, 14/13, 46/13-ZIPRS1314-A, 82/13-

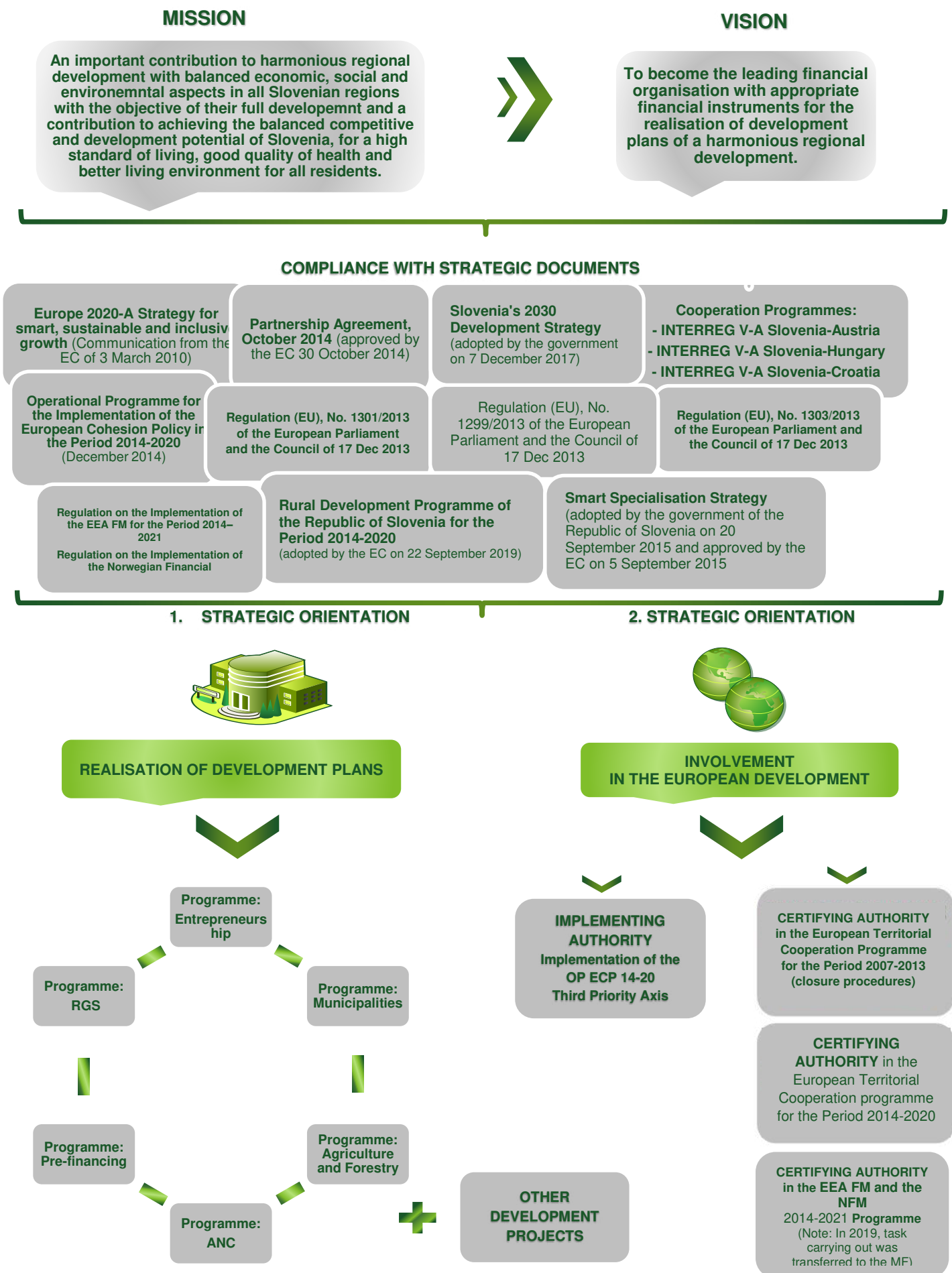
ZIPRS1314-C, 101/13, 101/13-ZIPRS1415, 38/14-ZIPRS1415-A, 95/14-ZIPRS1415-C, 14/15-ZIPRS1415-DIN 55/15-ZFisP, 96/15-ZIPRS1617, 80/16-ZIPRS1718, 33/17-ZIPRS1718-A, 71/17-ZIPRS1819, 13/18, 75/19-ZIPRS2021),

- Rules on the Single Chart of Accounts for the Budget, Budget Spending Units and Other Entities under Public Law (Official Gazette of the Republic of Slovenia, No. 112/09, 58/10, 104/10, 104/11, 97/12, 108/13, 94/14, 100/15, 84/16, 75/17, 82/18),
- Rules on the Preparation of Annual Reports for the Budget, Budget Users and Other Public Bodies (Official Gazette of the Republic of Slovenia, No. 115/02, 21/03, 134/03, 126/04, 120/07, 124/08, 58/10, 104/10, 104/11, 86/16),
- Rules on Breaking Down and Measuring Revenues 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 Annual Accounts of the State and Local Budgets and the Methodology for the Preparation of Report on Objectives Achieved and the Results of Direct and Indirect Budget Users (Official Gazette of the Republic of Slovenia, No. 12/01, 10/06, 8/07, 102/10),
- Rules on the Method and Rates of Depreciation of Intangible and Tangible Fixed Assets (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).

3.3.2 Basic internal acts

- Memorandum of Association, No. 01401-4/2009/6 of 23 July 2009 (with amendments and additions, clean copy of SV of 31 March 2017), by which the operation of the Fund is harmonised with the provisions of the Public Funds Act and the Promotion of Balanced Regional Development Act.
- General Terms and Conditions of 8 November 2019 (hereinafter referred to as the "GTC"), which, in 2019 were conceptually harmonised with the identified needs of the business environment. The GTC, which derive from the provisions of the Promotion of Balanced Regional Development Act and represent the basis for granting of incentives, are considered as an integral part of public tender for each individual form of incentive and determine (1) the purpose and forms of incentives, (2) the method of granting of incentives and criteria, (3) the scope and conditions for granting of incentives, (4) the procedure for granting of incentives, and (5) the rights and obligations of the Fund and the beneficiary or the applicant after the granting of incentives. *(Note: On the day these GTCs entered into force, the GTC of 19 March 2015, with amendments and supplements of 23 September 2016, ceased to be valid. All procedures initiated before the adoption of these GTCs are finished under the GTCs then in force.)*
- Rules on Granting of Incentives of 19 March 2015 (with amendments and supplements of 2 April 2015, 12 August 2015, 4 March 2016, 2 June 2016, 28 October 2016 and 28 December 2016), which, together with the GTC, represents the basis for granting of incentives and defines the implementation of measures in the field of (1) regional state aid rules, (2) "de minimis" aid, (3) agriculture and forestry, (4) promotion of local and regional public infrastructure projects, (5) pre-financing of projects, (6) changes in the payment dynamics, reprogram and write-off of liabilities to the Fund.
- Rules on Securing Incentives of 8 November 2019, which determine the forms and restrictions of incentive insurance and the minimum conditions of individual forms of insurance and the method of adequacy assessment of the insurance proposal in granting incentives.
- Business Policy for the Period 2016-2020, No. 30000-2/2015-6 of 16 March 2016.

Figure 1: Schematic representation of the Fund's activities and strategic orientations



4 BUSINESS REPORT FOR 2019

4.1 AUTHORITIES OF THE FUND

4.1.1 Director

The Fund is managed by a Director who is appointed and dismissed by the Government of the Republic of Slovenia on the proposal of the Supervisory Board. The Director is appointed for a four-year renewable term of office. In 2019, the Fund was managed by Velislav Žvipelj, who served as Director until 28 February 2019, after which the Government of the Republic of Slovenia appointed him as Acting Director three times – for the first time on 1 March 2019, the second time on 30 May 2019 and the third time on 30 November 2019, for a maximum duration of the term until 29 November 2020.

4.1.2 Supervisory Board

The members of the Supervisory Board are appointed and dismissed by the Government of the Republic of Slovenia on the proposal of the Minister responsible for regional development. The Supervisory Board is appointed for a four-year renewable term of office. The Supervisor Board is constituted when all its members are appointed and the Board meets at the quorate session, at which the members shall elect the Chairman from among their number, who usually convenes sessions of the Supervisory Board.

The Supervisory Board, which holds sessions as necessary, but at least four times in one financial year, has seven members, which include two representatives of the government body responsible for regional development, a representative of the government body responsible for development, a representative of the ministry responsible for rural area development, a representative of the ministry responsible for finance, a representative of the entities promoting development at the regional level and a representative of experts in the field of regional development.

On 10 May 2018, the Government of the Republic of Slovenia appointed the composition of the members of the Supervisory Board for a four-year term of office starting from the day of its constitution, i.e. as at 25 May 2018. On 12 September 2019, one of the members of the Supervisory Board submitted his resignation, but since the Government of the Republic of Slovenia did not dismiss him until the end of 2019 and appointed a new member, the Supervisory Board carried out its tasks in a reduced formation.

In 2019, the Supervisory Board met in nine regular sessions and held five correspondence sessions. The most important decisions discussed and adopted are listed in Table 2.

Table 2: Supervisory Board's work in 2019

SUPERVISORY BOARD'S WORK IN 2019	
Members of the Supervisory Board	<ul style="list-style-type: none">• Dr. Robert Drobnič, Ministry of Economic Development and Technology, Chairman of the Supervisory Board• Hermina Oberstar, Ministry of Agriculture, Forestry and Food, Deputy Head of the Supervisory Board• Karla Pinter, MSc, Ministry for Economic Development and Technology• Nataša Kokol Car, Ministry of Finance• Lilijana Madjar, MSc, Regional Development Agency of the Ljubljana Urban Region (RRA LUR)• Dr. Nika Razpotnik Visković, Anton Melik Geographical Institute, Scientific Research Centre of the Slovenian Academy of Sciences and Arts• Dimitrij Pur, Government Office for Development and European Cohesion Policy (until 12 September 2019)

Regular sessions	
4. Regular session 28 January 2019	<ul style="list-style-type: none"> The Supervisory Board gets acquainted with the current problems of the regional guarantee scheme implementation and instructs the Fund to prepare a comprehensive analysis of the effects of the instrument and its problems, with proposals for solutions. The Supervisory Board decides to nominate candidate Velislav Žvipelj as the Director of the Fund. The Supervisory Board adopts the Report on the Made Write-offs of Liabilities of the Fund's Debtors in 2018 on the basis of the Rules on the Criteria for Amending Contractual Provisions and on the Write-off of Liabilities of the Fund's Debtors.
5. Regular session 14 March 2019	<ul style="list-style-type: none"> The Supervisory Board adopts the proposal to publish an open competition for the appointment of the Fund's Director, under the same conditions as in the previous open competition. The Supervisory Board gets acquainted with the problems of implementation and financing of the regional guarantee scheme and provides guidance (holding of meetings, the introduction of appropriate procedures for the change of legal bases). The Supervisory Board postpones the decision on determining the number of days of annual leave in 2019 for the Fund's Director to the following session. The Supervisory Board gets acquainted with the GODECP's proposal with regard to the change of the CA for the European Economic Area Financial Mechanism for the Period 2014-2021 and the Norwegian Financial Mechanism for the Period 2014-2021.
6. Regular session 11 April 2019	<ul style="list-style-type: none"> The Supervisory Board appoints the Commission for conducting the interviews and making proposals for the appointment of the Director and determines the list of candidates for the interview. The Supervisory Board determines the number of days of annual leave for the Director for 2019.
7. Regular session 15 May 2019	<ul style="list-style-type: none"> The Supervisory Board takes a positive stance in relation to the Fund's Annual Report for 2018 and proposes that the Government of the Republic of Slovenia adopt it, together with the method of using the surplus of revenues over expenses. The Supervisory Board gives its assent to the conclusion of a loan agreement over EUR 500,000.00 (3957ZBP2). The Supervisory Board takes the position that the discussion of material on determining the number of promotions at the end of the mandate of the Fund's Director shall be postponed. The Supervisory Board gets acquainted with the renewal of the General Terms and Conditions of the Fund.
8. Regular session 18 June 2019	<ul style="list-style-type: none"> The Supervisory Board gets acquainted with the offer of the company Platinum Events d.o.o., Gornji Petrovci, for the purchase of the "Mura Hall" owned by PIIC Murania d.o.o.
9. Regular session 16 July 2019	<ul style="list-style-type: none"> The Supervisory Board adopts General terms and Conditions of the Fund and proposes that the Government of the Republic of Slovenia give its consent. The Supervisory Board takes a positive stance in relation with the amendments and supplements to the Business and Financial Plan of the Fund for 2018 and 2019 and proposes that the Government of the Republic of Slovenia adopt it. The Supervisory Board takes note of the findings and recommendations of the Audit Authority at the CA with regard to the composition of the Fund's Supervisory Board, and proposes that the competent department ensures an appropriate composition within the framework of binding rules. The Supervisory Board gets acquainted with the Report on the Challenges of Implementing and Financing of the RGS.
10. Regular session 11 September 2019	<ul style="list-style-type: none"> The Supervisory Board takes a positive stance towards amendments and supplements to the Business and Financial Plan of the Fund for 2018 and 2019 (first supplementary budget) and proposes that the Government of the Republic of Slovenia adopt them. The Supervisory Board proposes that the MEDT's Minister adopt the amendments and supplements to the Business and Financial Plan of the Fund for 2018 and 2019 (second supplementary budget), following the adoption of the first supplementary budget by the Government of the Republic of Slovenia. The Supervisory Board gives its consent to the conclusions of a loan agreement over EUR 500,000.00 (5012YC1, 5016YC1, 5304YBP3, 5305YBP3). The Supervisory Board gets acquainted with the Report on the Challenges of Implementing and Financing of the RGS. The Supervisory Board gets acquainted with the work of the Commission for the Selection of the Director of the Fund and makes a decision on the completion of the open competition procedure with the non-selection of a Director.

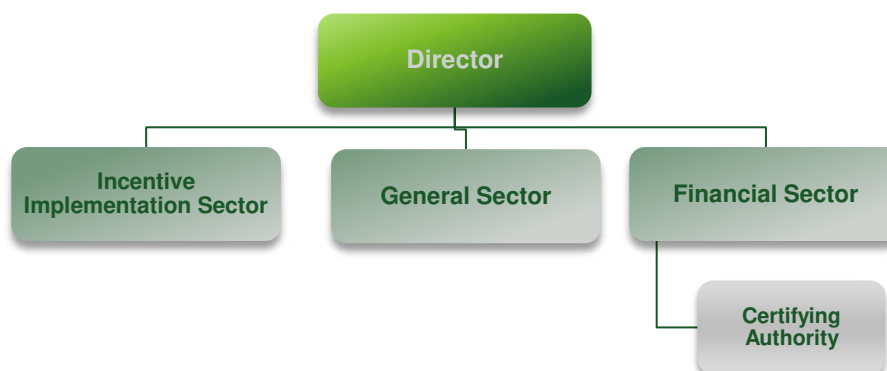
“continuation”

Regular sessions	
11. Regular session 22 November 2019	<ul style="list-style-type: none"> The Supervisory Board gets acquainted with the conclusion of the sales agreement for the sale of the “Mura Hall”, owned by PIIC Murania d.o.o., concluded on 1 July 2019 with the company Platinum Events d.o.o., Gornji Petrovci. The Supervisory Board gives its consent to the conclusion of a loan contract over EUR 500,000.00 (5312YBP3, 5310YBP3, 5400YB1). The Supervisory Board get acquainted with the Report on the Challenges of Implementing and Financing of the RGS and proposes a meeting between the Fund, the MEDT, the MF, the Government Office for Legislation and the Court of Auditors of the Republic of Slovenia for the purpose of a comprehensive solution of the issue in question. The Supervisory Board considers the proposed Business and Financial Plan of the Fund for 2020 and 2021 and makes proposals for corrections and supplements.
12. Regular session 11 December 2019	<ul style="list-style-type: none"> The Supervisory Board proposes that the Fund, when preparing the Business and Financial Plan for 2020 and 2021, reconsiders the most appropriate redistribution of revenues and expenses in such a way a negative operating result will not be recorded in 2020.
Correspondence sessions	
1. Correspondence session 14 and 15 January 2019	<ul style="list-style-type: none"> The Supervisory Board gives it consent to the Amendments to the Rules on the Internal Organisation and Systematisation of the Fund’s Workplaces. The Supervisory Board will get acquainted with the work done by the Commission for the Selection of a Director and will decide on the proposal for appointment at its regular session.
2. Correspondence session 22 and 23 May 2019	<ul style="list-style-type: none"> The Supervisory Board takes a positive stance to the supplemented Annual Report of the Fund for 2018 and proposes the Government of the Republic of Slovenia to adopt it. The Supervisory Board gives its consent to the amendment of the Fee Schedule, an Annex to the Fund's Tariff Rules.
3. Correspondence session 28 and 29 May 2019	<ul style="list-style-type: none"> The Supervisory Board adopts a supplementary decision on the completion of the open competition procedure for the appointment of the Fund's Director, No. 121-4/2018.
4. Correspondence session 7 and 8 November 2019	<ul style="list-style-type: none"> The Supervisory Board proposes that the Government of the Republic of Slovenia appoint Velislav Žvipelj as the Acting Director of the Fund, namely from 30 November 2019 onwards, but for a maximum of 12 months.
5. Correspondence session 17 to 19 December 2020	<ul style="list-style-type: none"> The Supervisory Board takes a positive stance towards the Business and Financial Plan of the Fund for 2020 and 2021 and proposes that the Government of the Republic of Slovenia adopt it.

4.1.3 Organisation of employees and their work

Internal organisation of employees is carried out in the following internal organisational units:

Figure 2: Internal organisation



On 31 December 2019 the composition of employees at the Fund was as follows:

- The Director or Acting Director for a definite period until 29 November 2020,
- 18 public servants employed on an indefinite basis,
- 3 public servants employed for a definite period until 30 November 2023 to meet the work needs of the Certifying Authority within the framework of Technical Aid in Programmes of the European Territorial Cooperation and the EEA FM and the NFM.

Table 3: Educational composition of employees at the Fund

EDUCATIONAL COMPOSITION OF EMPLOYEES AS AT 31 December 2019			
Level	Sublevel		Number of employees
Eight level	8/2	Doctor of Science or similar education	1
	8/1	Master of Science or similar education	2
Seventh level	7	Second cycle of higher education (specialisation after professional higher education/Academic higher education/Master (second Bologna cycle)	14
Sixth level	6/2	First cycle of higher education/Professional higher education (former)	3
	6/1	Short-term higher, higher vocational and similar education	1
Fifth level	5	Technical and general upper secondary education	1
Total			22

4.1.3.1 Board of Directors

The Board of Directors is a consultative body, in which the Head of the Incentive Implementation Sector, the Head of the General Sector, the Head of the Financial Sector and the Certifying Authority usually cooperate with the aim of dealing with important matters or documents of the Fund before the Director makes a decision on a particular matter.

In 2019, the Board of Directors met in six sessions. In addition to that, the Director or Acting Director usually convened working meetings with all the Heads of Sectors once a week, with the intention to exchange information on the activities of the Fund in real-time, as well as information on all other important events that affect the operation of the Fund.

4.1.3.2 Expert Commissions

The work of expert commissions is specified by the Instruction on the Course of the Procedure for Granting Incentives and the Work of Expert Commissions (hereinafter referred to as "Instruction 1"), which determined the procedure of appointing the expert commission, its tasks, its working methods and remuneration for the potential external members of expert commissions. As a rule, expert commissions are appointed according to the field of for which incentives are granted, with an expert commission for entrepreneurial incentives, incentives for municipalities, agriculture and forestry incentives, incentives for areas home to autochthonous national communities, pre-financing incentives and the regional guarantee schemes' incentives. If the Fund approaches the publication of an additional tender either in the form of new incentives or as an external contractor of another contracting entity, an additional expert commission shall be formed.

In 2019, the Fund published nine public tenders, eight from the funds of its earmarked assets and one from the funds of the state budget. To this end, the Fund's Director appointed a total of nine expert commissions, five of which were active, while four expert commissions were partially active under two public tenders for pre-financing programme, a public tender for the municipalities and a public tender for the purchase of agricultural and forest land. The expert commissions active were those that carried out all activities for the publication of a public tender and tender document in 2019, as well as considered applications, prepared proposals for non-approval/approval, followed by the issuance of decisions. On the other hand, partly active were the expert commissions that carried out all the activities for the publication of a public tender and tender document in 2019, while the considering of applications was partially/ totally postponed to 2020.

In 2019, the public tenders from 2018 were also being implemented, which effectively means that the expert commissions under public tenders from 2018 were also active, with these being the expert commissions for entrepreneurial incentives, incentives for municipalities, agriculture and forestry incentives and pre-financing incentives.

A total of 15 expert commissions operated in 2019, nine of which considered applications under public tenders from 2019 and six considered applications under public tenders from 2018. The expert commissions met in a total of 73 sessions, 42 of which were carried out for the consideration of applications under public tenders from 2019, and 31 for the consideration of applications under public tenders from 2018. In 2019, the Fund managed tenders through closed and open deadlines for the submission of applications. Open tenders mean that funds are available until the exhaustion of funds. It also means that the received applications are usually opened and considered on a weekly basis, which accordingly means a larger number of sessions of expert commissions.

Table 4: Operation of expert commissions in 2019

OPERATION OF EXPERT COMMISSIONS IN 2019				
Expert commission following public tender	Operation in 2019	Number of members	Number of sessions	Notes
Expert commissions for the consideration of applications following public tenders for 2019				
B Programme: ENTREPRENEURSHIP B1: Incentives for projects in the economy	Active	5	5	<ul style="list-style-type: none"> The public tender was published in September 2019. The expert commission managed the public tender through a closed deadline for submission of applications. The processing of applications will continue in 2020, as according to the public tender the deadlines for the submission of applications are also valid in 2020.
B Programme: ENTREPRENEURSHIP B4: Incentives for projects in (border) problem areas	Active	5	7	<ul style="list-style-type: none"> The public tender was published in June 2019 from the remaining funds from the previous two tenders for problem and border areas and the funds for 2019. The expert commission managed the public tender through closed tender deadlines. The processing of applications will continue in 2020, as due to a modification of the tender, additional deadlines in 2020 were announced.
C Program: MUNICIPALITIES C1: Incentives for local and regional public infrastructure	Active	3	10	<ul style="list-style-type: none"> The public tender was published in May 2019. The expert commission managed the public tender through open tender deadlines. The processing of applications was completed in 2020.
C Programme: MUNICIPALITIES C1: Incentives for local and regional public infrastructure	Partially active	3	1	<ul style="list-style-type: none"> The second public tender was published in December 2019. The expert commission manages the public tender through open tender deadlines. The processing of applications will be carried out in full in 2020.
A Programme: AGRICULTURE AND FORESTRY A1: Incentives in the field of primary agricultural production A2: Incentives in the field of agricultural processing and marketing A3: Incentives for the initial investments in forestry	Active	5	9	<ul style="list-style-type: none"> The public tender was published in May 2019. The expert commission managed the public tender through closed tender deadlines. The processing of applications will also be carried in 2020, as due to a modification of the tender, additional deadlines in 2020 were announced.
A Programme: AGRICULTURE AND FORESTRY A1: Incentives in the field of primary agricultural production	Partially active	6	1	<ul style="list-style-type: none"> The public tender was published in November 2019. The expert commission managed the public tender through closed tender deadlines. The processing of applications will be carried out in full in 2020.
PF Programme: PRE-FINANCING PF1: Pre-financing of development projects of non-profit organisations PF2: Pre-financing of agricultural holding projects PF3: Pre-financing of projects in the economy	Active	4	7	<ul style="list-style-type: none"> The public tender was published in May 2019. The expert commission managed the public tender through closed tender deadlines. The public tender was closed in November 2019, the processing of applications will also be carried out in 2020.

<i>"continuation"</i>				
PF Programme: PRE-FINANCING PF1: Pre-financing of development projects of non-profit organisations PF3: Pre-financing of projects in the economy	Partially active	4	1	<ul style="list-style-type: none"> The public tender was published in December 2019. The expert commission manages the public tender through closed tender deadlines. The processing of applications will be carried out in full in 2020.
PF Programme: PRE-FINANCING PF2: Pre-financing of agricultural holding projects	Partially active	5	1	<ul style="list-style-type: none"> The public tender was published in December 2019. The expert commission manages the public tender through closed tender deadlines. The processing of applications will be carried out in full in 2020.
Expert commissions for the consideration of applications following public tenders for 2018				
B Programme: ENTREPRENEURSHIP B4: Incentives for projects in (border) problem areas	Active	5	3	<ul style="list-style-type: none"> The public tender was published in April 2018 from the remaining funds from 2016 and 2017. After signing the contract with the MEDT and receiving the funds, the tendered funds were increased for the funds for 2018 by a modification of the public tender. The expert commission managed the public tender through closed tender deadlines. The processing of applications will continue in 2019, as an additional deadline in 2019 was announced due to a modification of the public tender.
B Programme: ENTREPRENEURSHIP B1: Incentives for projects in the economy B2: Incentives for projects in the field of woodworking and wood processing	Active	3	3	<ul style="list-style-type: none"> The public tender was published in July 2018. The expert commission managed the public tender through closed deadlines for submission of applications The processing of one application was postponed to 2019 due to the arrangement of insurance.
B Programme: ENTREPRENEURSHIP B2: Incentives for projects in the field of woodworking and wood processing	Active	5	6	<ul style="list-style-type: none"> The public tender was published in December 2018 from the remaining funds in the (B) Entrepreneurship Programme. The expert commission managed the public tender through open tender deadlines. The processing of applications was carried out in full in 2019.
C Programme: MUNICIPALITIES C1: Incentives for local and regional public infrastructure	Active	3	2	<ul style="list-style-type: none"> The public tender was published in December 2018. The expert commission managed the public tender through open tender deadlines. The processing of applications was carried out in full in 2019.
A Programme: AGRICULTURE AND FORESTRY A1: Incentives in the field of primary agricultural production A2: Incentives in the field of agricultural processing and marketing A3: Incentives for the initial investments in forestry	Active	6	9	<ul style="list-style-type: none"> The public tender was published in July 2018. The expert commission managed the public tender through closed tender deadlines. The processing of applications was carried out in 2019 as well, as additional deadlines in 2019 were announced due to a modification of the tender.
PF Programme: PRE-FINANCING PF1: Pre-financing of development projects of non-profit organisations PF2: Pre-financing of agricultural holding projects PF3: Pre-financing of projects in the economy	Active	5	8	<ul style="list-style-type: none"> The public tender was published in July 2018. The expert commission managed the public tender through closed tender deadlines. The processing of applications was carried out in 2019 as well, as additional deadlines in 2019 were announced due to the modification of the tender.

4.1.3.3 Board of Trustees and Debtors

The Board of Trustees and Debtors is a working body, appointed by the Director, that acts in the field of recovery of outstanding matured receivables and in the field of custody of borrowers, in which the representatives of the Financial Sector, the Incentive Implementation Sector and the General Sector are appointed. On 14 December 2010 (amendments and supplements as at 5 October 2015), the Fund approved the Rules of Procedure of the Board of Trustees and Debtors, which defines its tasks as follows:

- Systematic processing of unsettled matured receivables,
- Addressing professional issues with respect to receivables,
- Consideration of trust reports,
- Proposal of possible activities for an individual borrower.

1. The amount of the Fund's outstanding receivables

In 2019, the Board of Trustees and Debtors met in four sessions. Unsettled matured receivables were recovered in accordance with the Rules on the Recovery of Matured Outstanding Receivables as at 3 February 2014. The Fund's specialist services were involved in the recovery of receivables in the event of late payments of over 90 days or when regular reminder recovery procedures in the Fund or in the banks failed. At the same time, the Fund's specialist services participated in bankruptcy procedures and compulsory settlements. The receivables were recovered by telephone, with written formal notices, through discussions and compulsory settlements. The last eight notices were sent before termination of the contract or before initiating proceedings for enforcement/lawsuit. Due to non-payment of loan liabilities, the Fund cancelled the loan agreement for one debtor and initiated the proceedings for an enforced repayment. A bankruptcy procedure was initiated for seven debtors.

Table 5: The amount of outstanding receivables as at 31 December 2019 in EUR

THE AMOUNT OF UNPAID RECEIVABLES AS AT 31 December 2019 in EUR			
By the segment	On the basis of	Number of debtors (late payment over 90 days)	Total amount of matured receivables
Loans	The Fund granted them on the basis of public tenders in the previous years.	57	5,011,014.42
Guarantees granted		2	1,074,654.09
Loans acquired from receivables	The Fund acquired the granted loans on the basis of the Act on Amendments and Supplements to the Act Regulating the Use of Funds Arising from the Purchase Considerations Based on the Ownership Transformation of Companies Act (Official Gazette of the Republic of Slovenia, No. 67/01) and Contract No. 401-213/2002 on Outstanding Assignment of Receivables, concluded between the MEDT and the Fund.	9	653,743.07
Total		68	6,739,411.58

As is apparent from Table 6, in 2019, the Fund identified a decrease in the volume of debt due and in the number of debtors in the segment of loans. These reductions were influenced by the payments received from terminated contracts and write-offs of the Fund's uncollectible receivables, as well as a decrease in delays in the payment of liabilities. The downward pattern of the volume of debt due and number of debtors is also expected to continue in 2020.

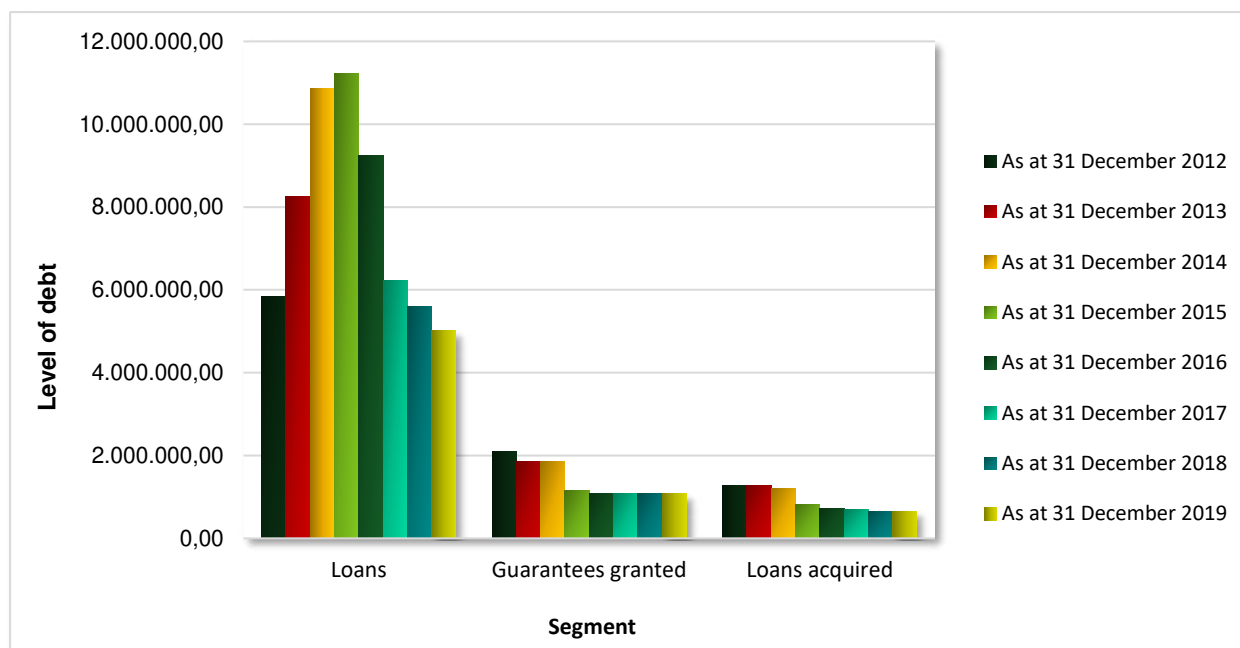
Table 6: Number of debtors and the level of debt due in the period 2012–2019 in EUR

NUMBER OF DEBTORS AND THE LEVEL OF DEBT DUE IN THE PERIOD 2012-2019 IN EUR							
Year	Loans		Guarantees granted		Loans acquired		Total
	Number of debtors	Debt due	Number of debtors	Debt due	Number of debtors	Debt due	Number of debtors Debt due
2012	180	5,833,348.82	5	2,102,440.72	29	1,280,065.34	214 9,215,854.88
2013	149	8,264,606.56	4	1,865,085.47	28	1,272,011.60	181 11,401,703.63
2014	135	10,851,645.38	4	1,865,023.40	25	1,210,746.01	164 13,927,414.79
2015	117	11,235,763.39	3	1,162,712.09	17	822,184.45	137 13,220,659.93

"continuation"

Year	Loans		Guarantees granted		Loans acquired		Total	
	Number of debtors	Debt due	Number of debtors	Debt due	Number of debtors	Debt due	Number of debtors	Debt due
2016	99	9,249,324.22	2	1,074,654.09	14	718,171.50	115	11,042,149.81
2017	84	6,216,488.74	2	1,074,654.09	11	691,496.40	97	7,982,639.23
2018	64	5,604,123.55	2	1,074,654.09	10	658,460.18	76	7,337,237.82
2019	57	5,011,014.42	2	1,074,654.09	9	653,743.07	68	6,739,411.58

Graph 1: The level of debt due in the period 2012–2019 in EUR



2. Procedures for the recovery of the Fund's receivables

On 31 December 2019, the Fund had 50 terminated contracts, of which the total amount of receivables was EUR 6,388,355.47. Various court recovery proceedings are being conducted against these debtors, depending on the loan collateral and other circumstances. Moreover, bankruptcy proceedings have been initiated against some debtors or pledgers; the Fund is actively participating in these proceedings with the aim of more successful realisation of the pledged assets.

The most common form of recovery is the enforcement against the pledged property. If it is discovered in the enforcement action that the pledged assets are not sufficient for the payment of the totality of the debt, inquiries on other of the debtor's assets are carried out and the enforcement is extended to other assets, such as movables, attachment of salary, pension or funds in the accounts. It should be noted that some matters are at a standstill due to an unsuccessful forced recovery. The Fund monitors these matters from the point of view of recovery after a certain period of time, or after the acquisition of new assets.

There are several reasons for less successful recovery, particularly the following:

- Unsuccessful sale of real estate in the enforcement proceedings,
- Lengthy bankruptcy and court proceedings,
- Purchase considerations from the pledged properties sold in the enforcement and bankruptcy proceedings are not sufficient to repay the entire claim,
- Poorer ranking of mortgages of the Fund on real estate,
- Debtors who do not have other recoverable assets.

In 2019, the Fund recovered EUR 655,702.61 from the terminated contracts (for the payment of the principal, interest, management costs and costs of enforcements), including EUR 9,955.53 from enforcements on cash (attachment of salaries, pensions and funds in the account), EUR 210,321.74

from the sale of real estate, EUR 177,153.28 from bankruptcies, EUR 7,897.38 from cashed bills of exchange and some debtors paid their debt on their own, either partially or in full – in that respect, the Fund received EUR 250,374.68. In 2019, three debtors from four loan contracts settled their debts in full.

The statistics of court recovery proceedings and insolvency proceedings against the Fund's debtors in 2019 are as follows:

- 1 filed (new) enforcement proposal,
- 3 filed (repeated) enforcement proposals,
- 1 lodgement of claim (from grants for 2011) for composition proceedings,
- 4 lodgements of claims and a right to separate satisfaction in personal bankruptcy proceedings,
- 4 lodgements of claims and a right to separate satisfaction in bankruptcy proceedings against a legal entity.

3. Procedures for the recovery of receivables from grants for 2011

The Fund monitors the achievement of the set contractual objectives on the basis of the Contract for Border Areas concluded with the MEDT. To 31 December 2016, the Fund terminated the contracts of ten beneficiaries for failure to meet the set contractual objectives. Based on additional evidence or the MEDT's decisions, three beneficiaries do not need to return the funds, three beneficiaries have returned the funds in full, legal proceedings are underway against one beneficiary, bankruptcy proceedings are initiated against one beneficiary, composition proceedings are carried out against one beneficiary and an instalment payment agreement has been concluded with one beneficiary. In 2019, the Fund recovered receivables in the amount of EUR 77,860.02 from grants awarded.

4. Procedures for the recovery of receivables from MEDT's loans

In the same way as for its loans, the Fund monitors and recovers overdue unpaid receivables from development loans awarded for investments in problem areas with a high level of unemployment under Contract No. C2130-16-900001 on the financing and implementation of the instrument for soft development loans for investments in problem areas in 2016 and 2017 (hereinafter referred to as the "Problem Areas Contract 2016-2017") and under the Contract No. C2130-18-900001 on financing and implementation of the instrument for soft development loans for investments in problem areas in 2018 and 2019 (hereinafter referred to as the "Problem Areas Contract 2018-2019"), concluded with the MEDT. In that respect, no contract has been terminated yet, although the first delays in the payment of overdue liabilities have already been detected.

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

Write-off of liabilities of the Fund's debtors is carried out on the basis of the Rules on the Criteria for Amending Contractual Provisions and on the Write-off of Liabilities of the Slovenian Regional Development Fund Debtors (hereinafter referred to as the Rules on Write-offs), which the Supervisory Board adopted on 8 November 2016. Pursuant to the Rules on Write-offs, the amendments to contractual obligations (reprogramming) and debt write-off may be carried out

- as a regular measure of the Fund, in the case of debt write-off the following criteria should be considered: level of debt, disproportionate costs of recovery in comparison with debt level and uncollectability of debt due to non-liquidation of debtor's asset,
- as a measure on the basis of the Promotion of Balanced Regional Development Act (ZSRR-2), namely (1) on the basis of Article 10 of the Act, whereby in the case of a debt write-off the following criteria may be taken into account: unsuccessful recovery and the principle of economy, and (2) on the basis of Article 30a of the Act, as an implementation of urgent measures of the regional policy due to disability, a prolonged illness or death of the business operator; social vulnerability of the incentive recipient and the members of his/her family; natural and other disasters or emergencies; extremely negative functioning of the market, affecting a wide geographical area or industry,
- in the process of restructuring the debtor's liabilities, all from the funds of the Fund.

Pursuant to the Rules on Debt Write-offs, the Fund takes decisions in the cases of implementation of the regular measure and unsuccessful recovery, while the Ministry of Finance takes decisions in the cases of debt write-offs for reasons of economy, and the MEDT in the cases of debt write-offs for the implementation of the urgent regional policy measure. The Fund is obliged to report on all write-offs to the Fund's Supervisory Board once a year.

In 2019, the Fund carried out seven write-offs of liabilities of the Fund's debtors on the basis of the Rules on Write-offs, i.e. on Article 7 of the Rules on Write-offs, which stipulates that the Fund may write-off debt under the debt uncollectability criterion due to non-liquidation of debtor's asset.

In 2019, the Fund wrote-off a total of EUR 248,755.16 of recorded receivables and completed the recovery of non-recorded receivables in the amount of EUR 368,206.52.

4.2 RESULTS IN THE FIELD OF INCENTIVES

The Fund grants incentives on the basis of Business and Financial Plan (or revised budget for the current year), GTC, Rules on Granting of Incentives and the reported state aid schemes.

In 2019, the Fund created incentives under four programmes, namely the Entrepreneurship (B) Programme, the Municipalities (C) Programme, the Agriculture and Forestry (A) Programme and the Pre-financing (PF) Programme. Incentives were placed in the form of a loan. At the same time, the activities associated with the incentives published by the Fund in 2018 continued in 2019.

Within the above-mentioned Programmes, which are divided into relevant Sub-programmes, the Fund grants incentives primarily through the publication of public tenders. These are designed according to the target orientation of the incentive or according to the form of financial incentive, which means that the Fund may publish a public tender by individual Sub-programme or combine different Sub-programmes into one public tender when this is reasonable due to similar content and conditions.

At the same time, public tenders can be divided into two lots, namely “by the state aid rules” (*Lot 1 mark*), which refers to loans with lower interest rate that contain elements of state aid in accordance with the notified schemes (state aid) and “outside the state aid rules” (*Lot 2 mark*), which refers to loans with an interest rate higher than the reference interest rate for the calculation of state aid that do not contain elements of state aid. The exception are the public tenders for the Municipalities Programme, where no elements of state aid are present, as these are incentives for projects with an impact on the public good, which do not undermine competitiveness.

4.2.1 Results of the “(B) Entrepreneurship” Programme incentives

The Entrepreneurship (*B mark*) Programme is intended to promote project in entrepreneurship, whereby the incentives, which are given in the form of a loan, are targeted at regional policy's priority areas in order to contribute to reducing discrepancies in development, increasing the competitiveness, increasing/maintaining the number of employees, etc.

4.2.1.1 B1 - Sub-programme incentives – with soft loans of the Fund

In 2019, within the Entrepreneurship Programme from the funds of earmarked assets, the Fund published a public tender for the Sub-programme “B1-Incentives for Projects in the Economy” with the aim of promoting entrepreneurial activity, competitiveness, market orientation and technological development of companies. The public tender was divided into two lots, i.e. Lot 1 and Lot 2.

Table 7: Results of the Entrepreneurship Programme incentives – B1 Sub-programme

B PROGRAMME: ENTREPRENEURSHIP	
<i>Partially realised (processing of part of applications postponed to 2020)</i>	
B1 Sub-programme	B1: Incentives for Projects in the Economy
Tenderer	Slovenian Regional Development Fund
Source of funds	Funds of earmarked assets
Form and the amount of funds	<ul style="list-style-type: none"> Loan: EUR 2,000,000.00 → EUR 3,000,000.00
State aid	Public tender created according to: <ul style="list-style-type: none"> Lot 1 (by the state aid rules in accordance with the notified schemes) and Lot 2 (outside the state aid rules).
Tender title	Public Tender for Soft Loans for Entrepreneurial Projects - B1 2019
Publication in the official Gazette	Official Gazette of the Republic of Slovenia, No. 58 of 27 September 2019 (with amendment No. 68 of 15 November 2019, No. 77 of 20 December 2019)
Closing date	First closing date: 28 October 2019, second closing date: 25 November 2019, third closing date: 6 January 2020, fourth closing date: 7 February 2020 and fifth closing date: 6 March 2020.

»continuation«

Beneficiaries	<p>Large, medium-sized, small and micro enterprises (in order to determine the size, the provisions of Annex I to EC Regulation, No. 651/2014 (GBER), are used), founded before 1 January 2017 and registered</p> <ul style="list-style-type: none"> • Under the Companies Act as a legal entity or a natural person that independently engages in gainful activity in the market, and • Under the Law on Cooperatives as a cooperative.
Loan conditions	<p>Interest rate</p> <ul style="list-style-type: none"> • Lot 1 (by the state aid rules) • Three-month EURIBOR* + 0.60% to 0.90% margin, depending on the coefficient of development of the municipality, in which the project is located (<i>*in the case of a negative EURIBOR, the value of 0.00% is used for it</i>). • Lot 2 (outside the state aid rules) <p>Applicable state reference interest rate for the calculation of state aid* + 0.60% to 0.80% margin, depending on the development coefficient of the municipality, in which the project is located (<i>*in the case of a negative base of the reference interest rate, the value of 0.00% + 100 basis points is used</i>).</p> <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> • Up to 180 months with the included moratorium on repayment of principal, • Moratorium on repayment of principal: Up to 36 months, • Interest during the moratorium is paid on a monthly basis.
Eligible costs	<ul style="list-style-type: none"> • Investment in real estate (for example, purchase of commercial buildings/other commercial buildings with the accompanying land, building/adaptation of commercial buildings/other business premises, development of commercial land), • Equipment and other tangible assets (for example, equipment, machinery), • Intangible assets (for example, software, patents, licenses, trademarks), • Costs of current assets (for example, administrative costs, costs of material, costs of subcontractors, labour costs and other operating costs).
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> • Regional aspect – up to 30 points: <ul style="list-style-type: none"> - Development coefficient of municipalities for 2019, - Location of the project in the border problem area, - Location of the project in the Triglav National Park area. • Evaluation of the project – Up to 50 points: <ul style="list-style-type: none"> - Market analysis, - Competitive analysis, - Marketing strategy associated with the new project, - Guaranteed sales, - Increase in the number of employees related to the project, - Net debt considering the new debt, - Liquidity, - Movement of net sales revenues considering the project. • Evaluation of the applicant – Up to 20 points: <ul style="list-style-type: none"> - Credit rating of the applicant according to the classification under EBONITETE.si, - Capital adequacy, - Net debt/EBITDA as of 31 December 2018, - Size of the applicant, - Social enterprise status.

⇒ **Explanatory information regarding the partial realisation**

In 2019, the Fund published a public tender for soft loans for entrepreneurial projects, wherewith it awarded funds in the total amount of EUR 2,000,000.00; during the public tender, the total amount of the funds was increased to EUR 3,000,000.00 due to an increased demand, whereby the funds were tendered through a closed type tendering deadline.

By 31 December 2019, six applications were received for the public tender, with the required amount of incentives in the total amount of EUR 2,049,522.07 necessary for the implementation of projects in the total investment value of EUR 3,181,593.07 excluding VAT.

Of the six applications received, the processing of two applications was postponed to 2020, while four applications in the amount of EUR 1,894,902.80 were approved, whereby the Fund contributed to the implementation of projects in the total investment value of EUR 2,975,433.08 excluding VAT. The largest

value of loan granted was EUR 1,356,223.00, the lowest value was EUR 34,679.80, while the average value was EUR 473,725.70.

4.2.1.2 B4 - Sub-programme incentives – from the government budget appropriations

In 2019, within the Entrepreneurship Programme, the Fund published a public tender for the Sub-programme “B4-Incentives for Projects in (Border) Problem Areas” with the aim of promoting projects in the economy in (border) problem areas with a high level of unemployment, namely under Lot 1.

Incentives were created from the Government budget appropriations, which the Fund received for management on the basis of the Contract No. C2130-18-900001 on financing and implementation of the instrument of soft development loans for investments in problem areas in 2018 and 2019, concluded with the Ministry for Economic Development and Technology. The rest of the funding under the contract concluded with the Ministry, for problem areas for 2016 and 2017, was also tendered through the public tender, as already in 2016, the Fund was appointed for the implementation of the instrument of soft development loans for investments in all problem areas.

Table 8: Results of the Entrepreneurship Programme-B4 Sub-programme

B Programme: ENTREPRENEURSHIP		
<i>Partially realised (processing of part of applications postponed to 2020)</i>		
B4 Sub-programme	B4: Incentives for projects in (border) problem areas	
Tendered	Slovenian Regional Development Fund	
Source of funds	Government budget appropriations (MEDT)	
Form and the amount of funds	Loan: EUR 11,529,735.99, with the following dynamics:	
	Area	Unused funds from 2016-2018
	Maribor with the wider surroundings	0.00
	Pokolpje	0.00
	Hrastnik, Radeče, Trbovlje	0.00
	Pomurje	0.00
	Border problem area	7,249,735.99
	Total	7,249,735.99
State aid	Public tender created according to:	
	<ul style="list-style-type: none"> Lot 1 (by the state aid rules in accordance with the notified schemes). 	
Tender title	Public Tender for Development Loans in Problem and Border Problem Areas - BP3	
Publication in the Official Gazette	Official Gazette of the Republic of Slovenia, No. 36/2019 of 7 June 2019 (with amendment No. 69 of 22 November 2019)	
Closing date	First closing date: 19 July 2019, second closing date: 30 August 2019, third closing date: 15 October 2019, fourth closing date: 29 November 2019, fifth closing date: 10 January 2020, sixth closing date: 14 February 2020.	
Beneficiaries	<p>Large, medium-sized, small and micro enterprises (in order to determine the size, the provisions of Annex I to EC Regulation, No. 651/2014 (GBER), are used), founded before 1 January 2018 and registered</p> <ul style="list-style-type: none"> Under the Companies Act as a legal entity or a natural person that independently engages in gainful activity in the market, and Under the Law on Cooperatives as a cooperative. <p>The beneficiaries must carry out their economic activity in the eligible area. In addition to that, they must have a registered seat or business units/branches in the eligible area. In the case of a new business unit/branch, the beneficiaries must register the latter no later than the first absorption of the funds or, in the case of new construction, until the completion of the project.</p>	

"continuation"

Loan conditions	<p>Interest rate</p> <ul style="list-style-type: none"> • Lot 1 (by the state aid rules) Fixed interest rate: 0.01% per annum. <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> • Up to 108 months or at the latest until 30 June 2028, with the included moratorium on repayment of principal, • Moratorium on repayment of principal: Up to 24 months, • Monthly repayment of principal. <p>Semi-annual repayment of the interest for the period between 1 January to 30 June and 1 July to 31 December.</p>
Eligible costs	<ul style="list-style-type: none"> • Investments in real estate (for example, purchase of commercial buildings/other commercial buildings with the accompanying land, building/adaptation of commercial buildings/other business premises, development of commercial land), • Equipment and other tangible assets (for example, equipment, machinery), • Intangible assets (for example, software, patents, licenses, trademarks),
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> • Regional aspect – up to 30 points: <ul style="list-style-type: none"> - Development coefficient of municipalities of the project for 2019, • Evaluation of the project – Up to 50 points: <ul style="list-style-type: none"> - Market analysis, - Competitive analysis, - Marketing strategy associated with the new project, - Guaranteed sales, - Increase of the number of employees considering the project, - Net debt considering the new debt, - Liquidity, - Movement of net sales revenues considering the project. • Evaluation of the applicant – Up to 20 points: <ul style="list-style-type: none"> - Credit rating of the applicant according to the classification under EBONITETE.si, - Capital adequacy, - Net debt/EBITDA as of 31 December 2018, - Size of the applicant.

⇒ **Explanatory information regarding the partial realisation**

In 2019, the Fund published a public tender for development loans in problem and border problem areas in the Republic of Slovenia in the amount of EUR 11,529,735.99; of which EUR 4,280,000.00 were from funds for 2019 and EUR 7,249,735.99 from unused funds for the period 2016-2018, whereby the funds were tendered through a closed type tendering deadline.

By 31 December 2019, 27 applications were received for the public tender, with the required amount of incentives in the total amount of EUR 9,896,124.77 necessary for the implementation of projects in the total investment value of EUR 17,166,083.03 excluding VAT.

Of the 27 applications received, one application was turned down, three applications were rejected, one applicant abandoned the application, the processing of seven applications was postponed to 2020, while 15 applications in the amount of EUR 5,732,483.77 were approved, of which subsequently one abandonment in the amount of EUR 417,000.00 and two reductions in the amount of EUR 31,463.01 were made.

The final realisation after all withdrawals as of 31 December 2019 was the approval of 14 applications in the total amount of EUR 5,284,020.76, whereby the Fund contributed to the implementation of projects in the total investment value of EUR 10,781,233.09 excluding VAT. The largest value of loan granted was EUR 1,000,000.00, the lowest value was EUR 49,838.77, while the average value was EUR 377,430.05.

4.2.2 Results of the “C-Municipalities” Programme incentives

The Municipalities Programme (*C mark*) is intended for granting incentives in the form of loans to municipalities for the financing of local and regional public infrastructure projects, which are in the majority ownership of the state or the municipality or are transferred to municipalities immediately after the completion of the project. The Programme does not include any elements of state aid, as these are incentives for projects with an impact on the public good, which do not undermine competitiveness.

In 2019, the Fund tendered two public tenders (*hereinafter referred to as the JR1 and JR2*) in the Municipalities Programme, which are collectively presented in Table 9.

Table 9: Results of the Municipalities Programme – C1 Sub-programme

C PROGRAMME: MUNICIPALITIES	
JR1: Realised	
JR2: Partially realised (the implementation of the tender was postponed to 2020)	
C1 Sub-programme	C1: Incentives for local and regional public infrastructure
Tenderer	Slovenian Regional Development Fund
Source of funds	Funds of earmarked assets
Form and the amount of funds	<ul style="list-style-type: none"> JR1: Loan: 6,000,000.00 EUR JR2: Loan: 3,000,000.00 EUR
State aid	<p>NO</p> <p><i>Explanation:</i> The public tender does not contain elements of state aid, as these are incentives for projects with an impact on the public good, which do not undermine competitiveness.</p>
Tender title	<ul style="list-style-type: none"> JR1: Public Tender for Granting Soft Loans to Municipalities – C1 2019 JR2: Second Public Tender for Granting Soft Loans to Municipalities – C1
Publication in the official Gazette	<ul style="list-style-type: none"> JR1: Official Gazette of the Republic of Slovenia, No. 35 of 31 May 2019 (with the amendment No. 58 of 27 September 2019) JR2: Official Gazette of the Republic of Slovenia, No. 77 of 20 December 2019
Closing date	<ul style="list-style-type: none"> JR1: Open deadline: From 1 July 2019 to the exhaustion of available funds, but at the latest until 15 October 2019 JR2: Open deadline: From 20 January 2020 until the exhaustion of available funds, but at the latest until 29 May 2020
Beneficiaries	All municipalities in the Republic of Slovenia
Loan conditions	<p>Interest rate</p> <ul style="list-style-type: none"> Three-month EURIBOR* + 0.60% to 0.70% margin, depending on the coefficient of development of the municipality, in which the project is located (in the case of a negative EURIBOR, the value of 0.00% is used for it). <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> Up to 240 months with the included moratorium on repayment of principal, Moratorium on repayment of principal: Up to 36 months, Interests during the moratorium is paid on a monthly basis.
Eligible costs	<ul style="list-style-type: none"> Investments in real estate (for example, purchase of land, purchase of objects of public infrastructure, building and adaptation/reconstruction of objects of public infrastructure, land management), Equipment and other tangible assets (for example, equipment, machinery, means of transport), Intangible assets (for example, software), Costs of current assets (for example, costs of subcontractors, such as feasibility studies, investment supervision).
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> Regional aspect – up to 50 points (JR1 and JR2): <ul style="list-style-type: none"> Level of development of development regions, Coefficient of development of the municipalities for 2019, Location of the project in the Triglav National Park area. Evaluation of the project – Up to 30 points (JR1) or 15 points (JR2): <ul style="list-style-type: none"> The amount of own funds of the applicant in financing of the project (JR1 and JR2) Previous co-financing of the Fund in the projects of the applicant (JR1). Evaluation of the applicant – Up to 20 points: <ul style="list-style-type: none"> Previous co-financing of the Fund in the projects of the applicant (JR2), Debt per municipality's resident (JR1 and JR2).

⇒ Explanatory information regarding the realisation of the JR1

In 2019, the Fund first published a public tender for granting soft loans to municipalities, with which it tendered available funds in amount of EUR 6,000,000.00, whereby the funds were tendered through an open type tendering deadline, namely from 1 July to 30 September 2019. During the tender, the Fund extended the deadline for the submission of applications until 15 October 2019.

Twenty-two applications were received for the public tender, with the required amount of incentives in the total amount of EUR 6,580,286.50 necessary for the implementation of projects in the total investment value of EUR 13,467,138.38 excluding VAT.

Of the 22 applications received, one applicant abandoned the application and 21 applications in the amount of EUR 6,334,581.00 were approved, with which the Fund contributed EUR 13,221,432.88 to the implementation of the projects. During consideration of the applications, a withdrawal from signing the contract in the amount of EUR 342,857.00 was made, as well as two partial abandonments in the total amount of EUR 34,959.00.

The final realisation with (partial) abandonments and reductions as of 31 December 2019 was the approval of 20 applications in the total amount of EUR 5,978,382.74, with which the Fund contributed to the implementation of projects in the total investment value of EUR 12,900,192.88. The largest value of loan granted was EUR 1,300,000.00, the lowest value was EUR 50,000.00, while the average value was EUR 298,919.15.

⇒ Explanatory information regarding the partial realisation of the JR2

In 2019, the Fund also published a second public tender for granting soft loans to municipalities, with which it tendered available funds in the total amount of EUR 3,000,000.00, whereby the funds were tendered through an open type tendering deadline, namely from 20 January to 29 May 2020, thus the realisation of the public tender will be carried out in full in 2020.

4.2.3 Results of the “A-Agriculture and Forestry” Programme incentives

The Agriculture and Forestry Programme (*A mark*) is intended for granting incentives in the form of loans to entities from the field of agriculture and forestry, with the incentives focused on the regional policy's priority areas with the purpose of helping to reducing discrepancies in development and increasing agricultural, rural and forestry development.

In this way the Fund promotes the development of rural areas, agriculture and forestry or those projects that enable the development of rural areas in terms of improving employment possibilities in such areas, as well as reducing production costs, adapting to climate change, preserving and improving the natural environment and raising animal welfare standards.

In 2019, incentives in the field of agriculture and forestry were targeted at granting soft loans for the implementation of projects under three Sub-programmes, namely (A1) Incentives in the Field of Primary Agricultural Production, (A2) Incentives in the Field of Agricultural Processing and Marketing and (A3) Incentives for the Initial Investments in Forestry. The Fund published two public tenders – in one, it combined different Sub-programmes into one public tender, as this was reasonable due to similar content and conditions, while the other public tender only addressed an individual Sub-programme.

4.2.3.1 A1, A2 and A3 Sub-programme incentives

In 2019, the Fund published a public tender in the framework of which it combined the following Sub-programmes: (A1) Incentives in the Field of Primary Agricultural Production, (A2) Incentives in the Field of Agricultural Processing and Marketing and (A3) Incentives for the Initial Investments in Forestry. The public tender was divided into two lots, i.e. Lot 1 and Lot 2.

Table 10: Results of Agriculture and Forestry Programme incentives – A1, A2 and A3 Sub-programme

A Programme: AGRICULTURE AND FORESTRY	
Partially realised (processing of part of applications postponed to 2020)	
A1, A2 and A3 Sub-programme	A1: Incentives in the Field of Agricultural Production (Lot 1 and Lot 2) A2: Incentives in the Field of Agricultural Processing and Marketing (Lot 1) A3: Incentives for the Initial Investments in Forestry (Lot 2)
Tenderer	Slovenian Regional Development Fund
Source of funds	Funds of earmarked assets
Form and the amount of funds	Loan: EUR 5,000,000.00
State aid	Public tender created according to: <ul style="list-style-type: none"> Lot 1 (by the state aid rules in accordance with the notified schemes) and Lot 2 (outside the state aid rules).
Tender title	Public Tender for Soft Loans in Agricultural and Forestry Projects
Publication in the official Gazette	Official Gazette of the Republic of Slovenia, No. 35 of 31 May 2019 (with amendment No. 70 of 29 November 2019)
Closing date	First closing date: 8 July 2019, second closing date: 19 August 2019, third closing date: 23 September 2019, fourth closing date: 28 October 2019, fifth closing date: 9 December 2019, sixth closing date: 24 January 2020 and seventh closing date: 28 February 2020
Beneficiaries	Agricultural holdings, as defined in the Law on Agriculture, which are entered in the records of the holdings and organised as: <ul style="list-style-type: none"> Legal entities, A natural person who independently engages in gainful activity in the market, A farm that is neither a legal entity or a natural person, but engages in gainful activity. Agricultural holdings must qualify as micro, small or medium-sized enterprises (in order to determine the size, the provisions of Annex I of Agriculture Block Exemption Regulation (ABER) are used), entered in the register of agricultural holdings and/or in the commercial register before 1 July 2018.
Loan conditions	Interest rate <ul style="list-style-type: none"> Lot 1 (by the State aid rules) Three-month EURIBOR* + 0.50% to 0.90% margin, depending on the coefficient of development of the municipality, in which the project is located (<i>*in the case of a negative EURIBOR, the value of 0.00% is used for it</i>). Lot 2 (outside the State aid rules) Applicable state reference interest rate for the calculation of state aid* + 0.10% to 0.50% margin, depending on the development coefficient of the municipality, in which the project is located (<i>*in the case of a negative base of the reference interest rate, the value of 0.00% + 100 basis points is used</i>). <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> Up to 240 months with the included moratorium on repayment of principal, Moratorium on repayment of principal: Up to 36 months, Interest during the moratorium is paid on a monthly basis.
Eligible costs	Lot 1 (by the state aid rules) <ul style="list-style-type: none"> Investments in real estate (for example, purchase of farmlands in the 10% share of the project value, purchase/construction/adaptation and reconstruction of objects of agricultural activity), Equipment and other tangible assets (for example, equipment, machinery, biological assets – multiannual crops), Intangible assets (for example, software, patents, licenses, trademarks), Lot 2 (outside the state aid rules): <ul style="list-style-type: none"> Investments in real estate (for example, purchase of farm and forest lands, purchase of farms, purchase/construction/adaptation and reconstruction of objects of agricultural activity, management of agricultural and forest land), Equipment and other tangible assets (for example, equipment, machinery, biological assets – multiannual crops, productive herd), Intangible assets (for example, software, patents, licenses, trademarks),

<p>Selection criteria</p>	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> • Regional aspect – up to 30 points: <ul style="list-style-type: none"> - Development coefficient of municipalities of the project for 2019, - Location of the project in the border problem area, - Location of the project in the Triglav National Park area. • Evaluation of the project – Up to 35 points: <ul style="list-style-type: none"> - Market analysis, - Competitive analysis, - Marketing strategy associated with the new project, - Guaranteed sales, - Purpose of the project, - Technological aspect of the project, - Share of the applicant's own assets for the implementation of the project. • Evaluation of the applicant – Up to 35 points: <ul style="list-style-type: none"> - Applicant's creditworthiness or credit rating according to the classification under EBONITETE.si, - Financial performance, - Size of the applicant, - Certificates, status of a young farmer, - Status of a young farmer (for farmers) or the existence of a trademark, a patent (for legal entities).
----------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

⇒ Explanatory information regarding the partial realisation

In 2019, the Fund first published a public tender for granting soft loans for agriculture and forest projects, with which it tendered available funds in the amount of EUR 5,000,000.00, whereby the funds were tendered through a closed type tendering deadline.

By 31 December 2019, 29 applications were received for the public tender, with the required amount of incentives in the total amount of EUR 4,469,742.00 necessary for the implementation of projects in the total investment value of EUR 6,320,974.58 excluding VAT.

Of the 29 applications received, four were rejected as unfounded, three were rejected as incomplete, six are still being processed as they were submitted at the end of the year and were, therefore, not approved in the current year, which is why the realisation will be transferred to 2020, while 16 applications in the total amount of EUR 2,028,958 were approved, with which the Fund contributed to the realisation of the projects in the total investment amount of EUR 5,296,259.99. After the approval, one partial withdrawal in the amount of EUR 10,000.00 took place.

The final realisation with a partial withdrawal as of 31 December 2019 was the approval of 16 applications in the total amount of EUR 2,018,958.00, with which the Fund contributed to the implementation of projects in the total investment value of EUR 2,869,980.17. The largest value of loan granted was EUR 409,000.00, the lowest value was EUR 20,000.00, while the average value was EUR 126,184.88.

4.2.3.2 A1 Sub-programme incentives

In November 2019, the Fund published a public tender for the Sub-programme "(A1) Incentives in the Field of Primary Agricultural Production", with which it tendered incentives for the purchase of agricultural and forest land in response to the market demand. The tender was carried out under the Lot 2.

Table 11: Results of the Agriculture and Forestry Programme – A1 Sub-programme

A Programme: AGRICULTURE AND FORESTRY	
Partially realised (processing of part of applications postponed in full to 2020)	
A1, A2 and A3 Sub-programme	A1: Incentives in the Field of Agricultural Production
Tenderer	Slovenian Regional Development Fund
Source of funds	Funds of earmarked assets
Form and the amount of funds	Loan: EUR 3,000,000.00
State aid	Public tender created according to: <ul style="list-style-type: none"> Lot 2 (outside the state aid rules).
Tender title	Public Tender for Soft Loans for the Purchase of Agricultural and Forest Land
Publication in the official Gazette	Official Gazette of the Republic of Slovenia, No. 69 of 22 November 2019
Closing date	First closing date: 3 January 2020, second closing date: 17 January 2020, third closing date: 3 February 2020, fourth closing date: 17 February 2020, fifth closing date: 3 March 2020, sixth closing date: 20 March 2020, seventh closing date: 3 April 2020, eighth closing date: 17 April 2020, ninth closing date: 4 May 2020, tenth closing date: 18 May 2020, eleventh closing date: 1 June 2020
Beneficiaries	<p>Agricultural holdings, as defined in the Law on Agriculture, which are entered in the records of the holdings and organised as:</p> <ul style="list-style-type: none"> Legal entities, A natural person that independently engages in gainful activity in the market, A farm that is neither a legal entity or a natural person, but engages in gainful activity. <p>Agricultural holdings must qualify as micro, small or medium-sized enterprises (in order to determine the size, the provisions of Annex I of Agriculture Block Exemption Regulation (ABER) are used), entered in the register of agricultural holdings and/or in the commercial register before 1 January 2015.</p>
Loan conditions	<p>Interest rate</p> <ul style="list-style-type: none"> Lot 2 (outside the state aid rules) <p>Applicable state reference interest rate for the calculation of state aid* + 0.10% to 0.50% margin per year, depending on the development coefficient of the municipality, in which the project is located <i>(*in the case of a negative base of the reference interest rate, the value of 0.00% + 100 basis points is used).</i></p> <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> Up to 240 months with the included moratorium on repayment of principal, Moratorium on repayment of principal: Up to 24 months, Interest during the moratorium is paid on a monthly basis.
Eligible costs	<ul style="list-style-type: none"> Investments in real estate (for example, purchase of agricultural land, purchase of forest land).
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> Regional aspect – up to 30 points: <ul style="list-style-type: none"> Development coefficient of municipalities for 2019, Location of the project given the border problem areas, Location of the project in the Triglav National Park area. Evaluation of the project – Up to 20 points: <ul style="list-style-type: none"> Share of the applicant's own assets for the implementation of the project, Planned size of agricultural and/or forest land owned after the realised purchase. Evaluation of the applicant – Up to 35 points: <ul style="list-style-type: none"> Applicant's creditworthiness or credit rating according to the classification under EBONITETE.si, Financial performance, Size of the applicant.

⇒ Explanatory information regarding the partial realisation

In November 2019, the Fund published a public tender for soft loans for the purchase of agricultural and forest land, thus tendering available funds in the amount of EUR 3,000,000.00.

The public tender will be conducted through closed tendering deadlines, with the first tendering deadline being 3 January 2020 and the last 1 June 2020, therefore, the realisation of the public tender will be fully carried out in 2020.

4.2.4 Results of the “PF-Pre-financing” Programme incentives

The Pre-financing Programme (*PF mark*) is intended to grant incentives in the form of soft bridging loans for applicants who have successfully applied for the European funds and have received a positive decision and/or already concluded a contract to obtain the funds, although the condition for the actual transfer of the approved European funds is the implementation and payment of the project that was applied for. The incentive bridges the time gap until the European funds for the project are disbursed.

In 2019, the incentives in the field of pre-financing were directed at granting soft loans for the implementation of the projects under three Sub-programmes, namely: (PF1) Pre-financing of Non-profit Organisations' Projects, (PF2) Pre-financing of Agricultural Holdings' Projects and (PF3) Pre-financing of Entrepreneurial Projects. The Fund published three public tenders. In the case of two public tenders, the Fund combined different Sub-programmes into one tender, as this was reasonable due to similar content and conditions, while one public tender only addressed an individual Sub-programme.

4.2.4.1 PF1, PF2 and PF3 Sub-programmes incentives

In May 2019, the Fund published a public tender under which it combined the Sub-programmes (PF1) Pre-financing of Non-profit Organisations' projects, (PF2) Pre-financing of Agricultural Holdings' Projects and (PF3) Pre-financing of Projects in Economy. The tender was carried out by Lot 2.

Table 12: Results of Pre-financing Programme Incentives - PF1, PF2 and PF3 Sub-programme

PF Programme: PRE-FINANCING	
Partially realised (processing of part of applications postponed to 2020)	
PF1, PF2 and PF3 Sub-programme	PF1: Pre-financing of Non-profit Organisations' Projects PF2: Pre-financing of Agricultural Holdings' Projects PF3: Pre-financing of Projects in Economy
Tenderer	Slovenian Regional Development Fund
Source of funds	Funds of earmarked assets
Form and the amount of funds	Loan: EUR 7,000,000.00 → EUR 6,000,000.00
State aid	Public tender created according to Lot 2 (outside the state aid rules).
Tender title	Public Tender for Pre-financing of Development Projects with the Approved European Funds
Publication in the official Gazette	Official Gazette of the Republic of Slovenia, No. 35 of 31 May 2019 (with amendment No. 57 of 20 September 2019)
Closing date	First closing date: 15 July 2019, second closing date: 26 August 2019, third closing date: 27 September 2019, fourth closing date: 21 October 2019, fifth closing date: 25 November 2019
Beneficiaries	<ul style="list-style-type: none"> • (PF1) Non-profit organisations (PF1): <ul style="list-style-type: none"> - Legal entities whose (co)founder is the state and/or municipality and/or autonomous government of a national minority, - Non-governmental organisations, - Private-law and public-law bodies (companies) that have a non-profit status and purpose of operation, - public institutions for economic development, - Public companies and other legal persons (where the state or a municipality or autonomous government of a national minority have a share in the applicant's ownership), - Autonomous government of a national minority. • (PF2) Agriculture holdings, as defined in the Law on Agriculture, which are entered in the records of the holdings and organised as: <ul style="list-style-type: none"> - Legal entities, - A natural person who independently engages in gainful activity in the market, - A farm that is neither a legal entity or a natural person, but engages in gainful activity. • (PF3) Profit-making organisations <ul style="list-style-type: none"> - Companies or natural persons that independently engage in gainful activity in the market under the Companies Act,

<i>"continuation"</i>	
	<ul style="list-style-type: none"> - Cooperatives or cooperative societies under the Law on Cooperatives that have been granted the EU funds by a positive decision or a decree or other document, and have a signed contract on co-financing, but must carry out and repay the entire investment themselves before obtaining the funds.
Loan conditions	<p>Interest rate</p> <ul style="list-style-type: none"> • Lot 2 (outside the state aid rules) Applicable state reference interest rate for the calculation of state aid* + 1.00% margin (*in the case of a negative base of the reference interest rate, the value of 0.00% + 100 basis points is used). <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> • 8 days after each receipt of the European funds, and in any case in full and definitely within the deadline. • 8 days after receipt of payment of the last claim. • Or at the latest within three years from contract signature if the project or payment of the last claim is not carried out sooner.
Eligible costs	<ul style="list-style-type: none"> • Approved, non-disbursed European funds in accordance with the issued decision, a decree or a concluded contract on co-financing of the approved project if the latter presents the basis for the submission of a claim.
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> • Regional aspect – up to 35 points: <ul style="list-style-type: none"> - Development coefficient of the municipality for 2019, - Location of the project with regard to the Triglav National Park area. • Evaluation of the project – Up to 20 points: <ul style="list-style-type: none"> - Networking between the participating partners. • Evaluation of the applicant – Up to 45 points: <ul style="list-style-type: none"> - Financial performance, - Applicant's credit rating / creditworthiness / share of debt in financing.

⇒ Explanatory information regarding the partial realisation

In May 2019, the Fund published a public tender for granting funds for pre-financing of development projects with the approved European funds for the PF1, PF2 and PF3 Sub-programmes, with which it tendered available funds in the amount of EUR 7,000,000.00. During the tender, the Fund reduced the total amount of funds to EUR 6,000,000.00, whereby the funds were tendered through a closed type tendering deadline.

By 31 December 2019, 48 applications were received for the public tender, with the required amount of incentives in the total amount of EUR 3,876,676.49 necessary for the implementation of projects in the total investment value of EUR 15,824,859.96.

Of the 48 applications received, three were rejected as unfounded, three were rejected as incomplete, three applicants withdrew their applications, processing of 11 applications was postponed to 2020, and thus in 2019 a total of 28 applications were approved.

Out of 28 approved applications in the total amount of EUR 2,062,325.00, with which the Fund contributed to the implementation of projects in the total investment value of EUR 7,726,445.65, EUR 1.427.511,00 of tendered funds were approved under the (PF1) Financing of Non-profit Organisations' Projects Sub-programme, EUR 200,339.00 of tendered funds were approved under the (PF2) Pre-financing of Agriculture Holdings' Projects Sub-programme and EUR 434,475.00 of tendered funds were approved under the (PF3) Pre-financing of Projects in Economy. The largest value of loan granted was EUR 150,000.00, the lowest value was EUR 7,233.00, while the average value was EUR 73,654.46.

4.2.4.2 PF1 and PF3 Sub-programme Incentives

In December 2019, the Fund published a public tender under which it combined the following Sub-programmes: (PF1) Pre-financing of Non-profit Organisations' Projects and (PF3) Pre-financing of Projects in Economy. The tender was carried out under Lot 2.

Table 13: Results of the Pre-financing programme incentives – PF1 and PF3 Sub-programmes

PF Programme: PRE-FINANCING	
Partially realised (application possible until 31 January 2020)	
PF1 and PF3 Sub-programme	PF1: Pre-financing of Non-profit Organisations' Projects PF3: Pre-financing of Projects in Economy
Tenderer	Slovenian Regional Development Fund
Source of funds	Funds of earmarked assets
Form and the amount of funds	Loan: EUR 1,600,000.00
State aid	Public tender created according to Lot 2 (outside the state aid rules).
Tender title	Second Public Tender for Pre-financing of Projects with the Approved European Funds
Publication in the official Gazette	Official Gazette of the Republic of Slovenia, No. 80 of 27 December 2019
Closing date	First closing date: 31 January 2020, second closing date: 28 February 2020, third closing date: 31 March 2020, fourth closing date: 30 April 2020
Beneficiaries	<ul style="list-style-type: none"> • (PF1) Non-profit organisations (PF1): <ul style="list-style-type: none"> - Legal entities whose (co)founder is the state and/or municipality and/or autonomous government of a national minority, - Non-governmental organisations, - Private-law and public-law bodies (companies) that have a non-profit status and purpose of operation, - Public institutions for economic development, - Public companies and other legal persons (where the state or a municipality or autonomous government of a national minority have a share in the applicant's ownership), - Autonomous government of a national minority. • (PF3) Profit-making organisations <ul style="list-style-type: none"> - Companies or natural persons that independently engage in gainful activity in the market under the Companies Act, - Cooperatives or cooperative societies under the Law on Cooperatives that have been granted the EU funds by a positive decision or a decree or other document, and have a signed contract on co-financing, but must carry out and repay the entire investment themselves before obtaining the funds.
Loan conditions	<p>Interest rate</p> <ul style="list-style-type: none"> • Lot 2 (outside the state aid rules) <p>Applicable State reference interest rate for the calculation of state aid* + 1.00% margin (*in the case of a negative base of the reference interest rate, the value of 0.00% + 100 basis points is used).</p> <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> • 8 days after each receipt of the European funds, and in any case in full and definitely within the deadline. • 8 days after receipt of payment of the last claim. • Or at the latest within three years from contract signature if the project or payment of the last claim is not carried out sooner.
Eligible costs	<ul style="list-style-type: none"> • Approved, non-disbursed European funds in accordance with the issued decision, a decree or a concluded contract on co-financing of the approved project if the latter presents the basis for the submission of a claim.
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> • Regional aspect – up to 30 points: <ul style="list-style-type: none"> - Development coefficient of the municipality for 2019, - Location of the project with regard to the Triglav National Park area. • Evaluation of the project – Up to 10 points: <ul style="list-style-type: none"> - Networking between the participating partners. • Evaluation of the applicant – Up to 60 points: <ul style="list-style-type: none"> - Financial performance, - Applicant's credit rating / creditworthiness / share of debt in financing.

⇒ Explanatory information regarding the partial realisation

In December 2019, the Fund published a public tender for granting funds for pre-financing of development projects with the approved European funds for the PF1 and PF3 Sub-programmes, with which it tendered the available funds in the amount of EUR 1,600,000.00.

The public tender will be conducted through closed tendering deadlines, whereby the first tendering deadline is 3 January 2020 and the last 1 June 2020, thus the realisation of the public tender will be carried out in full in 2020.

4.2.4.3 PF2 Sub-programme incentives

In December 2019, the Fund published a public tender for the (PF2) Pre-financing of Agriculture Holdings' Projects Sub-programme, which was carried out under Lot 2.

Table 14: Results of the Pre-financing Programme incentives – PF2 Sub-programme

PF Programme: PRE-FINANCING	
Partially realised (application possible until 31 January 2020)	
PF2 Sub-programme	PF2: Pre-financing of Agricultural Holdings' Projects
Tenderer	Slovenian Regional Development Fund
Source of funds	Funds of earmarked assets
Form and the amount of funds	Loan: EUR 2,000,000.00
State aid	Public tender created according to Lot 2 (outside the state aid rules).
Tender title	Public Tender for Pre-financing of Development Projects with the Approved European Funds – PF2
Publication in the official Gazette	Official Gazette of the Republic of Slovenia, No. 80 of 27 December 2019
Closing date	First closing date: 31 January 2020, second closing date: 28 February 2020, third closing date: 31 March 2020, fourth closing date: 30 April 2020
Beneficiaries	<ul style="list-style-type: none"> • (PF2) Agriculture holdings, as defined in the Law on Agriculture, which are entered in the records of the holdings and organised as: <ul style="list-style-type: none"> - Legal entities, - A natural person who independently engages in gainful activity in the market, - A farm that is neither a legal entity or a natural person, but engages in gainful activity, - Operator of a supplementary activity on a farm that has been granted the EU funds by a positive decision or a decree or other document, and has a signed contract on co-financing, but must carry out and repay the entire investment themselves before obtaining the funds.
Loan conditions	<p>Interest rate</p> <ul style="list-style-type: none"> • Lot 2 (outside the state aid rules) <p>Applicable state reference interest rate for the calculation of state aid* + 1.00% margin <i>(*in the case of a negative base of the reference interest rate, the value of 0.00% + 100 basis points is used).</i></p> <p>Total return period and other conditions:</p> <ul style="list-style-type: none"> • 8 days after each receipt of the European funds, and in any case in full and definitely within the deadline. • 8 days after receipt of payment of the last claim. <p>Or at the latest within three years from contract signature if the project or payment of the last claim is not carried out sooner.</p>
Eligible costs	<ul style="list-style-type: none"> • Approved, non-disbursed European funds in accordance with the issued decision, a decree or a concluded contract on co-financing of the approved project if the latter presents the basis for the submission of a claim.
Selection criteria	<p>The total number of points is 100, which are distributed among the following criteria:</p> <ul style="list-style-type: none"> • Regional aspect – up to 30 points: <ul style="list-style-type: none"> - Development coefficient of the municipality for 2019, - Location of the project with regard to the Triglav National Park area. • Evaluation of the project – Up to 10 points: <ul style="list-style-type: none"> - Networking between the participating partners. • Evaluation of the applicant – Up to 60 points: <ul style="list-style-type: none"> - Financial performance, - Applicant's credit rating / creditworthiness.

⇒ Explanatory information regarding the partial realisation

In December 2019, the Fund published a public tender for the allocation of development projects' pre-financing funds through the approved European funds for the PF2 Sub-programme, with which it tendered available funds in the amount of EU 2,000,000.00.

The public tender will be conducted through closed tendering deadlines, whereby the first tendering deadline shall be 31 January 2020 and the last 30 April 2020, and thus the realisation of the public tender will be carried out in full in 2020.

4.2.5 Results of incentives under the public tenders from 2018

Due to objective circumstances, i.e. due to the publication of the public tender towards the end of the year and/or due to the open type of deadline with the latest date of application in 2019, processing of (part) of the applications for individual public tenders published in 2018 were postponed to 2019. As a result, it was not possible to report on their final realisation in the Annual Report for 2018, thus the final realisation of the public tenders from 2018 in question is set out below.

4.2.5.1 Results of the “B-Entrepreneurship” Programme incentives – B1 and B2 Sub-programmes

In 2018, the Fund published a public tender for soft loans for entrepreneurial projects and projects in the field of woodworking and wood processing – B/BL 2018 (Official Gazette of the Republic of Slovenia, No. 59/18) for the (B1) Sub-programme for incentives for projects in the economy and (B2) Sub-programme for incentives for projects in the field of woodworking and wood processing, thus tendering EUR 4,000,000.00 funds.

By 31 December 2018, one application was received for the public tender with the total requested amount of incentives of EUR 185,000.00, necessary for the implementation of projects with a total investment value of EUR 304,061.75.

Consideration of this application was postponed to 2019 and then rejected as incomplete. Due to the low demand for loans from the Fund's earmarked assets, in 2019 the Fund held a number of meetings with potential investors and examined the demand. In 2019, the Fund prepared a public tender which included the information thus obtained.

4.2.5.2 Results of the “B-Entrepreneurship” Programme – B2 Sub-programme

In December 2018, the Fund published a public tender for soft loans for financing of current assets and equipment for wood treater and timber processors – B2 2018 (Official Gazette of the Republic of Slovenia, No. 81/18) for the (B2) Sub-programme for incentives for projects in the field of woodworking and wood processing in the amount of EUR 3,800,000.00, from unused funds under the public tender for the (B1) Sub-programme for incentives for development and investment projects in the economy, and within this tender also for the (B2) Sub-programme for incentives for projects in the field of woodworking and wood processing, with the purpose to promote development of the wood-processing industry (SKD C 16 and C31) in the field of initial investments.

The public tender was conducted through an open tender deadline, from 14 January to 31 May 2019, and therefore the realisation of the public tender was fully carried out in 2019.

Five applications arrived for the public tender, with the total requested amount of incentives necessary being EUR 1,332,232.00 for the implementation of projects in the total investment value of EUR 2,692,345.00 excluding VAT.

The final realisation of the public tender was as follows: out of five applications submitted, one application was rejected and four applications in the amount of EUR 1,167,715.00 were approved, whereby the Fund contributed to the implementation of projects in the total investment value of EUR 2,173,832.15 excluding VAT. The largest value of loan granted was EUR 497,715.00, the lowest value was EUR 70,000.00, while the average value was EUR 291,928.75.

4.2.5.3 Results of the “B-Entrepreneurship” Programme – B4 Sub-programme

In 2018, for the (B4) Sub-programme for incentives for projects in the problem and border problem areas, the Fund published a public tender for soft development loans for initial entrepreneurship projects in the problem areas in the Republic of Slovenia – BP (Official Gazette of the Republic of Slovenia, No. 29/2018 of 26 April 2018, with amendment and supplement), on the basis of a concluded Contract for Problem Areas 2016-2017 with Annexes, whereby it first tendered funds in the amount of EUR 9,911,226.59, i.e. from unused funds for 2017. On the basis of the Contract for Problem Areas for 2018-

2019, the tendered funds from the funds for 2018 were subsequently increased by EUR 7,290,000.00, whereby the funds were tendered through a closed type tendering deadline, with the last deadline being 25 January 2019.

Sixty applications arrived for the public tender (55 applications in 2018 and five applications in 2019) with the total requested amount of incentives necessary being EUR 19,079,515.31 for the implementation of projects in the total investment value of EUR 27,243,717.61.

By 31 December 2018, 55 applications arrived, of which five were denied, seven were rejected, three applicants withdrew the applications, and the consideration of six applications was postponed to 2019. In 2018, 34 applications in the amount of EUR 10,923,464.00 were approved, of which two withdrawals in the amount of EUR 1,967,500.00 and three partial withdrawals in the amount of EUR 56,934.87 were subsequently made. The realisation after (partial) withdrawals was the approval of 32 applications in the total amount of EUR 8,899,029.13, whereby the Fund contributed to the implementation of the projects in the total investment value of EUR 13,180,729.60 excluding VAT.

In 2019, the Fund continued with the consideration of 11 applications (six applications from 2018 and five newly-arrived applications in 2019). One application was rejected, one application was denied and nine applications in the amount of EUR 1,801,806.11 for the implementation of investments in the amount of EUR 2,403,015.50 were approved. Of the nine approved applications, one withdrawal in the amount of EUR 37,500.00 and one partial withdrawal in the amount of EUR 16,838.00 was subsequently made. The realisation of projects after (partial) withdrawals is the approval of eight applications in the amount of EUR 1,747,468.11, whereby the Fund contributed to the implementation of the projects in the total investment value of EUR 2,353,015.50 excluding VAT.

The final realisation of the public tender was as follows: out of 60 applications submitted, in both years of consideration of applications (i.e. 2018 and 2019) six applications were denied, eight were rejected, six applicants withdrew, of which three withdrew from their applications and three from the allocated funds. The final realisation of the public tender, taking into consideration the (partial) withdrawals, was 40 applications in the total amount of 10,646,497.30, whereby the Fund contributed to the implementation of projects in the total investment value of EUR 15,533,745.10 excluding VAT. The largest value of loan granted was EUR 1,000,000.00, the lowest value was EUR 42,000.00, while the average value was EUR 266,162.43.

4.2.5.4 Results of the “C-Municipalities” Programme – C1 Sub-programme

In December 2019, the Fund published a public tender for granting soft loans to municipalities (Official Gazette of the Republic of Slovenia, No. 84/18) for the (C1) Sub-programme for incentives for the local and regional public infrastructure, with which it tendered available funds in the total amount of EUR 6,000,000.00. There was no realisation for the mentioned tender, as only one application arrived, but the applicant withdrew from it before the actual consideration. The Fund conducted an analysis of the offer on the market and carried out a number of telephone conversations with municipalities. It was established that the municipalities had obtained more favourable loans from other financial institutions, which is why they did not apply for the said tender. According to the findings, the Fund renewed the conditions of the public tender for municipalities in 2019 and published two public tenders.

4.2.5.5 Results of the “A-Agriculture and Forestry” Programme - A1, A2 and A3 Sub-programmes

On 27 July 2018, the Fund published a public tender for granting loans to agricultural and forestry projects (Official Gazette of the Republic of Slovenia, No. 52/2018 with amendments and supplements), in the framework of which it joined the (A1) Sub-programme of incentives in the field of primary agricultural production, the (A2) Sub-programme of incentives in the field of agricultural production and marketing and the (A3) Sub-programme for initial investments in forestry. The public tender, with which the Fund initially tendered available funds in the amount of EUR 6,000,000.00 and later, during the tender, increased the total amount of funds to EUR 9,000,000.00, was divided into two lots, i.e. Lot 1 and Lot 2, and was tendered through a closed tendering deadline, with the last tendering deadline being 8 April 2019.

Sixty-eight applications (39 applications in 2018 and 29 applications in 2019) arrived for the tender with the total requested amount of incentives necessary being EUR 9,399,288.00 for the implementation of projects in the total investment value of EUR 15,007,372.15 excluding VAT.

By 31 December 2018, 39 applications arrived, of which two were denied as unfounded, one was rejected as incomplete and the consideration of 11 applications was postponed to 2019, as they arrived towards the end of the year. In 2018, 25 applications in the amount of EUR 3,844,143.00 were approved, of which, in 2019, two applicants withdrew in the total amount of EUR 203,380.00 and there were three partial withdrawals in the total amount of EUR 7,780.20. The realisation after (partial) withdrawals is the approval of 23 applications in the total amount of EUR 3,632,982.80, whereby the Fund contributed to the implementation of the projects in the total investment value of EUR 6,161,847.27 excluding VAT.

In 2019, the Fund continued with the consideration of 40 applications (11 applications from 2018 and 29 newly-arrived applications in 2019), of which four applications were denied as unfounded, eight were rejected as incomplete, four applicants withdrew, whereby two applicants withdrew from their applications, while two withdrew from the allocated funds. After withdrawals, the realisation was 24 applications in the total amount of 3,239,334.72.00, whereby the Fund contributed to the implementation of the projects in the total investment value of EUR 5,098,259.99 excluding VAT.

The final realisation of the public tender was as follows: out of 68 applications submitted, in both years of consideration of applications (i.e. 2018 and 2019), six applications were denied, nine were rejected, six applicants withdrew, of which two withdrew from their applications and four from the allocated funds. The final realisation of the public tender, taking into consideration the (partial) withdrawals, was 47 applications in the total amount of EUR 6,872,317.52, whereby the Fund contributed to the implementation of projects in the total investment value of EUR 11,260,107.26 excluding VAT. The largest value of loan granted was EUR 500,000.00, the lowest value was EUR 11,500.00, while the average value was EUR 146,219.52.

4.2.5.6 Results of the “PF-Pre-financing” Programme – PF1, PF2 and PF3 Sub-programmes

On 27 July 2018, the Fund published a public tender for pre-financing of development projects and projects of agricultural holdings – PF/PF2 2018 (Official Gazette of the Republic of Slovenia, No. 52/18, with amendments and supplements) tendering available funds in the amount of EUR 7,000,000.00, of which EUR 3,000,000.00 funds for the (PF1) Pre-financing of Development Projects of Non-profit Organisations Sub-programme, EUR 2,000,000.00 funds for the (PF2) Pre-financing of Agricultural Holdings' Projects Sub-programme and EUR 2,000,000.00 funds for the (PF3) Pre-financing of Projects in the Economy Sub-programme. In 2019, the Fund, in accordance with the demand, published a reclassification of funds with new amounts of funds, namely: EUR 3,250,000.00 funds for the Pre-financing of Development Projects of Non-profit Organisations Sub-programme, EUR 2,750,000.00 funds for the (PF2) Pre-financing of Agricultural Holdings' Projects Sub-programme and EUR 1,000,000.00 funds for the (PF3) Pre-financing of Projects in the Economy Sub-programme.

Ninety-seven applications (64 applications in 2018 and 33 applications in 2019) arrived for the tender with the total requested amount of incentives of EUR 8,619,271.10 necessary for the implementation of projects in the total investment value of EUR 24,255,313.06 excluding VAT.

By 31 December 2018, 64 applications arrived, of which four were denied as unfounded, one was rejected as incomplete and the consideration of 19 applications was postponed to 2019. In 2018, 40 applications in the amount of EUR 2,980,375.00 were approved, with which the Fund contributed to the implementation of the projects to a total investment value of EUR 9,917,228.52, of which EUR 1,553,232.00 funds were allocated under the (PF1) Pre-financing of Development Projects of Non-profit Organisations Sub-programme, EUR 1,018,514.00 funds were allocated under the (PF2) Pre-financing of Agricultural Holdings' Projects Sub-programme and EUR 1,553,232.00 funds were allocated under the (PF3) Pre-financing of Projects in the Economy Sub-programme. Of the applications approved in 2018, two withdrawals in the amount of EUR 246,285.00 and one partial withdrawal in the amount of EUR 8,498.00 were carried out in 2019. The realisation after (partial) withdrawals was the approval of 38 applications in the total amount of EUR 2,734,090.00, whereby the Fund contributed to the implementation of the projects in the total investment value of EUR 9,400,101.94 excluding VAT.

In 2019, the Fund continued with the consideration of 52 applications (19 applications from 2018 and 33 applications from 2019), of which seven applications were denied as unfounded, three applications were rejected as incomplete and three applicants withdrew from their applications. Realisation following the withdrawals was 39 applications in the total amount of EUR 2,871,245.00, whereby the Fund contributed to the implementation of the projects in the total investment value of EUR 8,199,250.43, of which EUR 1,291,533.00 funds were allocated under the (PF1) Pre-financing of Development Projects of Non-profit Organisations Sub-programme, EUR 1,227,827.00 was allocated under the (PF2) Pre-

financing of Agricultural Holdings' Projects Sub-programme and EUR 351,885.00 was allocated under the (PF3) Pre-financing of Projects in the Economy Sub-programme.

The final realisation of the public tender was as follows: out of 97 applications submitted, in both years of consideration of applications (i.e. 2018 and 2019), eleven applications were denied, four were rejected, and there were five withdrawals. The final realisation of the public tender was 77 applications in the total amount of EUR 5,596,837.00, whereby the Fund contributed to the implementation of projects in the total investment value of EUR 17,599,352.37. The largest value of loan granted was EUR 150,000.00, the lowest value was EUR 9,807.00, while the average value was EUR 72,686.19.

4.2.5.7 Results of incentives for the Regional Guarantee Schemes – RGS1 Sub-programme

The Regional Guarantee Scheme (*RGS mark*) is intended for granting of incentives in the form of guarantees for the approved bank loans to final users.








The Fund started the implementation of the mentioned incentives in 2015, when the Fund and the line ministry concluded a Contract No. C2130-15Z113601 on financing the costs of implementation of the regional guarantee schemes in the Republic of Slovenia through the Slovenian Regional Development Fund in the period 2015-2025 for the purpose of providing financial resources for the implementation of the RGS. With the contract, the Fund has undertaken to publish a public tender for the selection of the RGS contractors, to issue decisions and conclude contracts with the selected regional contractors and to transfer long-term investments to the RGS. On the other hand, the line ministry has committed itself to the comprehensive and continuous financing of the implementation of the RGS for the entire implementation period.

In the first half of 2018, in accordance with the Rules on Operation of Regional Guarantee Schemes, the Fund closed all public tenders for bank loan guarantees for micro, small and medium-sized enterprises within the framework of the regional guarantee scheme in all twelve statistical regions, as the three-year period of guarantee granting expired. In view of the problem associated with covering costs of implementation of the measure, in 2019 the Fund temporarily stopped the implementation of the mentioned programme, as it did not have the financial resources provided by the line ministry.








4.2.6 Overview of results by all incentives

4.2.6.1 Results of incentives from 2019

Table 15: Overview of incentives' results from 2019 as of 31 December 2019
OVERVIEW OF INCENTIVES' RESULTS FROM 2019 (after (partial) withdrawals)

Incentives	Amount of planned funds in € per programme (taking into account the supplementary budget of 1.2)	Amount of tendered funds in €	Number of applications received for the public tender	Number of applications approved in 2019	Number of applications approved in 2019 after (partial) withdrawals	Amount of approvals in 2019 after (partial) withdrawals in €	Investment value of projects approved in €
							
I. Funds of earmarked assets							
B Programme: Entrepreneurship B1-Incentives for Projects in the Economy	6,000,000.00	3,000,000.00	6	4 + 2 in consideration + possibility to apply until 6 March 2020	4 + 2 in consideration + possibility to apply until 6 March 2020	1,894,902.80 + consideration + possibility to apply	2,975,433.08 + consideration + possibility to apply
C Programme: Municipalities C1-Incentives for Local and Regional Public Infrastructure (First Public Tender)	9,000,000.00	6,000,000.00	22	21	20	5,978,382.74	12,900,192.88
C Programme: Municipalities C1-Incentives for Local and Regional Public Infrastructure (Second Public Tender)		3,000,000.00	Pending (open application deadlines running from 20 January 2020 to 29 May 2020)				
A Programme: Agriculture and Forestry A1-Incentives in the field of Agricultural Production A2-Incentives in the field of Agricultural Processing and Marketing A3-Incentives for the Initial Investments in Forestry	8,000,000.00	5,000,000.00	29	16 approved + 6 in consideration + possibility to apply until do 28. 2. 2020	16 approved + 6 in consideration + possibility to apply until 28 February 2020	2,018,958.00 + consideration + possibility to apply	2,869,980.18 + consideration + possibility to apply
A Programme: Agriculture and Forestry A1- Incentives in the field of Agricultural Production		3,000,000.00	Pending (11 closed application deadlines, running from 3 January 2020 to 1 June 2020)				
ANC Programme: Autochthons National Communities ANS1, ANS2, ANS3: Incentives for Projects in the area of ANC	2,000,000.00	0.00	The programme was not published due to lack of a quorum in the sessions of the Committee for the Providing of Economic Basis of the Two Autochthonous National Communities.				

»Continuation«

Incentives	Amount of planned funds in € per programme (taking into account the supplementary budget of 1.2)	Amount of tendered funds in €	Number of applications received for the public tender	Number of applications approved in 2019	Number of applications approved in 2019 after (partial) withdrawals	Amount of approvals in 2019 after (partial) withdrawals in €	Investment value of projects approved in €
							
PF Programme: Pre-financing PF1-Pre-financing of Non-profit Organisations' Projects PF2-Pre-financing of Agricultural Holdings' Development Projects PF3-Pre-financing of Projects in the Economy		6,000,000.00	48	28 approved + 11 in consideration	28 approved + 11 in consideration	2,062,325.00 + consideration	7,726,445.65 + consideration
PF Programme: Pre-financing PF1-Pre-financing of Non-profit Organisations' Projects PF3-Pre-financing of Projects in the Economy	6,000,000.00	1,600,000.00*	Pending (4 closed application deadlines running from 31 January 2020 to 30 April 2020)				
PF Programme: Pre-financing PF2-Pre-financing of Agricultural Holdings' Development Projects		2,000,000.00*	Pending (4 closed application deadlines running from 31 January 2020 to 30 April 2020)				
TOTAL 1 (source of funds I)	31,000,000.00	26,000,000.00	105 +possibility to apply	69 + 19 in consideration + possibility to apply	68 + 19 in consideration + possibility to apply	11,954,568.54 + consideration + possibility to apply	26,472,051.79 + consideration + possibility to apply
Government budget appropriations							
B Programme: Entrepreneurship B4-Incentives for Projects in (Border) Problem Areas	4,280,000.00	4,280,000.00 + 7,249,735.99**	27	15 approved + 7 in consideration + possibility to apply until 14 February 2020	14 approved + 7 in consideration + possibility to apply until 14 February 2020	5.284.020,76 + consideration + possibility to apply	10.781.233,09 + consideration + possibility to apply
TOTAL 2 (source of funds I+II)	35,280,000.00	30,280,000.00	132 + possibility to apply	85 + 26 in consideration + possibility to apply	82 + 26 in consideration + possibility to apply	17,238,589.30 + consideration + possibility to apply	37,253,284.88 + consideration + possibility to apply
- Loans	35,280,000.00	30,280,000.00	132	85 + 26 in consideration	82 + 26 in consideration	17,238,589.30	37,253,284.88
- Grants	0.00	0.00	-	-	-	-	-
Incentives under the Regional Guarantee Schemes - guarantees granted							
RGS Programme: Regional Guarantee Schemes RGS1: Implementation of regional Guarantee Schemes	0.00	0.00	The programme was not published, as there were no financial resources provided by the line ministry.				

*Amount of funds tendered from unused funds under the PF1, PF2 and PF3 Public Tender.

**Amount of tendered funds, which includes (1) planned funds under the PFN 2018-2019, for 2019, in the amount of EUR 4,280,000.00 and (2) remaining funds from previous years in the amount of EUR 7,249,735.99.

⇒ Explanatory information regarding realisation

In accordance with the adopted Business and Financial Plan for 2018 and 2019 (with amendments 1 and 2), for 2019, the Fund planned incentives (I) from funds of earmarked assets in the amount of EUR 31,000,000.00 and (II) from government budget appropriations in the amount of EUR 4,280,000.00, all in the form of soft loans.








In 2019, the Fund tendered funds from the earmarked assets for the Entrepreneurship Programme in the amount of EUR 3,000,000.00 out of the planned EUR 6,000,000.00, for the Municipalities' Programme in the planned amount of EUR 9,000,000.00, for the Agriculture and Forestry Programme in the amount of EUR 8,000,000.00, and for the Pre-financing Programme in the amount of EUR 6,000,000.00, totalling EUR 26,000,000.00, which represents 83.87% realisation, as the Fund did not tender funds for the incentives of projects in the areas home to ANC in the planned amount of EUR 2,000,000.00.

In 2019, the Fund also tendered Government budget appropriations in the total amount of EUR 11,529,735.99 for the entrepreneurship incentives in the Sub-programme (B4) Incentives for Projects in (Border) Problem Areas, which includes planned funds under PFN 2018 and 2019 from the item for 2019 in the amount of EUR 4,280,000.00 and the remaining funds from previous years for the implementation of the said measure.








In 2019, following nine public tenders, the Fund received 132 applications for granting soft loans. The final realisation or approval after (partial) withdrawals was EUR 17,238,589.30, whereby the Fund supported 82 projects, and thus promoted the implementation of investments in the total amount of EUR 37,253,284.88. Taking into consideration (partial) withdrawals, 68 projects in the total amount of EUR 11,954,568.54 were approved from the funds of the Fund's earmarked assets and 14 projects in the amount of EUR 5,284,020.76 were approved from the government budget appropriations (MEDT). Given the tendered deadlines or publications of public tenders in December, 26 applications are still being considered, while, at the same time, applying is still possible under seven public tenders, thus the final realisation of non-considered applications will be reflected in the Annual Report for 2020.

4.2.6.2 Results of incentives from 2018

Table 16: Overview of incentives' results from 2018 as of 31 December 2019

OVERVIEW OF INCENTIVES' RESULTS FROM 2018 (after (partial) withdrawals)							
Incentives	Amount of planned funds in € per programme (taking into account the supplementary budget)	Amount of tendered funds in €	Number of applications received for the public tender	Number of applications approved in 2019	Number of applications approved in 2019 after (partial) withdrawals	Amount of approvals in 2019 after (partial) withdrawals in €	Investment value of projects approved in €
							
Funds of earmarked assets (for 2018)							
B Programme: Entrepreneurship							
B1-Incentives for Projects in the Economy		4,000,000.00	1	0	0	0.00	0.00
B2-Incentives for Projects in the Field of Woodworking and Wood Processing	4,000,000.00						
B Programme: Entrepreneurship							
B2-Incentives for Projects in the Field of Woodworking and Wood Processing		3,800,000.00*	5	4	4	1,167,715.00	2,173,832.15
C Programme: Municipalities							
C1-Incentives for Local and regional Public Infrastructure	6,000,000.00	6,000,000.00	1	0	0	0.00	0.00

»continuation«

Incentives	Amount of planned funds in € per programme (taking into account the supplementary budget)	Amount of tendered funds in €	Number of applications received for the public tender	Number of applications approved in 2019	Number of applications approved in 2019 after (partial) withdrawals	Amount of approvals in 2019 after (partial) withdrawals in €	Investment value of projects approved in €
							
A Programme: Agriculture and Forestry							
A1-Incentives in the Field of Agriculture Production	9,000,000.00	9,000,000.00	68	26	24	3,239,334.72	5,098,259.99
A2-Incentives in the Field of Agricultural Processing and Marketing							
A3-Incentives for Initial Investments in Forestry							
PF Programme: Pre-financing							
PF1-Pre-financing of Non-profit Organisations' Development Projects	7,000,000.00	7,000,000.00	97	39	39	2,871,245.00	8,199,250.43
PF2-Pre-financing of Agricultural Holdings' Projects							
PF3-Pre-financing of Projects in the Economy							
TOTAL 1 (source of fund I)	26,000,000.00	26,000,000.00	172	69	67	7,278,294.72	15,471,342.57
Government budget appropriations							
B Programme: Entrepreneurship		7,290,000.00					
B4-Incentives for Projects in Problem and Border Problem Areas	7,290,000.00	7,290,000.00 + 9,911,226.59**	60	9	8	1,747,468.11	2,353,015.50
TOTAL 2 (source of fund I+II)	33,290,000.00	33,290,000.00	232	78	75	9,025,762.83	17,824,358.07
	33,290,000.00	33,290,000.00	232	-	-	9,025,762.83	17,824,358.07

*The amount of funds tendered from unused funds under the B1 and B2 Public Tender.

➔ Explanatory information regarding realisation

In 2019, realisation was also carried out by six public tenders from 2018. For the tendered EUR 33,290,000.00 loans, 232 applications arrived. In 2019, 78 applications were approved, and three beneficiaries withdrew from signing the contract. The final realisation of the considered applications in 2019, under public tenders from 2018, was the approval of 75 applications and EUR 9,025,762.83 loans, whereby EUR 7,278,294.72 loans were approved for 67 beneficiaries from the funds of the Fund's earmarked assets and EUR 1,747,468.11 loans from Government budget appropriations (MEDT) for eight beneficiaries. With granted incentives under public tenders from 2018, the Fund contributed to the implementation of projects and investments in the amount of EUR 17,824,358.07.

4.2.6.3 Analysis of incentives by statistical regions

The analysis below shows the approved applications in 2019 with included (partial) withdrawals by statistical regions for the incentives according to the published public tenders in 2019 with (partial) realisation and according to the published public tenders from 2018, under which the realisation was postponed to 2019. In the event, the public tenders from individual years are substantively comparable, the data are presented in a summarised form, as is the case for the public tenders from the Agriculture and Forestry Programme, Entrepreneurship Programme and the Pre-financing Programme.

1. Incentives of the Entrepreneurship Programme - B1, B2 and B4 Sub-programmes

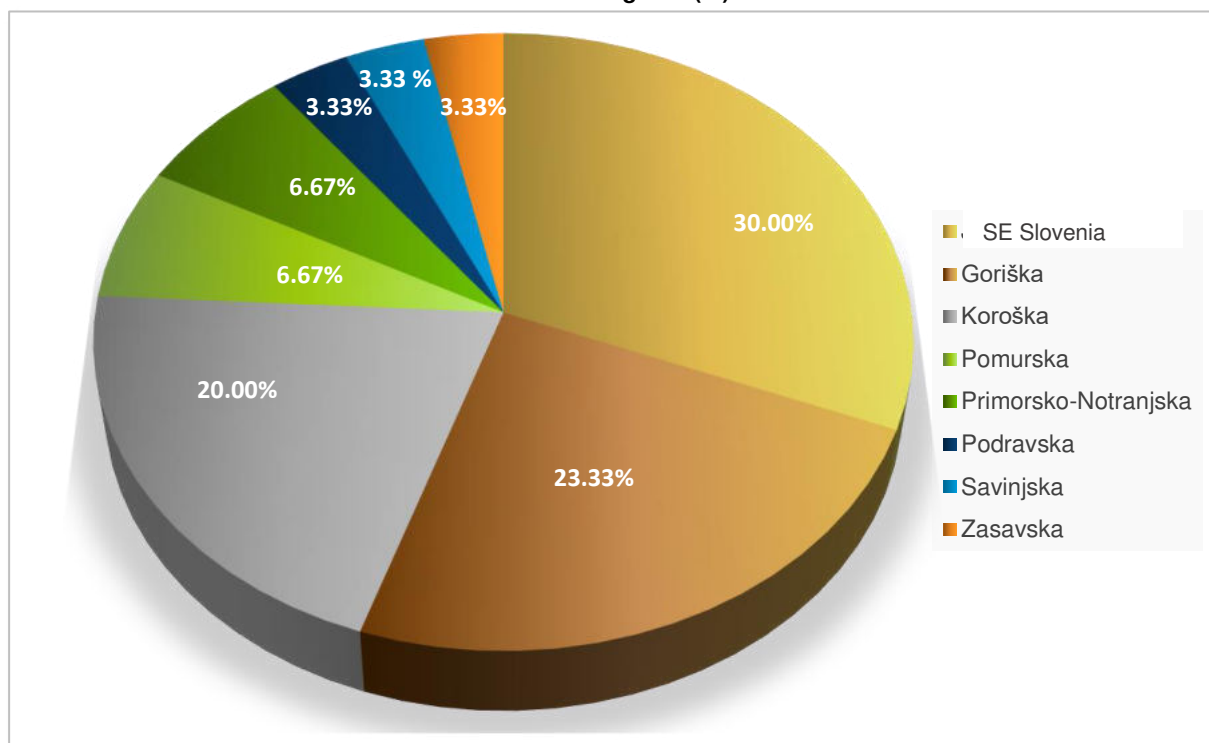
Table 17 and Graph 2 show the amount of funds approved in 2019 under four public tenders, out of which the public tenders for the Sub-programme (B2) – Incentives for Projects in the Field of Woodworking and Wood Processing and (B4) – Incentives for Projects in (Border) Problem Areas, were published in 2018, while the public tenders for the Sub-programme (B1) – Incentives for Projects in the Economy and (B4) – Incentives for Projects in (Border) Problem Areas were published in 2019.

As indicated in Table 17 and Graph 2, which also show the amount of funds approved in 2019 with included (partial) withdrawals, most applications received and approved were under the Entrepreneurship (B) Programme in SE Slovenia, where the share of approved applications per statistical region amounted to 30.00%, followed by Goriška Statistical Region with 23.33%, Koroška Statistical Region with 20.0%, Pomurska and Primorsko-Notranjska Statistical Regions with 6.67% and Osrednjeslovenska, Savinjska, Podravska and Zasavska Statistical Regions with 3.33%, while there were no approvals or no responses to the public tender in other statistical regions.

Table 17: Approved applications in 2019 under the Entrepreneurship Programme - B1, B2 and B4 by statistical regions (%)

APPROVED APPLICATIONS IN 2019 UNDER THE B1, B2 AND B4 SUB-PROGRAMMES BY STATISTICAL REGIONS (%)					
Statistical region	Applications received for the public tender	Approved applications in 2019	Share of all approved applications in 2019 in %	Amount of approved funds in 2019 in € with (partial) withdrawals	Investment value of approved projects in €
Osrednjeslovenska	1	0	3.33	74,000.00	99,000.00
SE Slovenia	9	9	30.00	2,642,331.11	6,264,575.51
Gorenjska	1	0	0	0.00	0.00
Obalno-Kraška	1	0	0	0.00	0.00
Savinja	2	1	3.33	430,000.00	860,000.00
Goriška	7	7	23.33	2,595,152.80	3,641,859.58
Posavska	0	0	0	0.00	0.00
Koroška	10	6	20.00	2,293,615.00	3,666,066.54
Podravska	2	1	3.33	120,000.00	160,000.00
Primorsko-Notranjska	2	2	6.67	1,697,612.00	3,270,150.00
Zasavska	1	1	3.33	61,875.00	82,500.00
Pomurska	5	2	6.67	179,520.76	239,362.19
Total	41	30	100	10,094,106.67	18,283,513.82

Graph 2: Approved applications in 2019 by the Entrepreneurship Programme - B1, B2 and B4 by statistical regions (%)



2. Incentives of the Municipalities Programme - C1 Sub-programme

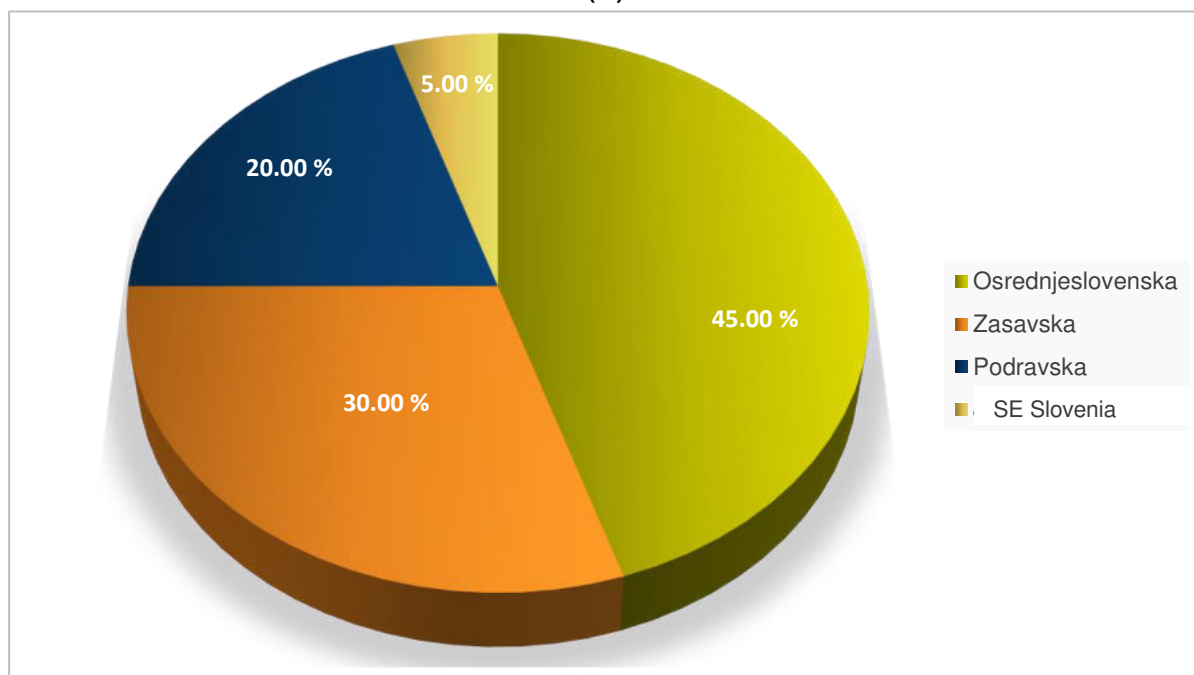
Table 18 and Graph 3 show the amount of approved funds in 2019 under the public tender for the Sub-programme (C1) – Incentives for Local and Regional Public Infrastructure, published in 2019.

As indicated in Table 18 and Graph 3, most applications approved were from the Osrednjeslovenska statistical region, where the share of the approved applications totalled 45.00%, followed by Zasavska statistical region with 30.00%, Podravska statistical region with 20.00% and SE Slovenia with 5.00%, while there were no approvals or no responses to the public tender in other statistical regions.

Table 18: Approved applications in 2019 under the Municipalities Programme - C1 by statistical regions (%)

APPROVED APPLICATIONS IN 2019 UNDER THE C1 SUB-PROGRAMME BY STATISTICAL REGIONS (%)					
Statistical region	Applications received for the public tender	Approved applications in 2019	Share of all approved applications in 2019 in %	Amount of approved funds in 2019 in € with (partial) withdrawals	Investment value of approved projects in €
Osrednjeslovenska	10	9	45.00	1,916,362.64	2,595,123,00
SE Slovenia	1	1	5.00	145,000.00	156,000,00
Gorenjska	0	0	0.00	0.00	0,00
Obalno-Kraška	0	0	0.00	0.00	0,00
Savinjska	0	0	0.00	0.00	0,00
Goriška	0	0	0.00	0.00	0,00
Posavska	0	0	0.00	0.00	0,00
Koroška	0	0	0.00	0.00	0,00
Podravska	4	4	20.00	2,172,000.00	7,118,630,85
Primorsko-Notranjska	0	0	0.00	0.00	0,00
Zasavska	6	6	30.00	1,745,020.00	3,030,439,03
Pomurska	1	0	0.00	0.00	0,00
Total	22	20	100.00	5,978,382.64	12,900,192,88

Graph 3: Approved applications in 2019 under the Municipalities Programme - C1 by statistical regions (%)



3. Incentives of the Agriculture and Forestry Programme - A1, A2, A3

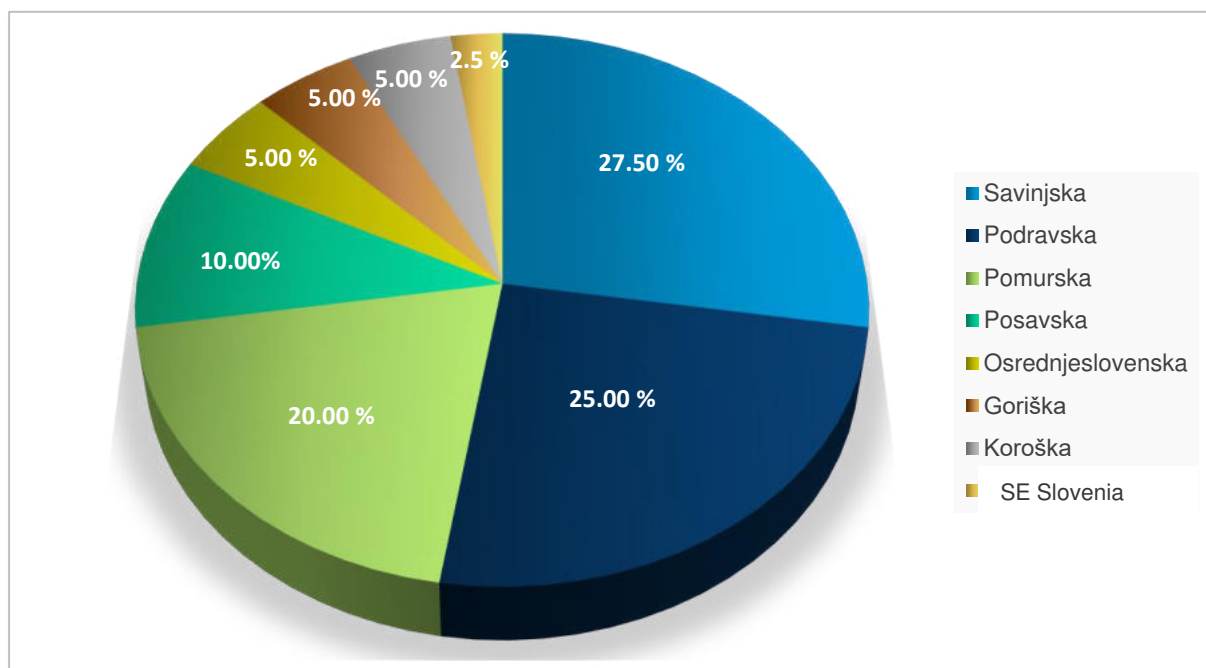
Table 19 and Graph 4 show the amount of approved funds in 2019 under two public tenders, out of which the first was published in 2018 and the second in 2019, in the framework of which the Sub-programmes (A1) – Incentives in the Field of Primary Agriculture Production, (A2) – incentives in the Field of Agriculture Processing and Marketing and (A3) – Incentives for Initial Investments in Forestry were combined.

As indicated in Table 19 and Graph 4, most applications approved were from the Pomurska statistical region, where the share of the approved applications totalled to 27.50%, followed by Podravska statistical region with 25.00%, Savinjska statistical region with 20.00%, SE Slovenia with 10.00%, Koroška, Osrednjeslovenska and Posavska statistical regions with 5%, and Goriška statistical region with 2.50%, while there were no approvals or no responses to the public tender in other statistical regions.

Table 19: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by statistical regions (%)

APPROVED APPLICATIONS IN 2019 UNDER THE A1, A2 AND A3 SUB-PROGRAMME BY STATISTICAL REGIONS (%)					
Statistical region	Applications received For the public tender	Approved applications in 2019	Share of all approved applications in 2019 in %	Amount of approved funds in 2019 in € with (partial) withdrawals	Investment value of approved projects in €
Osrednjeslovenska	2	2	5.00	509,000.00	849,992.70
JV Slovenija	5	4	10.00	456,796.48	461,961.77
Gorenjska	0	0	0.00	0.00	0.00
Obalno-Kraška	0	0	0.00	0.00	0.00
Savinjska	12	8	20.00	808,081.71	973,414.59
Goriška	2	1	2.50	53,392.00	53,392.00
Posavska	2	2	5.00	245,261.32	245,271.32
Koroška	2	2	5.00	128,796.00	211,060.52
Podravska	17	10	25.00	1,096,075.25	1,578,460.06
Primorsko-Notranjska	0	0	0.00	0.00	0.00
Zasavska	1	0	0.00	0.00	0.00
Pomurska	20	11	27.50	1,960,889.96	3,594,687.17
Total	63	40	100.00	5,258,292.72	7,968,240.17

Graph 4: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by statistical regions (%)



4. Incentives of the Pre-financing Programme - PF1, PF2, PF3

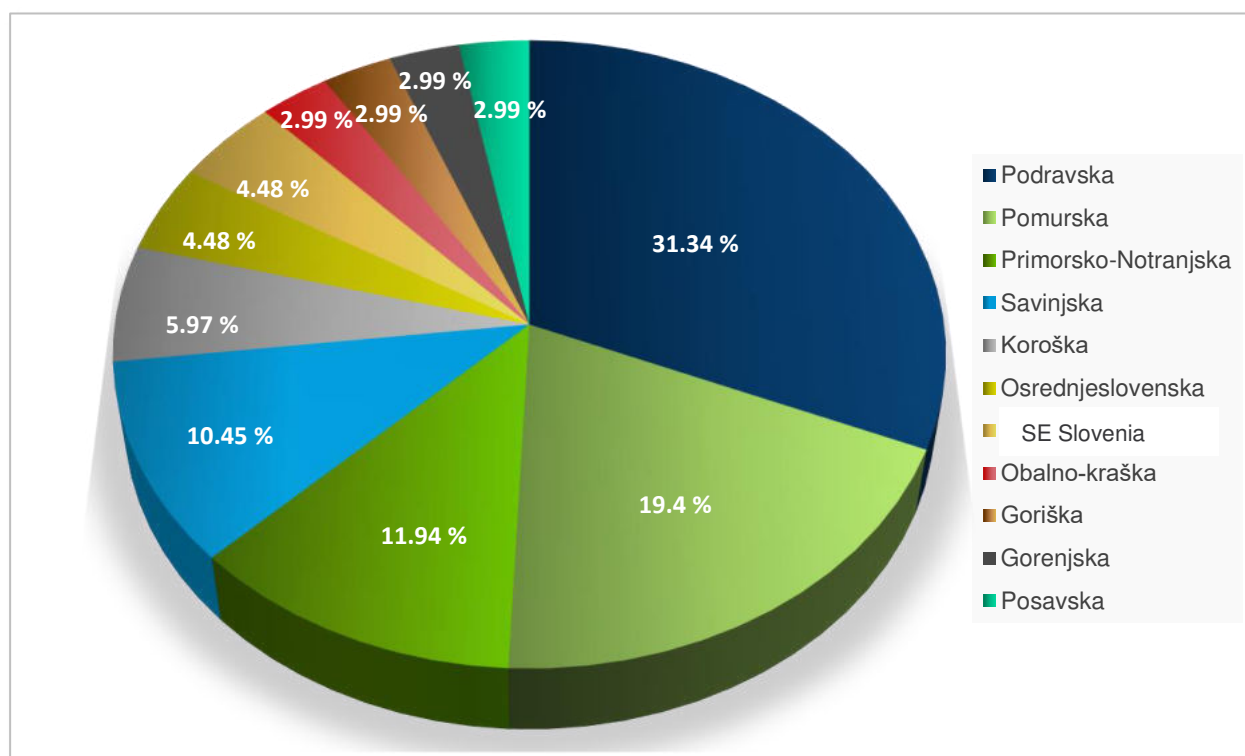
Table 20 and Graph 5 show the amount of approved funds in 2019 under four public tenders, out of which three were published in 2019 and one in 2018, whereby the public tenders include combinations of the following Sub-programmes: (PF1) pre-financing of Non-profit Organisations' projects, (PF2) Pre-financing of Agricultural Holdings' Projects and (PF3) Pre-financing of Projects in the Economy.

As indicated in Table 20 and Graph 5, most applications approved were from the Podravska statistical region, where the share of the approved applications totalled to 31.34%, followed by Pomurska statistical region with 19.40%, Primorsko-Notranjska statistical region with 11.94%, Savinjska statistical region with 10.45%, Koroška statistical region with 5.97%, SE Slovenia and Osrednjeslovenska statistical region with 4.48%, and Gorenjska, Obalno-Kraška, Posavska and Goriška statistical region with 2.99%.

Table 20: Approved applications in 2019 under the Pre-financing Programme - PF1, PF2, PF3 by statistical regions (%)

APPROVED APPLICATIONS IN 2019 UNDER THE PF1, PF2 AND PF3 SUB-PROGRAMME BY STATISTICAL REGIONS (%)					
Statistical region	Applications received for the public tender	Approved applications in 2019	Share of all approved applications in 2019 in %	Amount of approved funds in 2019 in € with (partial) withdrawals	Investment value of approved projects in €
Osrednjeslovenska	4	3	4.8	225,433.00	1,328,171.36
JV Slovenija	3	3	4.48	127,908.00	318,502.86
Gorenjska	3	2	2.99	150,000.00	373,459.40
Obalno-Kraška	2	2	2.99	132,000.00	281,050.00
Savinjska	11	7	10.45	409,349.00	1,520,542.90
Goriška	3	2	2.99	233,899.00	650,605.00
Posavska	3	2	2.99	266,894.00	654,111.85
Koroška	4	4	5.97	275,145.00	528,526.31
Podravska	31	21	31.34	1,652,084.00	4,957,540.69
Primorsko-Notranjska	9	8	11.94	510,220.00	2,046,350.40
Zasavska	0	0	0.00	0.00	0.00
Pomurska	16	12	19.40	950,638.00	3,266,350.40
Total	89	67	100.00 %	4,933,570.00	15,925,696.08

Graph 5: Approved applications in 2019 under the Pre-financing Programme - PF1, PF2, PF3 by statistical regions (%)



4.2.6.4 Analysis of incentives according to the area of investment

1. Incentives of the Entrepreneurship Programme - B1, B2, B4 Sub-programme

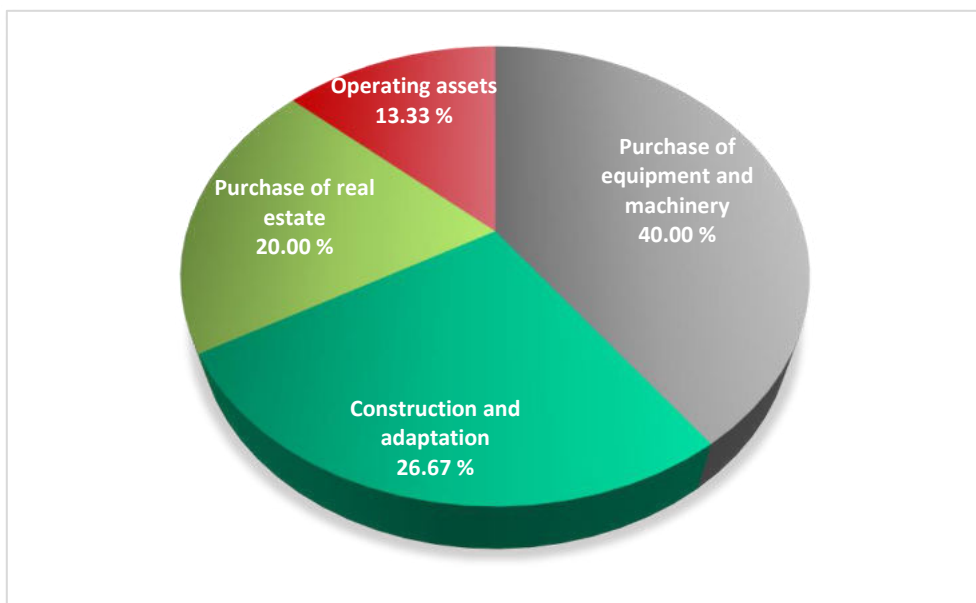
Table 21 and Graph 6 show the amount of funds approved in 2019 under four public tenders, out of which the public tenders for the Sub-programme (B2) – Incentives for Projects in the Field of Woodworking and Wood Processing and (B4) – Incentives for Projects in (Border) Problem Areas, were published in 2018, while the public tenders for the Sub-programme (B1) – Incentives for Projects in the Economy and (B4) – Incentives for Projects in (Border) Problem Areas, were published in 2019.

As indicated in Table 21 and Graph 6, the largest number of approved applications were targeted at the purchase of equipment and machinery, with their share amounting to 40.00%, followed by costs of construction and adaptation with 26.67%, real estate purchase costs with 20.00% and costs of operating assets with 13.33%.

Table 21: Approved applications in 2019 under the Entrepreneurship Programme - B1, B2, B4 by areas of investment (%)

APPROVED APPLICATIONS IN 2019 UNDER THE B1, B2 AND B4 SUB-PROGRAMME BY AREAS OF INVESTMENT (%)					
Area of investment	Applications received for the public tender	Approved applications in 2019	Share of all approved applications in 2019 in %	Amount of approved funds in 2019 in € with (partial) withdrawals	Investment value of approved projects in €
Purchase of real estate	7	6	20.00	1,958,138.00	2,898,328.13
Construction and adaptation	10	8	26.67	3,789,084.80	7,937,748.48
Purchase of equipment and machinery	19	12	40.00	3,179,168.87	5,273,605.06
Operating assets	5	4	13.33	1,167,715.00	2,173,832.15
Total	41	30	100.00 %	10,094,106.67	18,283,513.82

Graph 6: Approved applications in 2019 under the Entrepreneurship Programme - B1, B2, B4 by areas of investment (%)



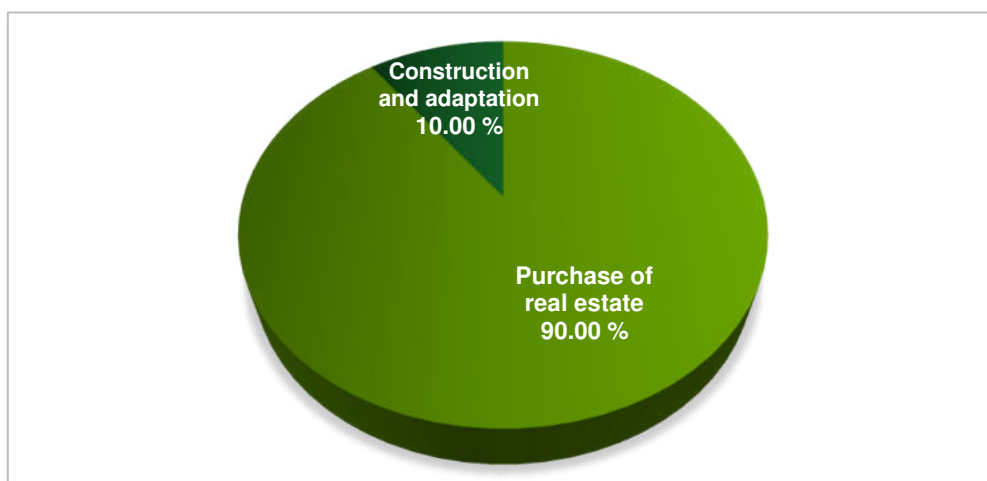
2. Incentives of the Municipalities Programme - C1- Sub-programme

As indicated in Table 22 and Graph 7, which show the amount of approved funds in 2019 by the public tender under the Sub-programme (C1) – Incentives for Local and Regional Public Infrastructure, published in 2019, the largest number of approved applications were targeted at the purchase of real estate, and their share amounted to 90.00%, followed by the costs for the purpose of construction and adaptation of public infrastructure objects with 10.00%.

Table 22: Approved applications in 2019 under the Municipalities Programme - C1 by areas of investment (%)

APPROVED APPLICATIONS IN 2019 UNDER THE C1 SUB-PROGRAMME BY AREAS OF INVESTMENT (%)					
Area of investment	Applications received for the public tender	Approved applications in 2019	Share of all approved applications in 2019 in %	Amount of approved funds in 2019 in € with (partial) withdrawals	Investment value of approved projects in €
Purchase of real estate	20	18	90.00	1,916,362.64	2,595,123.00
Construction and adaptation	2	2	10.00	145,000.00	156,000.00
Total	22	20	100.00 %	2,061,362.64	2,751,123.00

Graph 7: Approved applications in 2019 under the Municipalities Programme - C1 by areas of investment (%)



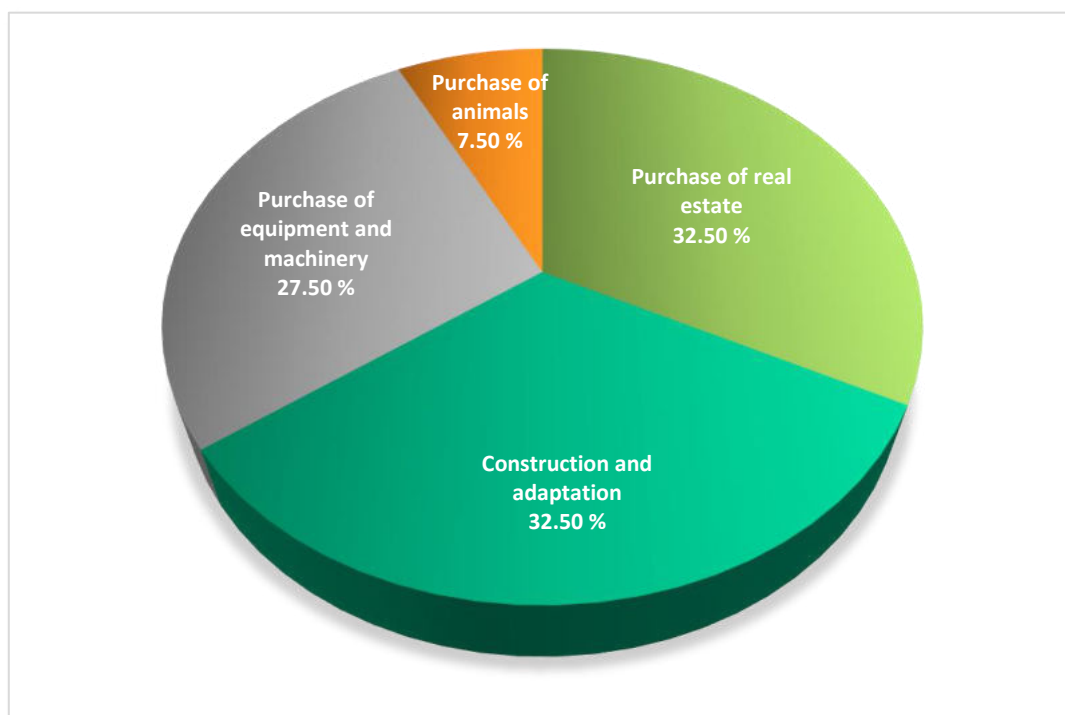
3. Incentives of Agriculture and Forestry Programme - A1, A2, A3

As indicated in Table 23 and Graph 8, which show the amount of approved funds in 2019 under two public tenders, out of which the first was published in 2018 and the second in 2019, in the framework of which the Sub-programmes (A1) – Incentives in the Field of Primary Agriculture Production, (A2) – incentives in the Field of Agriculture Processing and Marketing and (A3) – Incentives for Initial Investments in Forestry were combined, the largest number of approved applications were targeted at the purchase of real estate and construction and adaptation of objects, the share of which amount to 32.50 %, followed by the purchase of equipment and machinery with 27.50% and purchase of animals with 7.50%.

Table 23: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by area of investment (%)

APPROVED APPLICATIONS IN 2019 UNDER THE A1, A2 AND A3 SUB-PROGRAMME BY AREA OF INVESTMENT (%)					
Area of investment	Applications received for the public tender	Approved applications in 2019	Share of all approved applications in 2019 in %	Amount of approved funds in 2019 in € with (partial) withdrawals	Investment value of approved projects in €
Purchase of real estate	19	13	32.50	792,557.00	958,257.00
Construction and adaptation	20	13	32.50	3,317,054.28	5,576,055.47
Purchase of equipment and machinery	18	11	27.50	1,010,144.73	1,289,403.46
Purchase and planting of annual plants	1	0	0.00	0.00	0.00
Purchase of animals	5	3	7.50	138,536.71	144,524.24
Total	63	40	100.00 %	5,258,292.72	7,968,240.17

Graph 8: Approved applications in 2019 under the Agriculture and Forestry Programme - A1, A2, A3 by area of investment (%)



4.2.7 Effects of the incentives given

When assessing the effects of the Fund's incentives and its contribution to harmonious regional development, a distinction must be made between the assessment of the achievement of long-term and short-term objectives. The investment projects are long-term, and thus the effects of the Fund's incentives are only perceptible over the longer run.

1. Monitoring of regional development indicators

In order to assess the effects of long-term objectives, statistical data over a longer term need to be monitored. Article 4 of the Monitoring of State Aid Act (Official Gazette of the Republic of Slovenia, No. 37/04) stipulates that providers of aid granted on the basis of a regional state aid scheme must report to the government body responsible for regional development regarding the aid granted. Monitoring and evaluating the effects of the aid is ensured by the government body on the basis of data on granted regional state aid and regional development indicators. The Decree on Data Submission and on the Reporting of Granted State Aids and "De Minimis" Aids (Official Gazette of the Republic of Slovenia, No. 61/04, 22/07, 50/14) governs the manner and deadlines for sending data, content and form of the annual report, while, at the same time, it also determines the records of state aid according to the "de minimis" rule.

The regional development indicators are monitored on the basis of statistical data for individual territorial levels, i.e. for the entire country, for the statistical regions and municipalities, as defined by the Decree on the Standard Classification of Territorial Units (Official Gazette of the Republic of Slovenia, No. 9/2007) and Regulation (EC), No. 1059/20063 on the Establishment of a Common Classification of Territorial Units for Statistics (OJ L, No. 154/03).

2. Monitoring of effects of the incentives granted in achieving the annual objectives according to the announcements of the approved projects in 2019

The effects of incentives granted in 2019 cannot be measured in the year of their allocation, but over a longer period of time, following the completion of the project. Consequently, the assessment of the expected effects is shown hereafter, namely two years after the completion of the project for which the Fund approved the incentive in 2019, taking into account the data arising from the applicant's application.

3. Monitoring of the effects of previous incentives that show effects in 2019

Table 24 also shows the effects of incentives given by the approved projects, for which it needs to be noted that 2019 was the second year after the completion of the projects, in which the effects under the public tender were achieved and could, therefore, be monitored. The beneficiary who has drawn the funds must contribute with the project to the fulfilment of at least one objective set out in the individual tender at least two years after its completion.

Table 24: Assessment of expected effects by incentives

ASSESSMENT OF THE EXPECTED EFFECTS BY INCENTIVES

Public tender	Objectives per applicant or per project (2 years after the completion of the investment)	Indicator	Expected effects in 2020/2021 by the approved incentives in 2018	Effects achieved by previous incentives, monitored in 2018
B Programme: Entrepreneurship B1: Incentives for Projects in the Economy B2: Incentives for Projects in the Field of Woodworking ⇒ Title of the public tender Public Tender for Soft Loans for Entrepreneurship Projects - B1 2019 (Official Gazette of the Republic of Slovenia No 58/19, 68/19 and 77/19) Public Tender for Financing of Operating Assets and Equipment for Wood Treathers and Timber Processors (Official Gazette of the Republic of Slovenia No. 81/18)	<ul style="list-style-type: none"> - 5% increase in the number of employees or at least one employee, insofar as 5% represents less than one employee, or maintaining the number of employees with significant increase in competitiveness and improvement of technological process. - 3% increase of gross operating yield. - Added value increased by 3% per employee. 	<ul style="list-style-type: none"> - The number of jobs created. - Amount of generated operating revenues (gross operating yield). - Added value per employee. 	<p>8 approved projects in the amount of EUR 3,062,617.80</p> <ul style="list-style-type: none"> - 25.86 new employments or 3.2 on average per applicant. - Increase in gross operating yield for a total of EUR 4,622,086.67 or EUR 577,760.83 EUR on average per applicant. - Increase in added value per employee for a total of EUR 95,519.95 or EUR 11,939.99 on average per applicant. 	<ul style="list-style-type: none"> - The number of monitored projects: 3 projects (3 enterprises). - Total increase in the number of employees with the applicants: 81 - Total increase of gross operating yield of EUR 21,657,080.00 at the applicants. - Increase of added value per employee of EUR 96,710.84 at the applicants.
B Programme: Entrepreneurship B4: Incentives for Projects in (Border) Problem Areas ⇒ Title of the public tender Public Tender for Soft Loans for Initial Entrepreneurship Projects in Problem Areas with a High-level of Unemployment and Border Problem Areas in the Republic of Slovenia (Official Gazette of the Republic of Slovenia No. 29/18, 46/18, 62/18 and 70/18) Public tender for Development Loans in Border Problem Areas (Official Gazette of the Republic of Slovenia No 36/19 and 69/19)	<ul style="list-style-type: none"> - Increase in competitiveness while maintaining jobs. - Increase in the number of employees 	<ul style="list-style-type: none"> - The number of jobs created. - Amount of generated operating revenues (gross operating yield). - Added value per employee. 	<p>22 approved projects with total incentives of EUR 7,031,488.87</p> <ul style="list-style-type: none"> - 136.67 new employments or 6.21 on average per applicant. - Increase in gross operating yield for a total of EUR 29,606,517.52 or EUR 1,345,750.80 on average per applicant. - Increase in added value per employee for a total of EUR 145,547.49 or EUR 6,615.80 on average per applicant. 	/
C Programme: Municipalities C1: Incentives for Local and regional Public Infrastructures ⇒ Title of the public tender Public Tender for Granting Soft Loans to Municipalities (Official Gazette of the Republic of Slovenia No. 35/19 and 57/19)	<ul style="list-style-type: none"> - Improvement of road infrastructure. - Enhancement of municipal and environmental infrastructure. - Improvement of social and sport and tourism infrastructure. 	<ul style="list-style-type: none"> - Improvement of pavements. - Reconstruction of road infrastructure. - Municipal and environmental infrastructure. - Social and sport and tourism infrastructure. 	<p>20 approved projects for a total of EUR 5,978,382.74</p> <ul style="list-style-type: none"> - Pavements in the range of 920 m. - Road infrastructure in the range of 3460 m. - Investment in the water network in the range of 527 m. - Purchase of a boiler room for woody biomass-based heating. - Investments in the water network in the range of 1478 m. - Construction of a wastewater treatment plant – sewage system in the range of 2350 m. - Construction of a culture house (1 object). - Purchase of an object/real estate for the purpose of social/sport and tourism infrastructure (1 object). - A farewell facility (1 object), - Replacement of artificial grass in the city stadium. 	/

"continuation"

Public tender	Objectives per applicant or per project (2 years after the completion of the investment)	Indicator	Expected effects in 2020/2021 by the approved incentives in 2018	Effects achieved by previous incentives, monitored in 2018
A Programme: Agriculture and Forestry A1: Incentives in the Field of Agriculture Production A2: Incentives in the Field of Agriculture Processing and Marketing A3: Incentives for Initial Investments in Forestry ⇒ Title of the public tender * Public Tender for Granting Loans to Agriculture and Forestry Projects (Official Gazette of the Republic of Slovenia No. 35/19) Public tender for Granting Loans to Agriculture and Forestry Projects (Official Gazette of the Republic of Slovenia No. 52/18, 54/18, 74/18 and 3/19)	<ul style="list-style-type: none"> - Reduction in production costs. - Improvement in production. - Improvement in the hygiene conditions and standards for animal welfare. - Land improvement. - Modernisation of technology. - Agricultural and environmental climate targets. - New jobs or job retention. - Increasing the added value of a product. 	<ul style="list-style-type: none"> - Number of agricultural holdings with the adopted incentive. - Total amount of incentives. 	40 agricultural holdings with the adopted incentive in the amount of EUR 5,258,292.72 for the purpose of: <ul style="list-style-type: none"> - Reduction in production costs: 25 - Improvement in production: 21 - Improvement of the hygiene conditions and standards for the animal welfare: 4 - Land improvement: 2 - Modernisation of technology: 4 - Creation of new posts: 1 - Retention of jobs: 4 - Increasing the added value of a product: 1 	Number of monitored projects: 22 <ul style="list-style-type: none"> - Reduction in production costs: 19 - Preserving and improving the natural environment/ Improvement of the hygiene conditions and standards for animal welfare: 4 - Improvement and switch of production: 1 - Modernisation of agriculture: 3 - Achievement of agricultural and environmental climate targets: 1
A Programme: Agriculture and Forestry A4: Incentives for Reprogramming of Financial Liabilities ⇒ Title of the public tender Public Tender for Reprogramming of Investment Loans in the Dairy Farming (Official Gazette of the Republic of Slovenia No. 67/16, 68/16 and 2/17)	<ul style="list-style-type: none"> - Maintaining the income of agricultural activity at least in the amount of the income declared in the application. - Enabling rural development in the light of maintaining employment opportunities in rural areas. - Reduction in production costs. - Maintaining the natural environment and standards for animal welfare. 	<ul style="list-style-type: none"> - Number of agricultural holdings with the adopted incentive. - Total amount of reprogrammed loans. 	/	11 monitored agricultural holdings: <ul style="list-style-type: none"> - Maintaining the income of agricultural activity at least in the amount of the income declared in the application: 9 - Enabling rural development in the light of maintaining employment opportunities in rural areas: 11 - Reduction in production costs: 8 - Maintaining natural environment and standards for animal welfare: 10
PF Programme: Pre-financing PF1- Pre-financing of Non-profit Organisations' Development Projects PF2- Pre-financing of Agriculture Holdings' Projects PF3- Pre-financing of Projects in the Economy ⇒ Title of the public tender* Public Tender for Pre-financing of Development Projects and projects of Agriculture Holdings- PF1/PF2 2019 (Official Gazette of the Republic of Slovenia No. 35/19) Public Tender for pre-financing of Development Projects and projects of Agriculture Holdings - PF1/PF2 2018 (Official Gazette of the Republic of Slovenia No. 52/18, 54/18 and 76/18)	To ensure a higher absorption rate of the European funds.	<ul style="list-style-type: none"> - Number of approved projects, co-financed by the EU. 	67 approved projects with the received incentive of EUR 4,933,570.00.	<ul style="list-style-type: none"> - Number of monitored projects: 46 In 2019, the liabilities for the loans granted were paid in full, out of which 26 for the PF1 Sub-programme (non-profit and profit organisation) and 20 for the PF2 Sub-programme (agricultural holdings).
RGS Programme: Regional Guarantee Schemes RGS1- Implementation of Regional Guarantee Schemes ⇒ Title of the public tender Public Tenders for Bank Loans' Guarantees for Micro, Small and Medium-Sized Enterprises Within the Framework of the regional Guarantee Schemes in the Individual Regions	<ul style="list-style-type: none"> - Maintaining the number of employees while increasing competitiveness. - 5% increase in the number of employees. - Added value increased by 3% per employee. 	<ul style="list-style-type: none"> - Number of economic operators included in the RGS or the number of entities that received the guarantee. - Number of created posts. - Added value per employee. 	No expected effects, as there was no publication of a public tender in 2019.	<ul style="list-style-type: none"> - Number of monitored projects: 38 projects (38 enterprises). - Total increase in the number of employees by 198 (40%) or on average for 5.2 per applicant. - Total increase in added value per employee by EUR 81,017.46 (6%) or on average by EUR 2,132.04 per applicant.

EXAMPLES OF BEST PRACTICES

- **Entrepreneurship**

Programme:

Strojplast d.o.o.

lies in the problem area of Pokolpje. With the planned investment in the construction of business premises, the company has acquired basic conditions for the increase in production volume, added value per employee, revenues and profit. The company is developing in the automatization of production processes and production lines.

- **Agriculture and Forestry**

Programme:

Perko Anton

The farm is located in the Municipality of Šentilj. In 2018 and 2019, the farm invested in two projects, namely in the new construction of an animal housing, the purchase of agricultural machinery and the construction of new commercial premises. The projects were co-financed with European and national funds, the Fund's loans and a bank loan.

- **Pre-financing Programme**

Drofelnik Tilen

The farm is located in Šmartno ob Paki. With the project of building a new barn for fattening the chickens, biomass heating and all the outdoor adaptations, the young farmer wanted to modernise the farming of chickens, increase income from the activity, as well as production and enable higher hygiene standards for animal welfare and easier work in the barn.

4.2.8 Examples of best practices



4.3 RESULTS IN THE FIELD OF EUROPEAN DEVELOPMENT PROCESSES

4.3.1 Presentation of the Certifying Authority

4.3.1.1 Participation in the European Territorial Cooperation (ETC) Programmes in the period 2007-2013

By a Decision No. 30300-4/2007/74 of 19 April 2007, the Government of the Republic of Slovenia set the organisational structure for the implementation of the European Territorial Cooperation Programmes for the following Operational Programmes (hereinafter referred to as the »OP«):

- Cross-border Cooperation Slovenia-Austria 2007-2013,
- Cross-border Cooperation Slovenia-Hungary 2007-2013, and
- Cross-border Cooperation Slovenia-Croatia 2007-2013,

in the framework of which the Fund has been designated as the responsible institution for the performance of tasks of the Certifying Authority, whereby adequate human and financial resources have been provided to it in order to carry out its tasks successfully. Moreover, Article 4 of the Decree on the Implementation of Procedures for the Use of European Territorial Cooperation Funds and the Instrument for Pre-Accession Assistance Funds in the Republic of Slovenia in the 2007-2013 Programming Period (Official Gazette of the Republic of Slovenia, No. 45/10 of 4 June 2010) determines that the Fund carries out the tasks of the Certifying Authority in the abovementioned Programmes.

The Certifying Authority's tasks are determined by the following legal basis:

- Article 61 of the Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999, as last amended by Regulation (EU) No. 539/2010 of the European Parliament and the Council of 16 June 2010 on the amendment of the Council Regulation (EC) No. 1083/2006,
- Article 104 of the Commission Regulation (EC) No. 718/2007 of 12 June 2007 on the implementation of the Council Regulation (EC), No. 1085/2006 on the establishment of instrument for pre-accession assistance, as amended by the Commission Regulation (EU) No. 80/2010 of 28 January 2010.

4.3.1.2 Participation in the European Territorial Cooperation (ETC) Programmes in the period 2014-2020

The Republic of Slovenia and partner states in the European Territorial Cooperation Programmes, have selected the Fund as the contractor for the activities of the Certifying Authority for the Financial perspective 2014-2020 in three cooperation programmes. By a Decision No. 30300-2/2014/5 of 17 December 2014, the Government of the Republic of Slovenia set the organisational structure of the implementation of the European Territorial Cooperation Programmes in the Financial Perspective 2014-2020, in the framework of which the Fund has been designated as the responsible institution for the performance of tasks of the Certifying Authority for the following programmes:

- Cooperation Programme INTERREG V-A Slovenia-Austria for the programme period 2014-2020,
- Cooperation Programme INTERREG V-A Slovenia-Hungary for the programme period 2014-2020,
- Cooperation Programme INTERREG V-A Slovenia-Croatia for the programme period 2014-2020.

The Certifying Authority's tasks in the Financial Perspective 2014-2020 are determined by the following legal basis:

- Article 126 of the Regulation (EU) No. 1303/2013 of the European Parliament and 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 specified legal basis imposes the following obligations and competences 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,
- Ensuring that there is a system which records and stores, in computerised form, accounting records for each operation, and which supports all the data required for drawing up payment applications and annual accounts, including records of amounts recoverable, amounts recovered and amounts withdrawn following cancellation of all or part of the contribution for an operation or operational programme,
- Ensuring, for the purposes of drawing up and submitting payment applications, that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure,
- Taking account when drawing up and submitting payment applications of the results of all audits carried out by, or under the responsibility of, the audit authority,
- Maintaining, in a computerised form, accounting records of expenditure declared to the Commission and of the corresponding public contribution paid to beneficiaries,
- Keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the budget of the European Union prior to the closure of the operational programme by deducting them from the subsequent statement of expenditure.

4.3.1.3 Participation in the Norwegian Financial Mechanism (NFM) Programmes and the European Economic Area Financial Mechanism (EEA FM) Programmes

The Certifying Authority's tasks for the NFM and EEA FM are determined by the following legal bases:

- Article 5.4 of the Regulation on the Implementation of the European Economic Area Financial Mechanism 2014-2021, adopted by the EEA Financial Mechanism Committee on the basis of Article 10.5 of the Protocol 38c of the Agreement on the EEA of 8 September 2016, and adopted by the Standing Committee of the EFTA States on 23 September 2016,
- Article 5.4 of the Regulation on the Implementation of the Norwegian Financial Mechanism 2014-2021, adopted by the Ministry of Foreign Affairs of the Kingdom of Norway on 23 September 2016 on the basis of Article 10.5 of the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021.

The specified legal basis imposes the following obligations and competences on the Certifying Authority:

- Submitting certified interim financial reports and final report on the programme referred to in Article 3 Chapter 9 and Article 12 Chapter 6 to the Ministry of Foreign Affairs of the Kingdom of Norway (MFAKN) or the EEA Financial Mechanism Committee (FMC),
- Submitting forecasts of estimated payment applications referred to in Article 5 Chapter 9 of the MFAKN or the FMC,
- Application of all accrued interest referred to in Article 7 Chapter 9 of the MFAKN or the FMC,
- Taking account of the results of all audits carried out by, or under the responsibility of, the audit authority, for the purpose of certification,
- Maintaining, in a computerised form, accounting records of expenditure declared to the MFAKN or the FMC,
- Ensuring transfer of payment to the Programme Operators in accordance with Paragraph 2 Article 1 of Chapter 9,
- Ensuring that the amounts recovered and the amounts cancelled after the cancellation of the entire financial contribution or its part, for the programme or project, are repaid to the MFAKN or the FMC prior to the closure of the programme.

Unless otherwise specified in the national law of the beneficiary country, the Certifying Authority ensures opening and managing of a separate interest-bearing account, intended for the Norwegian Financial Mechanism 2014-2021 and the EEA Financial Mechanism 2014-2021.

CERTIFYING AUTHORITY - Summary

FP 2007-2013



⇒ Closure of Programmes:

- OP SI-AT: 12 February 2018
- OP SI-HU: 16 July 2019
- OP SI-HR: 31 October 2019

FP 2014-2020



⇒ Activities in 2019

- Preparation of updated Instructions of the Certifying Authority,
- Transferral of annual pre-financing by the EC,
- Transfer of funds to the lead partners (EUR 19,696,094.07),
- Transmission of payment applications to the EC (EUR 19,473,494.45),
- Sending first positive annual accounts to the EC.

FP 2014-2021



⇒ Activities in 2019

- Cooperation in the preparation of Description of Management and Control Systems.
- Cooperation in the preparation of Instruction for the implementation of Technical Aid 2014-2021.
- On 29 March 2019, decision of the GODECP and the MF to transfer the tasks to the MF from 1 April 2019 on.

4.3.2 Activities of Certifying Authority in 2019

1. Final activities in the European Territorial Cooperation for the period 2007-2013

The Fund carried out all the necessary activities for the closure of all three operational programmes and final reports for the EC. On the basis of final reports (Certifying Authority, Managing Authority and Audit Authority), the EC notified the Member State on the dates of closure of the operational programmes, specifically: the closure date of the operational programme Cross-Border Cooperation Slovenia-Austria 2007-2013 is 12 February 2018, and the closure date of the operational programme Cross-Border Cooperation Programme Slovenia-Hungary 2007-2013 is 16 July 2019, although the latter still needs to be financially monitored due to court proceedings, and the current account remains open, while the closure date of the operational programme Cross-Border Cooperation Slovenia-Croatia 2007-2013 is 31 October 2019.

2. Activities in the European Territorial Cooperation Programmes for the period 2014-2020

The Fund has actively cooperated in the implementation of the European Territorial Cooperation Programmes, as well as prepared updated Instructions of the Certifying Authority (version 4.0), adjusted to the amended and supplemented monitoring procedures for the implementation of cooperation programmes, cooperated in the preparation of annual self-assessment of fraud risk, and in the preparation of other programme documents.

In February 2019, the Certifying Authority received the annual pre-financing from the European Commission for the individual cooperation programmes.

In 2019, the Certifying Authority performed verifications and project report payments in all three cooperation programmes. Within the context of irregularities-the Certifying Authority carried out verifications and recoveries of financial corrections, regularly sent payment applications to the EC, and in February prepared annual accounts for the fourth accounting year (1 July 2017 to 30 June 2018).

Table 25: Amount of funds transferred to the lead partners in 2019 in EUR for the Cooperation Programme 2014-2020

AMOUNT OF FUNDS TRANSFERRED TO THE LEADING PARTNERS IN 2019 IN EUR	
Cooperation Programme	Amount of funds transferred in EUR
INTERREG V-A Slovenia-Austria	8,380,873.14
INTERREG V-A Slovenia-Hungary	3,703,531.59
INTERREG V-A Slovenia-Croatia	7,611,689.34
Total	19,696,094.07

Table 26: Amount of submitted payment applications to the EC in 2019 in EUR for the Cooperation Programme 2014-2020

AMOUNT OF SUBMITTED PAYMENT APPLICATIONS TO THE EC IN 2019 IN EUR		
Cooperation Programme	Amount of funds transferred in EUR*	Total applications in EUR**
INTERREG V-A Slovenia-Austria	7,099,465.87	8,243,076.36
INTERREG V-A Slovenia-Hungary	3,873,036.76	3,617,467.64
INTERREG V-A Slovenia-Croatia	8,111,095.42	7,612,950.45
Total	19,083,598.05	19,473,494.45

* Without annual pre-financing.

**In accordance with Article 130 of Regulation (EU) No 1303/2013, the EC shall reimburse, as an interim payment, 90% of the amount resulting from the use of the co-financing rate for each priority set out in the decision, based on which the cooperation programme is adopted, for the eligible expenditure for the priority, included in the payment application.

The Certifying Authority shall prepare the annual accounts for the previous accounting year by 15 February. In 2019, the first positive annual accounts were sent to the EC. Sending annual accounts is an annual task that must be carried out until 2025.

3. Activities in the NFM and EEA FM for the period 2014-2021

The Certifying Authority was already included in the implementation of the NFM and the EEA FM Programme in 2018. In 2019, the Certifying Authority cooperated in the preparation of the Description of the Management and Control Systems (preparation of chapters concerning the Certifying Authority, harmonisation of the entire document). Colleagues of the Certifying Authority have attended the coordination meeting with the representatives of the National Contact Point and the programme operator, in relation with the Description of the Management and Control Systems at the national level, and they also cooperated in the preparation of the Instruction for the implementation of Technical Aid 2014-2021. In February 2019, the Certifying Authority carried out a regular reporting of the Forecast of Estimated Payment Applications.

In the framework of the meeting between the GODECP and the Fund, on 29 March 2019, the decision of the GODECP and the MF was presented that the tasks of the Certifying Authority for the European Economic Area Financial Mechanism 2014-2021 and the Norwegian Financial Mechanism 2014-2021 would be transferred from the Fund to the Ministry of Finance. As of 1 April 2019, the Fund's role of the Certifying Authority for the abovementioned programmes has, therefore, ceased.

4.4 GENERAL OPERATING RESULTS

4.4.1 ISO Certification activities

In 2015, the renewed ISO 9001:2015 Standard was issued. The Standard is built on the principles of quality management, which are now used by the world's most successful organisations, whereby the newer version of the Standard places more emphasis on the management of the organisation and the processes that take place in the organisation. The Standard represents a summary of good business practice and is, as such, helpful for the organisations that want to follow only the best of these. The Standard focuses in particular on the effectiveness of the quality management system in meeting customer requirements. It is intended for all types of organisations that want to manage and improve their operations and increase the satisfaction of their customers. The Standard specifies requirements for the quality management system, management operation, resource management, performance of the core activity and control. Meeting all the requirements of the Standard enables the organisation to obtain a quality management system certificate after, of course, successfully completing the certification procedure.

In the past, the Fund acceded to the establishment of a quality management system in accordance with the requirements of the ISO 9001:2008 Standard and, after successfully completing the certification procedure in 2012, received the ISO 9001:2008 quality mark. In 2018, the Fund successfully carried out the transition to the new quality standard, and thus obtained the ISO 9001:2015 quality mark. By adopting the Standard, the Fund focuses especially on the effectiveness of the quality management system in meeting the customer requirements (recipients of the regional incentives) and performing the tasks of the Certifying Authority. Therefore, through the process approach, the Fund directly connects its business objectives with the business performance.

Figure 3: SIQ Certification mark



In 2019, the Fund continued to renovate and supplement documents related to the new standard of quality, to which the Fund switched in 2018. Improvements are being added to the Quality Manual and the Process Catalogue is gradually being supplemented with the remaining processes.

In 2019, the internal and external audits were conducted. Both audits showed that the Fund's quality management system meets the requirements of the ISO 9001:2015. In this way, the Fund demonstrates its commitment to quality and preserves it at a high level.

4.4.2 Carrying out controls and monitoring projects

On 4 September 2012, the Fund adopted the Rules on Inspection and Monitoring of Projects Financed by the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas (hereinafter referred to as the "Rules"), which sets out a system for inspection of investment projects on-site and the inspection of applicants in the case of irregular payments and in terms of monitoring the effects of the projects. The on-site inspection of investment projects may be carried out before or upon the approval of an application, in the project implementation phase, upon the completion of the project, as well as in the case of irregular payment and breach of other contractual terms. The Fund draws up an annual plan of inspection, which determines the total number of inspections to be carried out in individual year, separately by individual reasons for inspection. If the Fund implements the measures as the external contractor of the customer, the Fund is also obliged to carry out inspections for these investment projects in accordance with the contractual obligations.

As shown in Table 27, in 2019 the Fund planned 52 regular inspections under three different public tenders and nine extraordinary inspections with the purpose of inspection of projects at their completion, inspection due to irregular payments, inspection of realisation of objectives set and other contractual terms. The final realisation of the performed inspections was the performance of 52 regular inspections and nine extraordinary inspections.

Table 27: Annual plan and the realisation of inspections for 2019

PLAN AND REALISATION OF INSPECTIONS FOR 2019			
	Reason for inspection	Number of inspections planned	Realisation of the number of inspections
Regular inspection			
Programme: ENTREPRENEURSHIP; Sub-programme: B4 <ul style="list-style-type: none"> Public Tender for Soft Development Loans for Initial Entrepreneurship Projects in Problem Areas with a High-level of Unemployment and Border Problem Areas in the Republic of Slovenia – BP2 (Official Gazette of the Republic of Slovenia No 5/2017 with amendments). Public Tender for Soft Development Loans for Initial Entrepreneurship Projects in Problem Areas with a High-level of Unemployment and Border Problem Areas in the Republic of Slovenia (Official Gazette of the Republic of Slovenia No 29/2018 with amendments). 	Assessment of the adequacy of implementation (contractual obligation)	43	43
Programme: AGRICULTURE AND FORESTRY; Sub-programme: A4 Public Tender for Reprogramming of Investment Loans in Dairy Farming (Official Gazette of the Republic of Slovenia No 67/2016 with amendments).	Assessment of the adequacy of implementation (contractual obligation)	9	9
Extraordinary inspection (determined during the year by Director or specialist services)			
Before or after the approval of application	Problems concerning insurance Problems concerning approval documentation	0	0
During project implementation or after project completion	Investment value over EUR 150,000.00 Change of deadlines: Conclusion of contracts / absorption of funds / completion of the investments	6	5
During loan repayment	Irregular payment or breach of other contractual terms	3	3
Total		61	60

⇒ Explanatory information regarding realisation

As can be seen in Table 27, in 2019, the Fund planned 43 regular inspections under three different public tenders, two out of which were public tenders for the same Sub-programme (B4), thus the realisation under these two public tenders is presented together:

- (1) Under the Public Tender for Soft Development Loans for Initial Entrepreneurship Projects in Problem Areas in the Republic of Slovenia – BP and the Public Tender for Soft Development Loans for Initial

Entrepreneurship Projects in Problem Areas with High-Unemployment and Border Problem Areas in the Republic of Slovenia – BP2, carried out by the Fund in the period from 2017 to 2019 as a contractor for the MEDT, in the framework of which the funds from the state budget (MEDT) were tendered, the conduct of inspections for 43 projects was planned. The Fund carried out the inspections of all planned projects, where it was established that two projects were not yet completed in full or were coming to completion, while one project did not bring income, as the applicant had problems completing the entire project. In one project it was discovered that it was completed in a smaller scope, thus it did not bring income and the funds were not used for their intended purpose. As a result of this, the beneficiary requested the Fund for an extension to the project implementation deadline and the Fund will once again carry out project inspection in 2020. In the case of two projects, a suspicion of breach of contractual terms was identified (for example, disposal of the object of loan collateral), which must be verified ex-post by the Fund's specialist services – in the event of established actual breaches, the Fund will cancel the loan agreement. Other 37 inspected projects were carried out in accordance with the contractual terms.

- (2) Under the Public Tender for Reprogramming of Financial Liabilities in Dairy Farming carried out by the Fund in 2016 and 2017, which determines that the Fund carries out the final inspection after the performed activities on the farm and prepares a final report, the Fund planned to carry out inspections of nine projects. The Fund conducted inspections of all planned projects, for which an inspection had not yet been made in the past. It was established that the reprogramming is completed and that the agriculture holdings were generating a surplus of revenue over the variable costs (coverage), due to lower interest rates and/or lower instalment and other reasons. Of the four possible objectives, eight projects achieved three or four of these, and one project achieved one objective and one partially.

In 2019, the Fund also planned to carry out nine extraordinary inspections with the purpose of inspecting the projects upon their completion or to make an inspection due to irregular payments, realisation of objectives set and other contractual terms. The inspections found that most of the projects were carried out in accordance with the contractual terms and that the projects were completed and the objectives achieved. In the case of non-profit enterprises, it was established that the co-financed project was generating revenues from the production of new products or the provision of new services or due to an increase in capacity. For one project it turned out that it was not generating revenues, but it helped to lower the costs, as the project involved the purchase of agricultural land. In one project, however, due to the failure to provide evidence of the purchase of a fixed asset at the project inspection, it was not possible to determine whether the funds were used for the intended purpose and, at the same time, to produce a full report. In order to re-establish the situation, the Fund asked the beneficiary to submit the requested documents. In the case of one applicant with three approved projects under the pre-financing measure, the completed inspection showed that the beneficiary had already carried out the project in full and had mostly received repayments in accordance with the submitted applications, or that the deadline for the submission of the last application was 31 December 2019, but the beneficiary did not yet receive the repayment under the last claim, which was in accordance with the contractual terms. The Fund will monitor the beneficiary in order to determine whether the beneficiary has already received repayment under the last application for the individual project and, at the same time, remind the beneficiary of compliance with the contractual terms.

The final realisation of the conducted inspections was the implementation of 52 regular inspections out of a total of 52 and the implementation of eight extraordinary inspections out of a total nine, as the extraordinary inspection in one of the applicants was postponed to the beginning of 2020 due to immediate obligations at the end of 2019.

4.4.3 External communication

In 2019, the Fund published nine public tenders, eight of which from the funds of its earmarked assets, and one from the government budget appropriations (B4). The realisation for six public tenders was transferred from 2018 to 2018. In 2019, the external communication was conducted in two parts:

1. Promotion of tenders from the Fund's earmarked assets, funds for the promotion from the Fund's resources,
2. Promotion under the Public Tender for Soft Development Loans for Initial Entrepreneurship Projects in Problem Areas in the Republic of Slovenia from the government budget appropriations, funds for the promotion provided under the contract with the MEDT for the purpose of implementation of the said public tender.

The Fund presented the planned incentives for 2019 and the published public tenders at various presentations and events, at INFO points, through advertising in various media, on its websites and the websites of other institutions, by e-news notifications, as well as other promotional forms.

1. Major events

- The Fund participated as an exhibitor at the Spring and Autumn Agricultural Trade Fair in Komenda, which took place from 12 to 14 April and from 4 to 6 October 2019. As part of the event, the Fund also published a promotional article in the magazine published at the fair event. By participating, the Fund carried out activities for better visibility of the Fund and presented current public tenders to the visitors.
- The Fund was one of the organisers of the Slovenian Regional Days, which took place on 24 and 25 October 2019 in Bovec under the title “Demographic Changes and Regional Development”. The event was attended by key shareholders in the creation and implementation of regional policy.
- The Fund participated as one of the sponsors in the 30th Specialities of Slovene Farms national exhibition in Ptuj.
- The Fund actively participated in the second discussion society of the Newbie Project titled “Innovative Approaches to Farmland Access and Use”. The Newbie project is aimed at new entrants to agriculture, which includes both newcomers as well as those who have inherited agricultural holdings, dealing with numerous and different obstacles, among which is access to agricultural land. In the second discussion society, the Fund announced the outcome of the public tender for the purchase of agricultural land with less demanding insurance and a faster consideration procedure that allows new entrants easier and faster access to agricultural land.
- The Fund participated in the 4th Conference entitled »New Technologies in Agriculture«, where a round table was held on the topic of financing the development and introduce new technologies in agriculture. The event was followed by a written and video news coverage.
- At the event “How to Build Trademark in Agriculture”, the Fund participated with the presentation of current tenders and written promotional material.
- The Fund also attended a two-day Slovenian Rural Parliament, where it was informed about different opinions of the stakeholders in agricultural policy.
- The Fund contributed to the professional meeting of the members of the Wood Professions Section (Slovene: Sekcija lesnih strok), which took place in September in Vransko, by presenting the Fund’s mission and its public tenders.
- The Fund participated in the professional consultation on wood entitled “Wood (Pro)Vision (Slovene: (Pro)Vizija lesa” at the Handicraft Centre in Ribnica, which was organised as part of the exhibition “The Magic of Wood” (Slovene: Čar lesa), by presenting the Fund and its contribution to realising the visions of the stakeholders in the forest-wood chain.
- The Fund also attended the events and activities organised by ministries and participated in the Committee for Monitoring the Rural Development Programme of the Republic of Slovenia, as well as in the consultations of the Public Agricultural Advisory Service, and other.

2. “Agrobiznis” Project

In 2019, the Fund signed an agreement on a contract for the “Agrobiznis” Project under which it carried out numerous substantive and promotional activities, which included both publications in the media and active participation in events. Agrobiznis is a project that specifically and actively promotes the development of entrepreneurship and the introduction of new technologies in agriculture, and presents examples of good practices to the general and business public.

3. Media

The Fund advertised its policies and planned incentives in the print media, in their paid commercial sections, and through advertisements in the *Finance* and *Manager* newspapers, in which the Fund advertised the public tender for the Agriculture and Forestry Programme and the public tender for the pre-financing of projects with the approved European funds.

The Fund carried out advertising both through its website, as well as through the websites of other institutions, such as regional development agencies, ministries, business centres and municipalities. The Fund also advertised the public tender for the Municipalities Programme through professional organisations of municipalities, such as the Association of Municipalities of Slovenia (ZOS) and the Association of Municipalities and Towns of Slovenia, and directly via e-municipalities’ e-mails, and the public tender for the Pre-financing Programme, through the Association LAS Slovenia.

In 2019, the Fund carried out commercial advertising via spoken media (radio, TV) in cooperation with Radio Ognjišče, where a discussion took place in the second half of the year as part of Sunday's regular agricultural show. In addition to this, the radio played three advertisements for the public tender under the Sub-programme (PF1) – Incentives for the Pre-financing of Development Projects, the Sub-programme (B4) – Incentives for Projects in (Border) Problem Areas, and the Agriculture and Forestry Programme. The Fund also participated in various presentations in media to which it was invited, for example, the show *Ljudje in zemlja*, which is broadcasted on the first channel of RTV Slovenia, an interview on Radio Ognjišče, and elsewhere.

4. Membership

In 2015 the Fund became member of the European Association of Guarantee Institutions (AECM). In 2019, the Fund cooperated in the process of reviewing the adequacy of existing state aid rules by the EC, i.e. whether the rules have reached their purpose and whether they have been efficient, relevant and consistent with other rules and measures of the EU. Based on the results of the review and evaluation, the EC decides either to extend the current rules for the next period after 2022 or to adjust them or perhaps even comprehensively update (once again) the system. The Fund participated in the process both independently, as well as within the framework of the European Association of Guarantee Institutions, which designed the common positions of all members.

5. Presentation leaflets

The Fund prepared summaries of all public tenders in A4 format in colour versions that served as presentation material at all INFO points and other events in which the Fund participated.

6. Direct communication

The majority of external communication took place directly in meetings, discussions with the representatives of enterprises, municipalities, agricultural holdings and others, which were carried out both at the Funds headquarters, as well as in the field. Through direct communication, the Fund obtained new applicants in public tenders and information with regard to the demand for Fund's incentives. In the application consideration phase, the Fund obtained additional and more extensive information on the projects. There were many meetings with the representatives of non-profit organisations, whose contracts for pre-financing of projects with the approved European funds were being finalised, with the purpose to ensure loan repayment and re-submission of applications. Most of the direct communication in the Fund encompasses the advising of project managers over the telephone during office hours.

4.5 INVESTMENT RESULTS

4.5.1 Information system

Currently, the Fund uses an internal database for data processing, in which it manually enters data from the application forms that applicants submit as applications for an individual public tender. On the basis of analysis of the current work, needs and new requirements, a plan was prepared for the upgrade of the information system with the aim of more efficient and more transparent granting and monitoring of incentives.

In 2017, the Fund began activities for the creation of the Application for a Comprehensive Processing and Monitoring of Applications (hereinafter referred to as the "Application"). Based on the low value public procurement, a tenderer was chosen in June 2017 for creating the aforementioned Application, which will enable (1) electronic submission of applications for public tenders, (2) consideration of applications throughout the entire processing process, (3) automating the monitoring of deadlines and effects, (4) monitoring the realisation of incentives in accordance with the adopted business and financial plan and annual report, (5) ensure statistical data processing, and (6) establish a connection both with information systems within the Fund, as well as with external information systems that will be integrated in the Application, which will enable the flow of data and result in faster and better processing of an application.

The development of the Application was designed in phases – by the end of 2017, it was planned to create an entity for the electronic submission of applications, consideration of applications and monitoring the realisation of incentives; at the beginning of 2018 (foreseen by end of February), it was decided to produce an entity for statistical data processing, and in 2019, an entity to monitor those applicants who have difficulties repaying the loan or appropriate procedures were filled against them in this regard.

Due to the fact that working processes are also optimised during the creation of individual entities of the Application, there has been a delay in the overall realisation of the Application development. In 2019 a testing environment for electronic submission of applications for a public tender, more precisely the PFN-public tender-application circuit process, which was versioned on the basis of multiple tests both in 2018 and in the first half of 2019, was transferred from the testing to production environment. Multiple tests were thus carried out for the mentioned circuit process, based on which the upgrading was carried out. At the same time in 2019, the entity for the consideration of an application throughout the entire processing process was established.

5 ACCOUNTING REPORT

The Fund's Accounting Report has been prepared in accordance with the Accounting Act (Official Gazette of the republic of Slovenia, No. 23/99, 30/02, 114/06), regulations issued on its basis, and the Fund's Accounting Rules. The Fund is the second user of the single chart of accounts. In accordance with the law, the Fund monitors revenues and expenses by the cash flow principle.

5.1 FINANCIAL STATEMENTS

5.1.1 Balance Sheet

Table 28: Balance Sheet as of 31 December 2019 in EUR

Breakdown of the group of accounts	Group of accounts	AOP code	Balance as at 31. 12. 2019	Balance as at 31. 12. 2018	Financial plan for 2019	Index 4/5	Index 4/6
1	2	3	4	5	6	7	8
	ASSETS						
	A) LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT (002-003+004-005+006-007+008+009+010+011)	001	105,532,038.84	98,118,115.74	119,493,259.00	108	88
00	INTANGIBLE ASSETS AND LONG-TERM ACCRUED AND DEFERRED ASSET ITEMS	002	315,822.60	278,489.48	362,907.00	113	87
01	ACCUMULATED DEPRECIATION AMOUNT OF INTANGIBLE FIXED ASSETS	003	230,479.00	216,586.71	233,316.00	106	99
02	IMMOVABLE PROPERTY	004	508,719.65	508,719.65	508,720.00	100	100
03	DEPRECIATION OF IMMOVABLE PROPERTY	005	257,955.60	242,694.01	257,956.00	106	100
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	006	322,316.66	334,818.73	375,559.00	96	86
05	DEPRECIATION OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	007	248,601.38	276,351.82	299,433.00	90	83
06	LONG-TERM FINANCIAL INVESTMENTS	008	957,498.19	1,001,842.86	333,234.00	96	287
07	LONG-TERM LOANS GIVEN AND DEPOSITS	009	104,164,717.72	96,729,877.56	118,703,544.00	108	88
08	LONG-TERM OPERATING RECEIVABLES	010	0.00	0.00	0	0	0
09	RECEIVABLES FROM ASSETS PLACED UNDER MANAGEMENT	011	0.00	0.00	0	0	0
	B) SHORT-TERM ASSETS EXCEPT INVENTORY AND ACCRUED AND DEFERRED ASSET ITEMS (013+014+015+016+017+018+019+020+021+022)	012	71,154,271.21	78,210,632.80	55,912,508.00	91	127
10	CASH IN HAND AND HIGHLY LIQUID SECURITIES	013	0.00	0.00	0	0	0
11	BALANCE AT BANKS AND OTHER FINANCIAL INSTITUTIONS	014	5,099,238.19	2,514,802.78	2,800,000.00	203	182
12	SHORT-TERM TRADE RECEIVABLES	015	33,323.87	32,254.05	36,000.00	103	93
13	ADVANCES AND COLLATERAL GIVEN	016	974.40	0.00	0	0	0
14	SHORT-TERM RECEIVABLES FROM USERS OF THE SINGLE CHART OF ACCOUNTS	017	25,950,794.66	36,731,059.56	23,500,000.00	71	110
15	SHORT-TERM FINANCIAL INVESTMENTS	018	35,095,616.74	33,601,773.80	24,651,508.00	104	142
16	SHORT-TERM FINANCING RECEIVABLES	019	1,434,059.77	1,449,754.96	1,450,000.00	99	99
17	OTHER SHORT-TERM RECEIVABLES	020	3,461,943.50	3,805,299.20	3,400,000.00	0	102
18	OUTSTANDING EXPENDITURES	021	78,320.08	73,109.23	75,000.00	107	104
19	ACCRUED AND DEFERRED ASSET ITEMS	022	0.00	2,579.22	0.00	0	0
	C) INVENTORIES	023	0.00	0.00	0.00	0	0
	I. TOTAL ASSETS (001+012+023)	032	176,686,310.05	176,328,748.54	175,405,767.00	100	101
99	ASSETS ACCOUNTS OF OFF-BALANCE RECORDS	033	11,839,118.73	17,825,902.23	9,800,000	66	121

"continuation"

Breakdown of the group of accounts	Group of accounts	AOP	Balance as at 31. 12. 2019	Balance as at 31. 12. 2018	Financial plan for 2019	Index 4/5	Index 4/6
1	2	3	4	5	6	7	8
	LIABILITIES						
	D) SHORT-TERM LIABILITIES AND ACCRUED AND DEFERRED LIABILITY ITEMS (035+036+037+038+039+040+041+042+043)	034	13,715,469.91	14,826,913.34	13,349,237.00	93	103
20	SHORT-TERM LIABILITIES FOR ADVANCES AND COLLATERAL RECEIVED	035	0.00	0.00	0.00	0	0
21	SHORT-TERM LIABILITIES TO EMPLOYEES	036	55,426.56	49,888.06	66,200.00	111	84
22	SHORT-TERM LIABILITIES TO SUPPLIERS	037	14,746.07	13,255.48	15,100.00	111	98
23	OTHER SHORT-TERM OPERATING LIABILITIES	038	4,709,862.40	6,215,010.51	5,640,000.00	76	84
24	SHORT-TERM LIABILITIES TO USERS OF THE SINGLE CHARTS OF ACCOUNTS	039	1,095,296.93	1,064,535.55	1,100,000.00	103	100
25	SHORT-TERM LIABILITIES TO PROVIDERS OF FUNDS	040	3,177,236.62	3,177,236.62	3,177,237.00	100	100
26	SHORT-TERM FINANCING LIABILITIES	041	0.00	654.25	700.00	0	0
28	OUTSTANDING REVENUES	042	4,661,926.93	4,306,332.87	3,350,000.00	108	139
29	ACCRUED AND DEFERRED LIABILITY ITEMS	043	974.40	0.00	0.00	0	0
	E) OWN RESOURCES AND LONG-TERM LIABILITIES (045+046+047+048+049+050+051+052-053+054+055+056+057+058-059)	044	162,970,840.14	161,501,835.20	162,056,530.00	101	101
90	GENERAL FUND	045	0.00	0.00	0.00	0	0
91	RESERVE FUND	046	13,793,880.63	14,031,286.18	13,423,335.00	98	103
92	LONG-TERM ACCRUED AND DEFERRED LIABILITY ITEMS	047	0.00	0.00	0.00	0	0
93	LONG-TERM PROVISIONS	048	0.00	0.00	0.00	0	0
940	earmarked assets fund in public funds	049	101,825,741.51	101,223,410.99	101,282,217.00	101	101
9410	PROPERTY FUND IN OTHER LEGAL PERSONS UNDER PUBLIC LAW, OWNED BY THEM, FOR TANGIBLE AND INTANGIBLE FIXED ASSETS	050	0.00	0.00	0.00	0	0
9411	PROPERTY FUND IN OTHER LEGAL PERSONS UNDER PUBLIC LAW, OWNED BY THEM, FOR FINANCIAL INVESTMENTS	051	0.00	0.00	0.00	0	0
9412	SURPLUS OF REVENUES OVER EXPENDITURES	052	0.00	0.00	0.00	0	0
9413	SURPLUS OF EXPENDITURES OVER REVENUES	053	0.00	0.00	0.00	0	0
96	LONG-TERM FINANCIAL LIABILITIES	054	15,778,978.90	18,956,215.53	15,778,978.00	83	100
97	OTHER LONG-TERM LIABILITIES	055	31,572,239.10	27,290,922.50	31,572,000.00	116	100
980	LIABILITIES FOR TANGIBLE AND INTANGIBLE FIXED ASSETS	056	0.00	0.00	0.00	0	0
981	LIABILITIES FOR LONG-TERM FINANCIAL INVESTMENTS	057	0.00	0.00	0.00	0	0
985	SURPLUS OF REVENUES OVER EXPENDITURES	058	0.00	0.00	0.00	0	0
986	SURPLUS OF EXPENDITURES OVER REVENUES	059	0.00	0.00	0.00	0	0
	I. TOTAL LIABILITIES (034+044)	060	176,686,310.05	176,328,748.54	175,405,767.00	100	101
99	LIABILITIES ACCOUNTS OF OFF-BALANCE-SHEET RECORD	061	11,839,118.73	17,825,902.23	9,800,000.00	66	121

5.1.1.1 Balance and changes in intangible and tangible fixed assets

Table 29: Balance and movement of intangible and tangible fixed assets in EUR

	Item	AOP code	Procurement value as at 1. 1. 2019	Allowance as at 1. 1. 2019	Increase in procurement value	Increase in allowance	Decrease in procurement value	Decrease in allowance	Depreciation	Carrying amount as at 31. 12. 2019	Revaluation due to strengthening	Revaluation due to impairment losses
	1	2	3	4	5	6	7	8	9	10 (3-4+5-6-7+8-9)	11	12
I.	Intangible assets and tangible fixed assets under management (701+702+703+704+705+706+707)	700	0	0	0	0	0	0	0	0	0	0
A.	Long-term deferred costs	701	0	0	0	0	0	0	0	0	0	0
B.	Long-term property rights	702		0		0			0	0	0	0
C.	Other intangible assets	703	0	0	0	0	0	0	0	0	0	0
D.	Land	704	0	0	0	0	0	0	0	0	0	0
E.	Buildings	705	0	0	0	0			0	0	0	0
F.	Equipment	706	0	0		0			0	0	0	0
G.	Other tangible fixed assets	707	0	0	0	0	0	0	0	0	0	0
II.	Intangible assets and tangible fixed assets owned (709+710+711+712+713+714+715)	708	1,122,028	735,633	73,889	0	4,001	3,660	50,120	409,823	0	0
A.	Long-term deferred costs	709	0	0	0	0	0	0	0	0	0	0
B.	Long-term property rights	710	278,489	216,587	37,940	0	607	607	14,499	85,344	0	0
C.	Other intangible assets	711	0	0	0	0	0	0	0	0	0	0
D.	Land	712	0	0	0	0	0	0	0	0	0	0
E.	Buildings	713	508,720	242,694		0	0	0	15,262	250,764	0	0
F.	Equipment	714	334,819	276,352	35,949	0	3,394	3,054	20,360	73,715	0	0
G.	Other tangible fixed assets	715	0	0	0		0	0	0	0	0	0
III.	Intangible assets and tangible fixed assets in financial lease (717+718+719+720+721+722+723)	716	0	0	0	0	0	0	0	0	0	0
A.	Long-term deferred costs	717	0	0	0	0	0	0	0	0	0	0
B.	Long-term property rights	718	0	0	0	0	0	0	0	0	0	0
C.	Other intangible assets	719	0	0	0	0	0	0	0	0	0	0
D.	Land	720	0	0	0	0	0	0	0	0	0	0
E.	Buildings	721	0	0	0	0	0	0	0	0	0	0
F.	Equipment	722	0	0	0	0	0	0	0	0	0	0
G.	Other tangible fixed assets	723	0	0	0	0	0	0	0	0	0	0

5.1.1.2 Balance and changes in long-term financial investments and loans

Table 30: Balance and changes in long-term financial investments and loans in EUR

	Type of investment or loan	AOP code	Amount of investments and loans given 1. 1. 2019	Value adjustments on investments and loans as at 1. 1. 2019	Amount of increase in investments and loans given	Amount of increase in value adjustments on investments and loans given	Amount of decrease in investments and loans given	Amount of decrease in value adjustments in investments and loans given	Amount of investments and loans given as at 31. 12. 2019	Amount of value adjustments on investments and loans given as at 31.12.2019	Book value of investments and loans given as at 31. 12. 2109	Amount of written-off investments and loans given
	1	2	3	4	5	6	7	8	9 (3+5-7)	10 (4+6-8)	11 (9-10)	12
I.	Long-term financial investments (801+806+813+814)	800	1,001,843	0	1,227	0	45,572	0	957,498	0	957,498	0
A.	Investments in shares (802+803+804+805)	801	0	0	0	0	0	0	0	0	0	0
1.	Investments in stocks of public undertakings	802		0	0	0	0	0	0	0	0	0
2.	Investments in stocks of financial institutions	803	0	0	0	0	0	0	0	0	0	0
3.	Investments in stocks of private enterprises	804	0	0	0	0	0	0	0	0	0	0
4.	Investments in stocks abroad	805	0	0	0	0	0	0	0	0	0	0
B.	Investments in shares (807+808+809+810+811+812)	806	1,001,843	0	1,227	0	45,572	0	957,498	0	957,498	0
1.	Investments in shares of public undertakings	807	981,843	0	1,227		45,572	0	937,498	0	937,498	0
2.	Investments in shares of financial institutions	808	0	0	0	0	0	0	0	0	0	0
3.	Investments in shares of private enterprises	809	20,000	0	0	0	0	0	20,000	0	20,000	0
4.	Investments in shares of state-owned companies, registered as d.d. (public limited company)	810	0	0	0	0	0	0	0	0	0	0
5.	Investments in shares of State-owned companies, registered as d.o.o. (limited liability company)	811	0	0	0	0	0	0	0	0	0	0
6.	Investments in shares abroad	812	0	0	0	0	0	0	0	0	0	0
C.	Investments in precious metals, precious stones, works of art and similar	813	0	0	0	0	0	0	0	0	0	0
D.	Other long-term equity investments (815+816+817+818)	814	0	0	0	0	0	0	0	0	0	0
1.	Earmarked assets transferred to public funds	815	0	0	0	0	0	0	0	0	0	0
2.	Property transferred to ownership of other legal persons under public law that own property	816	0	0	0	0	0	0	0	0	0	0
3.	Other long-term domestic equity investments	817	0	0		0	0	0	0	0	0	0
4.	Other long-term equity investments abroad	818	0	0	0	0	0	0	0	0	0	0

"continuation"

	Type of investment or loan	AOP code	Amount of investments and loans given 1. 1. 2019	Value adjustments on investments and loans as at 1. 1. 2019	Amount of increase in investments and loans given	Amount of increase in value adjustments on investments and loans given	Amount of decrease in investments and loans given	Amount of decrease in value adjustments on investments and loans given	Amount of investments and loans given as at 31. 12. 2019	Amount of value adjustments on investments and loans given as at 31.12.2019	Book value of investments and loans given as at 31. 12. 2109	Amount of written-off investments and loans given
	1	2	3	4	5	6	7	8	9 (3+5-7)	10 (4+6-8)	11 (9-10)	12
II.	Long-term loans given and deposits (820+829+832+835)	819	129,952,217	0	51,108,802	0	42,114,937	0	138,946,083	0	138,946,083	237,406
A.	Long-term loans given (821+822+823+824+825+826+827+828)	820	82,467,904	0	21,694,974	0	19,986,209	0	84,176,668	0	84,176,668	237,406
1.	Long-term loans given to individuals	821	0	0	0	0	0	0	0	0	0	0
2.	Long-term loans given to public funds	822	0	0	0	0	0	0	0	0	0	0
3.	Long-term loans given to public undertakings	823	2,190,892	0	947,757		760,993	0	2,377,656	0	2,377,656	0
4.	Long-term loans given to financial institutions	824	0	0	0	0	0	0	0	0	0	0
5.	Long-term loans given to private enterprises	825	42,745,608	0	15,253,535		12,484,119	0	45,515,024	0	45,515,024	237,406
6.	Long-term loans given to other government levels	826	37,531,404	0	5,493,682	0	6,741,097	0	36,283,989	0	36,283,989	0
7.	Long-term loans given to the State budget	827	0	0	0	0	0	0	0	0	0	0
8.	Long-term loans given abroad	828	0	0	0	0	0	0	0	0	0	0
B.	Long-term loans given with purchase of securities (830+831)	829	3,751,154	0	997,850	0	0	0	4,749,004	0	4,749,004	0
1.	Domestic securities	830	3,751,154	0	997,850	0	0	0	4,749,004	0	4,749,004	0
2.	Foreign securities	831	0	0	0	0	0	0	0	0	0	0
C.	Long-term deposits given (833+834)	832	31,569,006	0	18,508,444	0	20,903,234	0	29,174,217	0	29,174,217	0
1.	Long-term deposits given to commercial banks	833	29,906,000	0	17,916,000	0	20,806,000	0	27,016,000	0	27,016,000	0
2.	Long-term deposits given	834	1,663,006	0	592,444	0	97,234	0	2,158,217	0	2,158,217	0
D.	Other long-term loans given	835	12,164,154	0	9,907,534	0	1,225,494	0	20,846,194	0	20,846,194	0
E.	TOTAL (800+819)	836	130,954,060	0	51,110,029	0	42,160,508	0	139,903,581	0	139,903,581	237,406

5.1.2 Statement of Revenues and Expenses of Other Users

Table 31: Statement of Revenues and Expenses from 1 January 2019 to 31 December 2019 in EUR

Account	Account name	AOP code	Realisation		Financial Plan for 2019	Index of growth	
			2019	2018		REAL. 2019 / PLAN 2019	REAL. 2019 REAL. 2018
1	2	3	4	5	6	7 (4/6)	8 (4/5)
	I. TOTAL REVENUES (101=102+153+166+176+192)	101	1,281,231.82	1,435,019.64	1,242,574.00	103.11	89.28
	CURRENT REVENUES (102=103+140)	102	1,023,641.81	1,151,766.47	974,726.00	105.02	88.88
70	TAX REVENUES (103=104+108+113+116+121+131+139)	103	0.00	0.00	0.00	0.00	0.00
700	TAXES ON INCOME AND PROFIT (104=105+106+107)	104	0.00	0.00	0.00	0.00	0.00
701	SOCIAL SECURITY CONTRIBUTIONS (108=109+110+111+112)	108	0.00	0.00	0.00	0.00	0.00
702	TAXES ON PAYROLL AND WORKFORCE (113=114+115)	113	0.00	0.00	0.00	0.00	0.00
703	TAXES ON PROPERTY (116=117+118+119+120)	116	0.00	0.00	0.00	0.00	0.00
704	DOMESTIC TAXES ON GOODS AND SERVICES (121=122+123+124+125+126+127+128+129+130)	121	0.00	0.00	0.00	0.00	0.00
705	TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS (131=132+133+134+135+136+137+138)	131	0.00	0.00	0.00	0.00	0.00
706	OTHER TAXES	139	0.00	0.00	0.00	0.00	0.00
71	NON-TAX REVENUES (140=141+145+148+149+150)	140	1,023,641.81	1,151,766.47	974,726.00	105.02	88.88
710	ENTREPRENEURIAL AND PROPERTY INCOME (141=142+143+144)	141	890,631.38	1,035,957.06	847,726.00	105.06	85.97
7100	Income from participation in profits and dividends and surplus of revenues over expenditures	142	0.00	0.00	0.00	0.00	0.00
7102	Interest revenues	143	890,631.38	845,207.06	847,726.00	105.06	105.37
7103	Property revenues	144	0.00	190,750.00	0.00	0.00	0.00
711	ADMINISTRATIVE FEES AND CHARGES (145=146+147)	145	0.00	0.00	0.00	0.00	0.00
712	FINES AND OTHER FINANCIAL PENALTIES	148	0.00	0.00	0.00	0.00	0.00
713	REVENUE FROM THE SALE OF GOODS AND SERVICES	149	115,908.37	106,980.01	112,000.00	103.49	108.35
714	OTHER NON-TAX REVENUES (150=151+152)	150	17,102.06	8,829.40	15,000.00	114.01	193.69
7140	Other voluntary social-security contributions	151	0.00	0.00	0.00	0.00	0.00
7141	Other non-tax revenues	152	17,102.06	8,829.40	15,000.00	114.01	193.69
72	CAPITAL REVENUES (153=154+159+162)	153	3,900.00	0.00	1,000.00	390.00	0.00
720	REVENUES FROM THE SALES OF FIXED ASSETS (154=155+156+157+158)	154	3,900.00	0.00	1,000.00	390.00	0.00
7201	Revenues from the sales of means of transport	156	3,900.00	0.00	1,000.00	390.00	0.00
721	REVENUE FROM THE SALE OF INVENTORY	159	0.00	0.00	0.00	0.00	0.00
722	REVENUES FROM THE SALE OF LAND AND INTANGIBLE ASSETS (162=163+164+165)	162	0.00	0.00	0.00	0.00	0.00
73	GRANTS RECEIVED (166=167+170+175)	166	18,808.21	0.00	18,780.00	100.15	0.00
730	GRANTS RECEIVED FROM DOMESTIC SOURCES (167=168+169)	167	0.00	0.00	0.00	0.00	0.00
731	GRANTS RECEIVED FROM ABROAD (170=171+172+173+174)	170	18,808.21	0.00	18,780.00	100.15	0.00
732	GRANTS TO ADDRESS THE EFFECTS OF NATURAL DISASTERS	175	0.00	0.00	0.00	0.00	0.00

Account	Account name	AOP code	Realisation		Financial Plan for 2019	Index of growth	
			2019	2018		REAL. 2019 / PLAN 2019	REAL. 2019 REAL. 2018
1	2	3	4	5	6	7 (4/6)	8 (4/5)
74	TRANSFERRED REVENUES (176=177+183)	176	163,492.26	232,435.68	176,068.00	92.86	70.34
740	TRANSFER REVENUES FROM OTHER PUBLIC FINANCING INSTITUTIONS (177=178+179+180+181+182)	177	163,492.26	232,435.68	176,068.00	92.86	70.34
7400	Funds received from the state budget	178	163,492.26	232,435.68	176,068.00	92.86	70.34
741	FUNDS RECEIVED FROM THE STATE BUDGET FROM THE FUNDS OF THE EU BUDGET (183=184+185+186+187+188+189+190+191)	183	0.00	0.00	0.00	0.00	0.00
78	RECEIPTS FROM EU BUDGET (192=193+198+204-209+210+215+218+219+220)	192	71,389.54	50,817.49	72,000.00	99.15	140.48
780	PRE-ACCESSION AND POST-ACCESSION FUNDS OF THE EU (193=194+195+196+197)	193	0.00	0.00	0.00	0.00	0.00
781	FUNDS RECEIVED FROM THE EU BUDGET FOR THE APPLICATION OF COMMON AGRICULTURAL AND COMMON FISHERIES POLICIES (198=199+200+201+202+203)	198	0.00	0.00	0.00	0.00	0.00
782	FUNDS RECEIVED FROM THE STRUCTURAL FUNDS OF THE EU BUDGET (204=205+206+207+208)	204	71,389.54	50,817.49	72,000.00	99.15	140.48
7821	Funds received from the EU budget from the European Regional Development Fund (ERDF)	206	71,389.54	50,817.49	72,000.00	99.15	140.48
783	FUNDS RECEIVED FROM THE EU BUDGET FROM THE COHESION FUND	209	0.00	0.00	0.00	0.00	0.00
784	FUNDS RECEIVED FROM THE EU BUDGET FOR THE IMPLEMENTATION OF CENTRALISED AND OTHER EU PROGRAMMES (210=211+212+213+214)	210	0.00	0.00	0.00	0.00	0.00
785	FUNDS RECEIVED FROM THE EU BUDGET IN RESPECT OF THE FLAT-RATE REIMBURSEMENTS (215=216+217)	215	0.00	0.00	0.00	0.00	0.00
786	OTHER FUNDS RECEIVED FROM THE EU BUDGET	218	0.00	0.00	0.00	0.00	0.00
787	FUNDS RECEIVED FROM OTHER EUROPEAN INSTITUTIONS	219	0.00	0.00	0.00	0.00	0.00
788	REPAYMENTS OF FUNDS FROM THE EU BUDGET	220	0.00	0.00	0.00	0.00	0.00
	II. TOTAL EXPENSES (221=222+266+295+907+921)	221	1,138,598.53	1,096,549.33	1,241,254.00	91.73	103.83
40	CURRENT EXPENSES (222=223+231+237+248+254+260+932)	222	1,023,632.85	882,014.50	1,086,981.00	94.17	116.06
400	WAGES AND OTHER PERSONNEL EXPENDITURES (223=224+225+226+227+228+229+230)	223	676,125.75	568,627.34	688,970.00	98.14	118.90
4000	Salaries and allowances	224	622,275.96	521,548.06	632,742.00	98.35	119.31
4001	Pay for annual leave	225	19,505.86	16,996.27	19,950.00	97.77	114.77
4002	Reimbursements and compensations	226	33,766.42	29,552.42	35,200.00	95.93	114.26
4003	Job performance funds	227	0.00	0.00	0.00	0.00	0.00
4004	Funds for overtime work	228	0.00	530.59	500.00	99.92	0.00
4005	Salaries for the work of non-residents under contract	229	0.00	0.00	0.00	0.00	0.00
4009	Other personnel expenditure	230	577.51	0.00	578.00	0.00	0.00
401	EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS (231=232+233+234+235+236)	231	108,910.93	91,638.16	110,791.00	98.30	118.85
4010	Contributions for pension and disability insurance	232	55,165.18	46,344.48	56,115.00	98.31	119.03
4011	Sickness insurance contributions	233	44,194.47	37,127.97	44,955.00	98.31	119.03
4012	Contributions to employment	234	646.82	617.57	660.00	98.00	104.74
4013	Parental protection contributions	235	623.50	523.60	634.00	98.34	119.08
4015	Premium for collective supplementary pension insurance on the basis of the ZKDPZJU	236	8,280.96	7,024.54	8,427.00	98.27	117.89

“continuation”

Account	Account name	AOP code	Realisation		Financial Plan for 2019	Index of growth	
			2019	2018		REAL. 2019 / PLAN 2019	REAL. 2019 REAL. 2018
1	2	3	4	5	6	7 (4/6)	8 (4/5)
402	DISBURSEMENTS FOR GOODS AND SERVICES (237=238+239+240+241+242+243+244+245+246+247)	237	235,171.38	219,083.77	282,535.00	83.24	107.34
4020	Office and general supplies and services	238	68,861.19	66,551.55	88,773.00	77.57	103.47
4021	Special material and services	239	756.12	528.32	2,050.00	36.88	143.12
4022	Electricity, water, public utilities and communications	240	30,329.29	29,107.70	30,880.00	98.22	104.20
4023	Transport costs and services	241	12,969.30	13,731.39	13,796.00	94.01	94.45
4024	Business trip disbursements	242	6,848.95	11,839.47	13,100.00	52.28	57.85
4025	Current maintenance	243	18,300.83	21,601.32	28,102.00	65.12	84.72
4026	Commercial rentals and rents	244	5,646.66	5,632.85	9,983.00	56.56	100.25
4027	Penalties and compensations	245	0.00	0.00	0.00	0.00	0.00
4028	Payroll tax	246	0.00	0.00	0.00	0.00	0.00
4029	Other operational expenditure	247	91,459.04	70,091.17	95,851.00	95.42	130.49
403	DOMESTIC INTEREST PAYMENTS (248=249+250+251+252+253+931)	248	0.00	0.00	0.00	0.00	0.00
404	EXTERNAL INTEREST PAYMENTS (254=255+256+257+258+259)	254	3,424.79	2,665.23	4,685.00	73.10	128.50
4040	Payments of interests on credits – to international financial institutions	255	0.00	0.00	0.00	0.00	0.00
4041	Payments of interests on credits – to foreign governments	256	0.00	0.00	0.00	0.00	0.00
4042	Payments of interests on credits – to foreign commercial banks and financial institutions	257	3,424.79	2,665.23	4,685.00	73.10	128.50
4043	Payments of interests on credits – to other foreign creditors	258	0.00	0.00	0.00	0.00	0.00
4044	Payment of interests from securities issued on foreign markets	259	0.00	0.00	0.00	0.00	0.00
405	Transfer of part of the operating result of a treasury single account from the previous year belonging to the budget	932	0.00	0.00	0.00	0.00	0.00
409	RESERVES (260=261+262+263+264+265)	260	0.00	0.00	0.00	0.00	0.00
4090	General budget reserve	261	0.00	0.00	0.00	0.00	0.00
4091	Budget reserve	262	0.00	0.00	0.00	0.00	0.00
4092	Other reserves	263	0.00	0.00	0.00	0.00	0.00
4093	Special purpose funds	264	0.00	0.00	0.00	0.00	0.00
4098	Credit risk provisions in public funds		0.00	0.00	0.00	0.00	0.00
41	CURRENT TRANSFERS (266=267+271+281+282+290)	266	9,614.85	96,960.94	9,615.00	100.00	9.92
410	SUBSIDIES (267=268+269+270)	267	0.00	0.00	0.00	0.00	0.00
411	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS (271=272+273+274+275+276+277+278+279+280)	271	0.00	0.00	0.00	0.00	0.00
412	TRANSFERS TO NON-PROFIT ORGANISATIONS AND INSTITUTIONS (282=283+284+285+286+287+288+289)	281	0.00	0.00		0.00	0.00
413	OTHER CURRENT DOMESTIC TRANSFERS (282=283+284+285+286+287+288+289)	282	9,614.85	96,960.94	9,615.00	100.00	9.92
4133	Current transfers to public funds	286	2,715.46	48,531.27	2,716.00	99.98	5.59
4135	Current payments to other public service operators who are not indirect budgetary users	288	6,899.39	48,429.67	6,899.00	100.01	14.25
414	CURRENT TRANSFERS ABROAD (290=291+292+293+294)	290	0.00	0.00	0.00	0.00	0.00

"continuation"

Account	Account name	AOP code	Realisation		Financial Plan for 2019	Index of growth	
			2019	2018		REAL. 2019/PL AN 2019	REAL. 2019 REAL. 2018
1	2	3	4	5	6	7(4/6)	8 (4/5)
42	CAPITAL EXPENDITURES (295=296)	295	75,785.06	66,977.83	125,158.00	60.55	113.15
420	PURCHASE AND CONSTRUCTION OF FIXED ASSETS (296=297+298+299+900+901+902+903+904+905+906)	296	75,785.06	66,977.83	125,158.00	60.55	113.15
4200	Purchase of buildings and premises	297	0.00	0.00	0.00	0.00	0.00
4201	Purchase of transportation means	298	21,000.00	0.00	20,000.00	105.00	0.00
4202	Purchase of equipment	299	15,525.87	42,224.03	20,740.00	74.86	36.77
4203	Purchase of other fixed assets	900	0.00	0.00	0.00	0.00	0.00
4204	New construction, reconstructions and adaptations	901	0.00	0.00	0.00	0.00	0.00
4205	Capital costs and renovations	902	1,319.43	0.00	0.00	0.00	0.00
4206	Purchase of land and natural resources	903	0.00	0.00	0.00	0.00	0.00
4207	Purchase of intangible property	904	37,939.76	24,753.80	84,418.00	44.94	153.27
4208	Feasibility studies, project documentation, supervision and investment engineering	905	0.00	0.00	0.00	0.00	0.00
4209	Purchase of commodity reserves and intervention stock	906	0.00	0.00	0.00	0.00	0.00
43	CAPITAL TRANSFERS (907=908+916)	907	29,565.77	50,596.06	19,500.00	151.62	58.43
431	CAPITAL TRANSFERS TO LEGAL AND NATURAL PERSONS THAT ARE NOT BUDGET SPENDING UNITS (908=909+910+911+942+913+914+915)	908	29,565.77	50,596.06	19,500.00	151.62	58.43
4310	Capital transfers to non-profit organisations and institutions	909	0.00	0.00	0.00	0.00	0.00
4311	Capital transfers to public undertakings and companies owned by the State or municipalities	910	0.00	0.00	0.00	0.00	0.00
4312	Capital transfers to financial institutions	911	0.00	0.00	0.00	0.00	0.00
4313	Capital transfers to private enterprises	912	29,565.77	50,596.06	19,500.00	151.62	58.43
4314	Capital transfers to individuals and private individuals	913	0.00	0.00	0.00	0.00	0.00
4315	Capital transfers to other public service operators that are not indirect budget users	914	0.00	0.00	0.00	0.00	0.00
4316	Capital transfers to foreign countries	915	0.00	0.00	0.00	0.00	0.00
432	CAPITAL TRANSFERS TO BUDGET SPENDING UNITS (916=917+98+919+920)	916	0.00	0.00	0.00	0.00	0.00
4320	Capital transfers to municipalities	917	0.00	0.00	0.00	0.00	0.00
4321	Capital transfers to public funds and agencies	918	0.00	0.00	0.00	0.00	0.00
4322	Capital transfers to the State budget	919	0.00	0.00	0.00	0.00	0.00
4323	Capital transfers to public funds	920	0.00	0.00	0.00	0.00	0.00
450	PAYMENTS OF FUNDS TO THE EU BUDGET (921=922+923+924+925+926)	921	0.00	0.00	0.00	0.00	0.00
	III/1 SURPLUS OF REVENUES OVER EXPENDITURES (927=101-221)	927	142,633.29	338,470.31	1,320.00	10,805.55	42.14
	III/2 SURPLUS OF EXPENDITURES OVER REVENUES (928=221-101)	928	0.00	0.00	0.00	0.00	0.00
	Average number of employees based on working hours in the accounting year (integer)	929	22	19	22	100.00	115.79
	Number of months of operation	930	12	12	12	100.00	100.00

5.1.3 Financial Receivables and Investment Account Statement

Table 32: Financial Receivables and Investment Account Statement from 1 January 2019 to 31 December 2019 in EUR

Account t	Account name	AOP code	Realisation		Financial Plan for 2019	Index of growth	
			2019	2018		REAL. 2019 / PLAN 2019	REAL. 2019 REAL. 2018
1	2	3	4	5	6	7 (4/6)	8(4/5)
75	IV. REPAYMENTS OF LOANS AND SALES OF EQUITY SHARES (301=302+313+319+320)	301	17,960,841.19	13,055,493.65	15,485,233.00	115.99	137.57
750	REPAYMENTS OF LOANS (302=303+304+305+306+307+308+309+310+311+312)	302	17,960,841.19	13,055,493.65	15,002,233.00	119.72	137.57
7500	Repayments of loans from individuals and private individuals	303	4,580,640.64	1,517,464.57	2,500,000.00	183.23	301.86
7501	Repayments of loans from public funds	304	0.00	0.00	0.00	0.00	0.00
7502	Repayments of loans from public undertakings and companies owned by the State or municipalities	305	1,083,472.57	543,225.34	1,505,000.00	71.99	199.45
7503	Repayments of loans from financial institutions	306	97,233.75	16,250.00	97,233.00	100.00	598.36
7504	Repayments of loans from private enterprises	307	5,825,882.45	5,603,131.67	5,400,000.00	107.89	103.98
7505	Repayments of loans from municipalities	308	6,373,611.78	5,375,422.07	5,500,000.00	115.88	118.57
7506	Repayments of loans from abroad	309	0.00	0.00	0.00	0.00	0.00
7507	Repayments of loans to the State budget	310	0.00	0.00	0.00	0.00	0.00
7508	Repayments of loans from public agencies	311	0.00	0.00	0.00	0.00	0.00
7509	Repayments of guarantees paid	312	0.00	0.00	0.00	0.00	0.00
751	SALE OF EQUITY SHARES (313=314+315+316+317+318)	313	0.00	0.00	483,000.00	0.00	0.00
7510	Funds obtained from the sale of equity shares in public enterprises and companies owned by the State or municipalities	314	0.00	0.00	483,000.00	0.00	0.00
752	PURCHASE CONSIDERATIONS FROM PRIVATISATION	319	0.00	0.00	0.00	0.00	0.00
753	REPAYMENTS OF LOANS TO ENTITIES, INCLUDED IN THE SINGLE MANAGEMENT OF FUNDS OF THE TREASURY SINGLE ACCOUNT SYSTEM	320	0.00	0.00	0.00	0.00	0.00
44	V. LENDING AND ACQUISITION OF EQUITY SHARES (321=322+333+340+344+347)	321	19,362,965.43	14,861,403.92	23,205,135.00	83.44	130.29
440	LENDING (322=323+324+325+326+327+328+329+330+331+332)	322	19,362,965.43	14,861,403.92	23,205,135.00	83.44	130.29
4400	Lending to individuals and private individuals	323	10,004,755.09	8,286,282.10	7,200,000.00	138.95	120.74
4401	Lending to public funds	324	0.00	0.00	0.00	0.00	0.00
4402	Lending to public undertakings and companies owned by the State or municipalities	325	1,491,076.00	915,035.00	3,000,000.00	49.70	162.95
4403	Lending to financial institutions	326	0.00	1,132,866.51	605,135.00	0.00	0.00
4404	Lending to private enterprises	327	2,916,771.60	4,160,804.36	6,400,000.00	45.57	70.10
4405	Lending to municipalities	328	4,950,362.74	366,415.95	6,000,000.00	82.51	1,351.02
4406	Lending abroad	329	0.00	0.00	0.00	0.00	0.00
4407	Lending to the State budget	330	0.00	0.00	0.00	0.00	0.00
4408	Lending to public agencies	331	0.00	0.00	0.00	0.00	0.00
4409	Payments of matured guarantees	332	0.00	0.00	0.00	0.00	0.00

"continuation"

Account	Account name	AOP code	Realisation		Financial Plan for 2019	Index of growth	
			2019	2018		REAL. 2019/ PLAN 2019	REAL. 2019/REAL. 2018
1	2	3	4	5	6	7 (4/6)	8(4/5)
441	ACQUISITION OF EQUITY SHARES AND INVESTMENTS (333=334+335+336+337+338+339)	333	0.00	0.00	0.00	0.00	0.00
4410	Acquisition of equity shares in public enterprises and companies owned by the State or municipalities	334	0.00	0.00	0.00	0.00	0.00
4411	Acquisition of equity shares in financial institutions	335	0.00	0.00	0.00	0.00	0.00
4412	Acquisition of equity shares in private enterprises	336	0.00	0.00	0.00	0.00	0.00
4413	Acquisition of equity shares in joint ventures	337	0.00	0.00	0.00	0.00	0.00
4414	Acquisition of equity shares abroad	338	0.00	0.00	0.00	0.00	0.00
4415	Acquisition of other financial assets	339	0.00	0.00	0.00	0.00	0.00
442	LENDING AND ACQUISITION OF EQUITY SHARES IN PRIVATISATION (340-341+342+343)	340	0.00	0.00	0.00	0.00	0.00
4420	Lending from funds of the purchase considerations	341	0.00	0.00	0.00	0.00	0.00
4421	Acquisition of the purchase considerations allocated to public funds and agencies	342	0.00	0.00	0.00	0.00	0.00
4422	Acquisition of equity shares of the State from the funds of the purchase considerations	343	0.00	0.00	0.00	0.00	0.00
443	ACQUISITION OF EARMARKED ASSETS IN PUBLIC FUNDS AND OTHER LEGAL PERSONS UNDER PUBLIC LAW THAT IS IN THEIR OWNERSHIP (344=345+346)	344	0.00	0.00	0.00	0.00	0.00
4430	Acquisition of earmarked assets in public funds	345	0.00	0.00	0.00	0.00	0.00
4431	Acquisition of property of other legal persons under public law that is in their ownership	346	0.00	0.00	0.00	0.00	0.00
444	LENDING TO ENTITIES INCLUDED IN THE SINGLE MANAGEMENT OF FUNDS OF THE TREASURY SINGLE ACCOUNT SYSTEM	347	0.00	0.00	0.00	0.00	0.00
	VI/1 LENDING MINUS REPAYMENTS (348=301-321)	348	0.00	0.00	0.00	0.00	0.00
	VI/2 REPAYMENTS MINUS LENDING (349=321-301)	349	1,402,124.24	1,805,910.27	7,719,902.00	18.16	77.64

5.1.4 Financing Account Statement

Table 33: Financing Account Statement from 1 January 2019 to 31 December 2019 in EUR

Account	Account name	AOP code	Realisation		Financial Plan for 2019	Index of growth	
			2019	2018		REAL. 2019/PLAN 2019	REAL. 2019 REAL. 2018
1	2	3	4	5	6	7 (4/6)	8(4/5)
50	VII. BORROWING (351=352+358)	351	0.00	0.00	0.00	0.00	0.00
500	DOMESTIC BORROWING (352=353+354+355+356+357)	352	0.00	0.00	0.00	0.00	0.00
5000	Loans from Bank of Slovenia	353	0.00	0.00	0.00	0.00	0.00
5001	Loans from commercial banks	354	0.00	0.00	0.00	0.00	0.00
5002	Loans from other financial institutions	355	0.00	0.00	0.00	0.00	0.00
5003	Loans from other domestic debtholders	356	0.00	0.00	0.00	0.00	0.00
5004	Issues of government domestic securities	357	0.00	0.00	0.00	0.00	0.00
501	EXTERNAL BORROWING (358=359+360+361+362+363)	358	0.00	0.00	0.00	0.00	0.00
5010	Loans from international financial institutions	359	0.00	0.00	0.00	0.00	0.00
5011	Loans from foreign governments	360	0.00	0.00	0.00	0.00	0.00
5012	Loans from foreign commercial banks and financial institutions	361	0.00	0.00	0.00	0.00	0.00
5013	Loans from other foreign debtholders	362	0.00	0.00	0.00	0.00	0.00
5014	Issues of government securities abroad	363	0.00	0.00	0.00	0.00	0.00
55	VIII. AMORTISATION OF DEBT (364=365+371)	364	3,177,236.63	3,177,236.62	3,177,237.00	100.00	100.00
550	AMORTISATION OF DOMESTIC DEBT (365=366+367+368+369+370)	365	0.00	0.00	0.00	0.00	0.00
5500	Amortisation of loans from Bank of Slovenia	366	0.00	0.00	0.00	0.00	0.00
5501	Amortisation of loans from commercial banks	367	0.00	0.00	0.00	0.00	0.00
5502	Amortisation of loans from other financial institutions	368	0.00	0.00	0.00	0.00	0.00
5503	Amortisation of loans from other domestic debtholders	369	0.00	0.00	0.00	0.00	0.00
5504	Amortisation of government securities, issued on a domestic market	370	0.00	0.00	0.00	0.00	0.00
551	AMORTISATION OF EXTERNAL DEBT (371=372+373+374+375+376)	371	3,177,236.63	3,177,236.62	3,177,237.00	100.00	100.00
5510	Amortisation of loans from international financial institutions	372	0.00	0.00	0.00	0.00	0.00
5511	Amortisation of loans from foreign governments	373	0.00	0.00	0.00	0.00	0.00
5512	Amortisation of loans from commercial banks and other financial institutions	374	3,177,236.63	3,177,236.62	3,177,237.00	100.00	100.00
5513	Amortisation of loans from other foreign debtholders	375	0.00	0.00	0.00	0.00	0.00
5514	Amortisation of government securities issued abroad	376	0.00	0.00	0.00	0.00	0.00
	IX/1 NET BORROWING (377=351-364)	377	0.00	0.00	0.00	0.00	0.00
	IX/2 NET AMORTISATION OF DEBT (378=364-351)	378	3,177,236.63	3,177,236.62	3,177,237.00	100.00	100.00
	X/1 INCREASE IN CASH AND DEPOSITS (379=(927+348+377)-(928+349+378))	379	0.00	0.00	0.00	0.00	0.00
	X/2 DECREASE IN CASH AND DEPOSITS (380=(928+349+378)-(927+348+377))	380	4,436,727.58	4,644,676.58	10,895,819.00	40.72	95.52

5.2 NOTES TO THE FINANCIAL STATEMENTS

5.2.1 Balance Sheet

The Balance Sheet shows the balance of assets and liabilities. According to maturity, assets are divided into long-term assets that are used for more than one year and short-term assets that are used within one year. Among the short-term funds, the Fund discloses assets in the Fund's sub-accounts, trade receivables, receivables from users of the single chart of accounts (hereinafter referred to as the "SCA"), short-term financial investments, financing receivables, other short-term receivables, outstanding expenditures and accrued and deferred asset items. The Fund also distinguishes between short-term and long-term sources of assets. The date of maturity in the case of long-term sources is longer than one year, and they can be either own or foreign. The Fund discloses own funds in the form of earmarked assets' fund and reserve fund, and foreign sources of loans from the European Investment Bank and funds received from the state budget, intended for the implementation of soft development loans in problem areas. In the short-term sources, the Fund discloses liabilities to employees, suppliers, users of the single chart of account, providers of funds, financing liabilities, other operating liabilities and outstanding revenues.

5.2.1.1 Long-term assets

Long-term assets that amounted to EUR 105,532,038.84 as at 31 December 2019 included:

- Intangible assets, immovable property and equipment,
- Long-term financial investments,
- Long-term loans given, deposits and portfolio investments.

1. Intangible assets and tangible fixed assets

As shown in Table 34, the value of intangible assets, immovable property and equipment amounted to EUR 409,822.93:

- Intangible assets in the amount of EUR 85,343.60 show the value of computer software and rights arising from the Fund's corporate design. In 2019, the procurement value of intangible assets increased by EUR 37,939.76, due to the creation a new Application intended for monitoring incentives in the amount of EUR 30,000.00, the upgrade of the existing programme for monitoring incentives in the amount of EUR 7,341.96, and the establishment of a new APSDocs+ document system in the amount of EUR 597.80. Their value decreased by EUR 14,498.93 due to the calculated depreciation.
- Immovable property in the amount of EUR 250,764.05 represents the Fund's business premises. In 2019, their value decreased by EUR 15,261.59 due to calculated depreciation.
- Equipment in the value of EUR 73,715.28. In 2019, the procurement value of equipment and other tangible fixed assets increased by EUR 35,949.05 due to new purchases, specifically due to the purchase of a private car in the amount of EUR 21,000.00, computer equipment in the amount of EUR 14,672.11 and office furniture in the amount of EUR 276.94. In 2019, their value decreased by EUR 20,359.87 due to calculated depreciation.
- Some fixed assets were written-off due to destruction and wear and tear, the current value of which was EUR 340.81.

Table 34: Changes in intangible assets, immovable property and equipment in 2019 in EUR

CHANGES IN INTANGIBLE ASSETS, IMMOVABLE PROPERTY AND EQUIPMENT IN 2019					
Type	Balance as at 1. 1. 2019	Increase	Decrease	Depreciation and write-offs	Balance as at 31. 12. 2019
Intangible assets	22,142.97	17,687.56	0.00	14,498.93	25,331.60
Intangible assets under construction	39,759.80	30,597.80	10,345.60	0.00	60,012.00
Business premises	266,025.64	0.00	0.00	15,261.59	250,764.05
Equipment and other tangible fixed assets	58,466.91	35,949.05	0.00	20,700.68	73,715.28
Total	386,395.32	84,234.41	10,345.60	50,461.20	409,822.93

Equipment and other tangible fixed assets represent equipment and small tools. Their valuation was performed in accordance with the provisions of the Accounting Act. In 2019, depreciation of equipment and small tools was calculated in strict compliance with the Rules amending the Rules on the Method and Rates of Depreciation of Intangible Assets and Tangible Fixed Assets (Official Gazette of the

Republic of Slovenia, No. 45/05, 120/07, 112/09, 58/210, 103/13 and 100/15) and summed to EUR 50,120.39.

Due to calculated depreciation according to the annual account and the write-off of the current value of fixed assets, the Fund's liabilities, i.e. earmarked assets fund for other, were decreased by the amount of book value of intangible assets, immovable property, equipment and small tools.

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

In 2019, the planned value of the intangible assets and tangible fixed assets was EUR 456,481.00. For 2019, the Fund planned a purchase of a private car in the amount of EUR 20,000.00, office and computer equipment in the amount of EUR 20,740.00, and the purchase costs of the programme equipment intended for monitoring loans and documentary material, and upgrading the existing computer programmes in the amount of EUR 84,418.00. In 2019, the existing computer programmes were upgraded and the Application for monitoring the incentives was implemented to a lesser extent than planned. Also, in 2019, the entire purchase of computer and office equipment was not realised. The current value of assets as at 31 December 2019 amounted to EUR 409,822.93, or 10.00% lower than planned.

2. Long-term financial investments

As shown in Table 35, the long-term financial investments amounted to EUR 957,498.19. In 2019, their value decreased by EUR 44,344.67.

In accordance with Article 13 of the Rules on Breaking Down and Measuring Revenues and Expenses of Legal Entities under Public Law, financial investments in subsidiaries and associated enterprises, valued at procurement value, need to be valued in percentage terms based on the entire value of the equity of a subsidiary or associate enterprise on the basis of appropriate documentation. In 2019, the value of financial investment in PIIC Murania d.o.o. decreased by EUR 45,571.65., while the value of investment in RRA Koroška d.o.o. increased by EUR 1,226.98. The Fund did not receive the transmitted IOP form (balance as at 31 December 2019) from RRA Zeleni kras d.o.o. due to which changes in the value compared to the balance as at 31 December 2018, were not disclosed. In accordance with the obtained opinion of the Court of Auditors, No. 330-7/2014/36 as at 31 December 2019, the Fund also did not revalue the acquired ownership interests from 2014, as these are investments acquired and recorded at appraised value and not the procurement value. There were also no changes in the value in the case of financial investment in RRA Celje, where bankruptcy proceedings are taking place, so the value will have to be decreased after its completion.

For 2019, the Fund planned the balance of long-term financial investments in the amount of EUR 333,234.00 or by EUR 624,264.19 lower than the realised amount. Moreover, the end of business activity of PIIC Murania d.o.o. was planned, but it was not realised in the end due to failure to sell its immovable property.

Table 35: Movement of long-term financial investments in 2019 in EUR

MOVEMENT OF LONG-TERM FINANCIAL INVESTMENTS IN 2019 IN EUR					
Investment	Balance as at 1.1.2019	Increase	Decrease	Balance as at 31.12.2019	Share in the company in %
BSC, poslovno podporni center, d.o.o.	43,000.00	0.00	0.00	43,000.00	28.45
PIIC Murania d.o.o.	669,836.49	0.00	45,571.65	624,264.84	100.00
Regionalni center za razvoj d.o.o.	20,000.00	0.00	0.00	20,000.00	11.61
RRA Celje d.o.o.	178,882.45	0.00	0.00	178,882.45	9.71
RRA Koroška d.o.o.	18,690.37	1,226.98	0.00	19,917.35	33.54
RRA Mura d.o.o.	1.00	0.00	0.00	1.00	39.00
RRA Zeleni kras d.o.o.	71,432.55	0.00	0.00	71,432.55	22.50
Total	1,001,842.86	1,226.98	45,571.65	957,498.19	

3. Long-term loans, deposits and portfolio investments

The amount of long-term loans, deposits and portfolio investments, disclosed in the trial balance, was EUR 138,946,082.12. The corresponding part of long-term loans and deposits maturing in 2020 in the amount of EUR 34,781,364.40 is, given the purpose in the Balance Sheet, disclosed among the short-

term financial investments and short-term receivables from users of the single chart of accounts. Overdue receivables from loans given, managed by the Fund itself, and loans at issue are already disclosed among the short-term financial investments and short-term receivables from users of the single chart of accounts during the year. Their balance as at 31 December 2019 amounted to EUR 5,418,867.05. Therefore, the amount of disclosed long-term loans given, portfolio investments and deposits in the Balance Sheet was EUR 104,164,717.72.

In 2019, the Fund planned long-term loans given and deposits in the amount of EUR 118,703,544.00. In 2019, a draw-down of loans from the Fund's funds in the amount of EUR 23,205,135.00 was planned, but only the funds in the amount of EUR 19,362,965.43 were drawn, which affected the balance of long-term loans given and deposits. The balance of long-term loans, deposits and portfolio investments as at 31 December 2019 amounted to EUR 104,164,717.72 and is by 12.00% lower than planned. The source for investing in long-term deposits and securities is available earmarked assets of the Fund and received government budget appropriations, intended for the implementation of soft development loans in problem areas. Loans given from government budget appropriations are not shown in the account of financial receivables and investments, but only in the Balance Sheet.

3a.) Long-term loans

The balance of long-term loans, excluding funds invested in the guarantee schemes, on the basis of loan agreements under the Fund's tenders, amounted to EUR 110,475,502.79 as at 31 December 2019, of which EUR 5,468,334.52 is already presented in the trial balance among the short-term assets due to the accounting method. The short-term assets include the terminated contracts, for which the legal proceedings in the amount of EUR 4,996,217.45 are initiated, and overdue liabilities arising from loans, managed by the Fund itself, in the amount of EUR 472,117.07. In 2019, the balance of long-term loans, excluding the loans at issue, increased by EUR 11,035,927.18, which also represents the difference between the repaid and transferred funds. The corresponding part of long-term loans, disclosed in the trial balance, which becomes due and payable in 2020 in the sum of EUR 13,776,252.48, is, given the purpose, presented in the Balance Sheet among the short-term financial investments and short-term receivables from users of the single chart of accounts.

The Fund grants incentives to final recipients in the framework of the Fund's specialist services. Part of the loans are managed by banks on the basis of contracts for the provision of financial services under authorisation. The shares by individual banks cooperating with the Fund in the management of loan contracts as at 31 December 2019 are shown Table 36:

Table 36: Review of the management of loan contracts by individual bank as at 31 December 2019

REVIEW OF THE MANAGEMENT OF LOAN CONTRACTS BY INDIVIDUAL BANK AS AT 31 December 2019			
Bank	in EUR	%	Number of loans
Nova KBM d.d.	4,155.21	0.00	1
Nova Ljubljanska banka d.d.	41,950.48	0.04	3
Deželna banka Slovenije d.d.	92,696.46	0.09	13
Banka Intesa Sanpaolo d.d.	16,220,488.87	15.38	94
Slovenski regionalno razvojni sklad	89,119,994.32	84.49	583
Total (principal)	105,479,285.34	100.00	694

3b.) Long-term deposits

Long-term deposits of free cash in the amount of EUR 27,016,000.00 as at 31 December 2019 include financial assets of available earmarked assets, invested in long-term deposits with commercial banks. The essential part of long-term deposits in the amount of EUR 20,766.00 becomes due and payable in 2020, thus they are disclosed in the Balance Sheet under long-term financial investments. The balance of long-term deposits is shown in Table 37.

Table 37: Long-term deposits by individual bank as at 31 December 2019 in EUR

LONG-TERM DEPOSITS BY INDIVIDUAL BANK AS AT 31 DECEMBER 2019 V EUR		
Bank	Balance of deposits in EUR	Bank share in %
Abanka d.d.	600,000.00	2.22%
Addiko bank d.d.	7,516,000.00	27.82%
Banka Sparkasse d.d.	2,800,000.00	10.36%
Deželna banka Slovenije d.d.	3,400,000.00	12.59%
Gorenjska banka d.d.	5,800,000.00	21.47%
Sberbank d.d.	6,900,000.00	25.54%
Total (principal)	27,016,000.00	100.00%

As at 31 December 2019, long-term earmarked deposits amounted to EUR 2,158,216.66. They are intended for the insurance of guarantees given by the Fund. The part of deposits in the amount of EUR 223,418.23, which becomes due and payable in 2020, is presented in the Balance Sheet under short-term financial investments. The balance of short-term earmarked deposits is shown in Table 38.

Table 38: Deposits intended for the insurance of guarantees as at 31 December 2019 in EUR

DEPOSITS INTENDED FOR THE INSURANCE OF GUARANTEES AS AT 31 DECEMBER 2019 IN EUR			
Bank	Number of deposits	Balance of deposits in EUR	Bank share in %
Abanka d.d.	4	74,994.56	3.47
Banka Intesa Sanpaolo d.d.	2	35,750.00	1.66
Banka Sparkasse d.d.	15	182,772.99	8.47
Delavska hranilnica d.d.	29	591,012.69	27.38
Lon d.d.	2	31,250.00	1.45
Nova KBM d.d.	31	528,076.01	24.47
Nova Ljubljanska banka d.d.	32	614,360.41	28.47
Primorska hranilnica d.d.	4	100,000.00	4.63
Total (principal)	119	2,158,216.66	100.00

3c.) Portfolio investments

As at 31 December 2019, investments in long-term securities amounted to EUR 4,749,003.50 and included only the investments in bonds of the Republic of Slovenia. The shares by individual bonds are shown in Table 51.

3d.) Regional guarantee schemes

Based on the Decision of the Government of the Republic of Slovenia, No. 477600-12/2011-4 as of 28 July 2011, the Fund took over the receivables from long-term deposits of the Republic of Slovenia in regional guarantee schemes with regional development agencies in the total value of EUR 2,476,596.46. At the end of 2013, all liabilities under assumed guarantee schemes fell due. Considering the fact that the providers of guarantee schemes had the funds that they were obliged to return to the Fund differently placed, in 2014 the Fund carried out individual treatments, and thus concluded agreements on subsequent repayment of funds with some beneficiaries. In 2019, funds in the amount of EUR 10,770.00 were returned to the Fund. Until 31 December 2019, the Fund did not receive repayments of funds on the basis of concluded agreement in the amount of EUR 15,693.69. Due to the maturity of payment, the funds were disclosed in the Balance Sheet under short-term financial investments.

In 2015, the Fund carried out a public tender for the selection of the regional guarantee schemes' contractors. Eleven providers were chosen to whom funds in the amount of EUR 8,660,988.88 were transferred. In 2017, the Fund concluded addendums to contracts with the contractors of the regional guarantee schemes, whereby the contractors committed themselves to return the unused funds of the applications to the Fund. On the other hand, the Fund committed itself to transfer the funds intended for insurance of guarantees given to banks, participating in the implementation of regional guarantee schemes. In 2019, the Fund concluded contracts with the contractors of regional guarantee schemes on the assignment of receivables from deposit contracts, with which the receivables for the invested funds of the Fund were transferred from the contractors of regional guarantee schemes to receivables for long-term earmarked deposits with commercial banks. An overview of banks in the implementation of regional guarantee schemes and the amount and number of deposits given is shown in Table 38.

5.2.1.2 Short-term assets

As at 31 December 2019, short-term assets amounted to EUR 71,154,271.21 and consisted of:

- **Cash** on accounts in the amount of EUR 5,099,238.19, which include only the balance of cash on the Fund's sub-accounts.
- **Trade receivables** in the amount of EUR 33,323.87, which contain receivables for loan management and guarantees given; legal proceedings are being carried out for a part of this in the amount of EUR 27,749.87.
- **Advances and collateral given** in the amount of EUR 974.40.
- **Short-term receivables from users of the single chart of accounts** in the amount of EUR 25,950,794.66, which include:
 - Short-term financial investments from applications submitted to the Ministry of Finance in the amount of EUR 19,025,000.00 and accrued interest on bonds of the Republic of Slovenia in the amount of EUR 76,077.26, of which EUR 10,500,000.00 from the MEDT's funds,
 - Overdue principal, loan management costs and accrued interest on loans given in the amount of EUR 66,526.40,
 - Investments of the Fund as the Certifying Authority in the framework of the European Territorial Cooperation Programmes in the Financial Perspective 2007-2013 in the amount of EUR 810,00000,
 - Overdue receivables in 2019 from loans given in the amount of EUR 5,104,614.71 to users of single chart of accounts,
 - The Fund's receivables from MEDT for reimbursement of costs paid to Regional Guarantee Scheme for 2018 AND 2019 IN THE AMOUNT OF EUR 135,496.55,
 - Receivables of the Fund as the Certifying Authority from the Government Office of the Republic of Slovenia for Development and European Cohesion Policy for the funds paid to lead partners in the amount of EUR 718,663.05 and receivables from the Municipality of Lendava for the amount unduly paid in the sum of EUR 14,416.69. The receivables are recorded in group 17, but in the Balance Sheet receivables from users of the single chart of accounts are disclosed in group 14, given the sectorial belonging, due to preparation of the Statement of Financial Position.
- **Short-term financial investments** in the amount of EUR 35,095,616.74, which contain:
 - Receivables from loans at issue in the amount of EUR 4,961,853.61, which include the receivables, registered in the composition proceedings, bankruptcy proceedings and enforcement proceedings,
 - In 2020 matured principal of loans and repayment of earmarked deposits in the RGS in the amount of EUR 9,367,763.13,
 - Receivables from long-term deposits becoming due and payable in 2020 in the amount of EUR 20,766,000.00.
- **Short-term financing receivables** in the amount of EUR 1,434,059.77, which contain:
 - Short-term receivables from accrued interest as at 31 December 2019 in the amount of 680,996.34,
 - Receivables from the called on guaranties for the principal in the amount of EUR 730,140.43.
 - Receivables for the repayment of grants unduly paid in the amount of EUR 22,923.00.
- **Other short-term receivables** in the amount of EUR 3,461,943.50 that contain predominantly receivables of the Fund as the Certifying Authority in the framework of all three programmes of the European territorial cooperation, namely:
 - Receivables from the EC for the recovery of sums paid to lead partners by 31 December 2019 in the amount of EUR 2,892,783.83.
 - Receivables from lead partners for the amount unduly paid in the amount of EUR 7,951.34.
 - Receivables for reimbursement of salary costs from the Health Insurance Institute in the amount of EUR 2,496.13.
 - Receivables from the Financial Administration of the Republic of Slovenia for the advance payment of corporation tax for 2019,
 - Receivables for reimbursement of technical assistance costs for the performance of tasks of the Certifying Authority in the amount of EUR 60,218.86,
 - Receivables for the grants unduly paid on the basis of a contract concluded with the line ministry on the implementation of Lot A of the project "Measures in Border Problem Areas in Combination with the Measure of Regional Guarantee Schemes throughout the Country" for the period 2011-2012 in the amount of EUR 496,476.13.

- **Outstanding expenditures** in the amount of EUR 78,320.08.

For 2019, the Fund planned receivables from users of the single chart of accounts in the amount of EUR 23,500,000.00 and receivables in short-term financial investments in the amount of EUR 24,651,508.00. More loans given than loans reimbursed were planned, but in 2019 the volume of loans given was smaller than planned. In 2019, the difference between all loans given and loans reimbursed was EUR 10,759,283.31, and this affected the reduction of free cash with commercial banks and applications given to the Ministry of Finance. In the years from 2016 to 2019, the Fund received EUR 31,570,000.00 of earmarked assets in management from the state budget for the purpose of implementation of soft development loans for investments in problem areas, but by 31 December 2019, only loans in the amount of EUR 21,523,262.44 were received by the beneficiaries. The majority of the Fund's available assets, received by the MEDT in the amount of EUR 10,500,000.00, are placed in applications given to the Ministry of Finance, and a smaller part in the sub-account of the Fund. Matured deposits of available assets in 2020 affected higher short-term financial investments in 2019. Short-term receivables from users of the single chart of accounts are thus 10.00% higher than planned and amount to EUR 25,950,794.66, while short-term financial investments amount to EUR 35,095,616.74, or 42.00% higher than planned.

The source for investing in short-term receivables from users of the single chart of accounts and short-term financial investments is the available earmarked assets of the Fund, received government budget appropriations for the implementation of soft development loans and funds for the implementation of the Cross-border Operational Programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia, which the Fund discloses separately from its other (earmarked) assets.

The Fund addressed the outstanding receivables and conducts procedures for their collection in accordance with the GTC and Rules on the Recovery of Matured Outstanding Receivables. Matured outstanding receivables are divided into the following groups:

- Receivables from loans at issue, which were formed in the initial composition proceedings, bankruptcy proceedings and other judicial proceedings against the recipient's loans in the amount of EUR 4,996,217.45.
- Short-term receivables from interest and commission of loans at issue and guarantees in the amount of EUR 639,074.85.
- Receivables for a guarantee called on and reimbursement of the Fund's grants in the amount of EUR 753,063.43 (without accrued interest).
- Receivables from borrowers in arrears in the amount of EUR 351,055.85.

A more detailed treatment of matured outstanding receivables is presented in the chapter on the work of the Board of Trustees and Debtors.

5.2.1.3 Short-term liabilities

Short-term liabilities as at 31 December 2019 amounted to EUR 13,715,469.91 and were composed of:

- **Liabilities to employees** in the amount of EUR 55,426.56, which were settled in January 2020.
- **Liabilities to suppliers** in the amount of EUR 14,746.07, which were settled in accordance with their maturity, whereby the majority are liabilities for the payment of public tenders' publications and their promotion in the amount of EUR 3,863.95 and the maintenance costs of computer programmes and equipment in the sum of EUR 2,493.70.
- **Other short-term operating liabilities** in the amount of EUR 4,709,862.40, which include:
 - Liabilities for contribution on salaries and liabilities for supplementary pension insurance in the sum of EUR 9,225.69.
 - Liabilities of the Fund as a Certifying Authority within the framework of the European Cross-border Cooperation Programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia for the received pre-financing funds totalling to EUR 2,021,053.38.
 - Liabilities to the Tax Administration of the Republic of Slovenia for tax levied on financial services in the amount of EUR 852.08.
 - Liabilities of the Fund as a Certifying Authority for the funds received under the Territorial Cooperation Programmes in the Financial Perspective 2014-2020 in the INTERREG V-A Programmes in the amount of EUR 2,678,731.25.
- **Liabilities of users of the single charts of accounts** in the amount of EUR 1,095,296.93 that include:

- Liabilities to suppliers in the sum of EUR 420.52, which were settled in 2020 in accordance with their maturity,
- Liabilities to the MEDT in the amount of EUR 1,094,876.41 for the reimbursement of grants unduly paid.
- **Liabilities to providers of the funds for the payment of instalments from the loan repayment** in the total amount of EUR 3,177,236.62 to the European Investment Bank, which becomes due and payable in 2020.
- **Outstanding revenues** in the amount of EUR 4,661,926.93 that represent interest and other receivables calculated by 31 December 2019.
- **Accrued and deferred liability items** in the amount of EUR 974,40 for advances paid.

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

5.2.1.4 Own resources and long-term liabilities

As at 31 December 2019, long-term liabilities summed to EUR 162,970,840.11 and were composed of:

- Reserve fund,
- Earmarked assets fund,
- Long-term financial liabilities,
- Other long-term liabilities.

1. Reserve fund

As shown in Table 39, the reserve fund as at 31 December 2019 amounted to EUR 13,793,880.63 and included credit risk provisions and guarantee fund assets. In 2018, the Fund adopted the Rules for Credit Risk Assessment, Monitoring and Management and, on the basis of Article 13 of the said Rules, prepared instructions for the classification of financial assets and commitments, in which the methodology for provisioning is specified in detail. In accordance with the Rules, provisions were formed from loans and liabilities from issued guarantees. The amount of already formed provisions was higher than required, and thus the Fund did not form additional credit risk provisions. Due to the planned larger volume of given loans in the coming years, still low interest income and the expected increase in the risk of loans given, the Fund did not decide to lower the already formed provisions as at 31 December 2019. Due to write-off of liabilities to borrowers, in 2019 there was a reduction of the reserve fund in the amount of EUR 237,405.55.

Table 39: Changes in reserve fund in 2019 in EUR

CHANGES IN RESERVE FUND IN 2019 IN EUR				
Provisions formation	Balance as at 1.1.2019	Increase	Decrease	Balance as at 31.12.2019
For credit risks	11,835,938.91	0.00	237,405.55	11,598,533.36
Guarantee fund for the RGS	2,195,347.27	0.00	0.00	2,195,347.27
Total	14,031,286.18	0.00	237,405.55	13,793,880.63

2. Earmarked assets fund

As shown in Table 40, the earmarked assets fund as at 31 December 2019 amounted to EUR 101,825,741.51 and expresses the balance of this fund for financial investments and other, namely:

- **Earmarked assets fund for financial investments**, which increased by EUR 478,682.81 due to the recapitalisations received from the state budget and now amounts to EUR 99,295,621.75.
- **Earmarked assets fund for other**, which amounted to EUR 2,530,119.76 as at 31 December 2019 and was by EUR 123,647.71 higher than the balance as at 1 January 2019. Depreciation charged in 2019 in the amount of EUR 50,120.39, the write-off of the current value of fixed assets in the sum of EUR 340.81 and the reconciliation, and thus the decrease of financial investments by EUR 44,344.67 affected the decrease of the earmarked assets fund for other. In addition to this, the procurement value of intangible assets and tangible fixed assets in 2019 in the amount of EUR 73,888.81, accrued revaluation interest of EUR 1,931.48, and in particular the surplus of revenues over expenditures of EUR 142,633.29 affected the increase of the earmarked assets fund for other.

Table 40: Changes in fund of earmarked assets in 2019 in EUR

CHANGES IN FUND OF EARMARKED ASSETS IN 2019 IN EUR					
ACC OUNT	Name	Balance as at 1.1.2019	Increase	Decrease	Balance as at 31.12.2019
	Payments of earmarked assets by the MEDT	70,272,182.56	478,682,81	0.00	70,750,865.37
	Increase of earmarked assets fund	28,544,756.38	0,00	0.00	28,544,756.38
9401	Earmarked assets fund for financial investments	98,816,938.94	478,682,81	0.00	99,295,621.75
9402	Earmarked assets fund for guarantees called on	0.00	0,00	0.00	0.00
9403	Earmarked assets fund for other	2,406,472.05	24,409,943,48	24,286,295.77	2,530,119.76
	Financial investments fund	515,553.91	20,268,332,55	20,310,745.74	473,140.72
	Financing account fund	0.00	3,177,236,63	3,177,236.63	0.00
	Surplus of revenues over expenditures from 2017 intended for the operation of the Fund	565,715.46	0,00	565,715.46	0.00
	Surplus of revenues over expenditure from 2018 and 2019	338,470.31	142,633,29	0.00	481,103.60
	Earmarked assets fund – non-allocated surplus from previous years	600,337.05	565,715,46	0.00	1,166,052.51
	Earmarked assets fund for intangible assets and tangible fixed assets	386,395.32	256,025,55	232,597.94	409,822.93
	Earmarked assets fund	101,223,410.99	24,888,626,29	24,286,295.77	101,825,741.51

3. Long-term financial investments

As at 31 December 2019, long-term investments amounted to EUR 18,956,215.52. Indebtedness of the Fund is represented by the loans taken out by the European Investment Bank. The corresponding part of borrowings that fall due in 2020 in the sum of EUR 3,177,236.62 is disclosed in the Balance Sheet under short-term liabilities to providers of funds, thus the value of long-term financial investments in the Balance Sheet is recorded in the amount of EUR 15,778,978.90.

4. Other long-term liabilities

In 2016, the Fund concluded a Contract for Problem Areas for the Period 2016-2017 with the line ministry, thus receiving in management EUR 20,000,000.00 funds intended for the implementation of soft development loans. In 2018, an additional contract was concluded for the period 2018-2019, whereby additional funds in the amount of EUR 7,290,000.00 in 2018 and EUR 4,280,000.00 in 2019 were received. The balance of other long-term liabilities as at 31 December 2019 amounted to EUR 31,572,239.10. In 2019, the Fund disbursed loans in the amount of EUR 9,806,415.89. Part of the loans in the sum of EUR 449,256.82 was repaid in 2019. By 31 December 2019, interest on loans given and free cash in the amount of EUR 3,345.15 was calculated and paid in the sum of EUR 2,239.10. The assets, which are not placed in loans, represent available funds and are placed in the given applications of the Ministry of Finance and on the sub-account of the Fund. Outstanding interests are disclosed in short-term receivables from financing. The Table 41 shows types of investments of long-term liabilities as at 31 December 2019.

Table 41: Types of investments of long-term liabilities as at 31 December 2019 in EUR and in %

TYPES OF INVESTMENTS OF LONG-TERM LIABILITIES AS AT 31 DECEMBER 2019 IN EUR AND IN %		
Type of investment	Investment value in EUR	Share in %
Funds in the sub-account of the Fund	210,884.30	0.67
Funds in applications given to the Ministry of Finance	10,500,000.00	33.26
Funds in loans	20,862,460.85	66.08
Total (principal and interests)	31,573,345.15	100.00

5.2.1.5 Off-balance-sheet record

In the off-balance-sheet record, the Fund records possible liabilities from guarantees issued, namely for issued guarantees from regional guarantees schemes in the amount of EUR 3,705,640.70, the balance of untransferred resources as at 31 December 2019 for the approved loans and grants from the Fund's resources of EUR 4,327,217.51, the balance of appropriations and grants from the MEDT's resources in the amount of EUR 3,801,022.33, which will be drawn in 2020, and the balance of small tools that is disclosed off-balance in the amount of EUR 5,238.19.

5.2.2 Profit and Loss Statement

Recognition and disclosure of revenues and expenses is carried out in compliance with the Rules on Disaggregation and Measurement of Income and Expenses of Legal Persons under Public Law, based on which the revenues and expenses of other users are recognised on a cash flow principle, meaning that revenues or expenses are recognised upon the completion of two conditions, namely:

- Accrual, the result of which is the disclosure of revenues or expenses,
- Receipt or disbursement of money or its equivalent.

Revenue or expense is also recognised in the case of settlement of a receivable or liability by offsetting. For the amount of advances received or given, which relate to revenues or expenses, revenues or expenses are recognised upon receipt or disbursement of money. The cash flow principle is not taken into account for expenses of formed provisions for credit risks in public funds.

5.2.2.1 Revenues

Revenues are divided in tax revenues, non-tax revenues, capital revenues, grants received, transfer revenues and funds received from the EU. In 2019, the Fund generated non-tax revenues from the performance of its activities, namely from interests, revenue from the sale of goods and services and other non-tax revenues and revenues from the sales of means of transport. From the performance of tasks of Certifying Authority, in 2019 the Fund also generated transfer revenues from the state budget and received funds from the EU budget, i.e. from the European Fund for Regional Development, and received a grant from abroad for the reimbursement of costs of the Norwegian Financial Mechanism and the European Economy Area Financial Mechanism. Moreover, the Fund also received funds from the state budget for the reimbursement of implementation costs of the soft development loans instrument for the investments carried out in problem areas.

As shown in Table 42, the Fund's revenues in 2019 amounted to EUR 1,281,231.82, and consisted of:

- **Property income**, which includes revenues from real and penal interest paid on approved loans of the Fund, on deposits of temporarily available assets and on interests of government securities. In 2019, interest revenues were realised in the amount of EUR 890,631.38, or EUR 42,905.38 higher than planned, while in 2018, interest revenues amounted to EUR 845,207.06.
- **Revenue from the sale of goods and services**, which include payments received from the paid cost of concluding contracts and costs for managing loans in cases where the Fund manages loan contracts by itself in the amount of EUR 115,802.27 and reimbursement of commission paid by the borrowers through the contractual bank in the sum of EUR 106.10. Revenues in the amount of EUR 112,000.00 were planned, or 3.00% lower than realised in 2019. In 2018, revenues from the sale of goods and services in the amount of EUR 106,980.01 were realised.
- **Other non-tax revenues** in the amount of EUR 17,102.06, which contain revenues from previous years, particularly from paid court costs. Revenues of EUR 15,000.00 were planned.
- **Revenues from the sale of fixed assets** in the amount of EUR 3,900.00, which include payment of purchase considerations due to the sale of an official car. Revenues in the amount of EUR 1,000.00 were planned.
- **Grants received from abroad** in the amount of EUR 18,808.21, which include an inflow for the reimbursement of the costs of implementing the Norwegian Financial Mechanism. Revenues of EUR 18,780.00 were planned.
- **Transfer revenues from other public financing institutions**, which contain inflows from the state budget for the reimbursement of costs incurred due to performing Certifying Authority's tasks in the European Territorial Cooperation Programmes from technical assistance funds and the reimbursement of costs for the implementation of soft development loans in problem areas. For this purpose, funds from the state budget in the amount of EUR 163,492.26 were transferred, namely

for the reimbursement of technical assistance costs in the sum of EUR 68,492.26 and reimbursement of costs for the implementation of soft development loans in the amount of EUR 95,000.00. In 2019, revenues of EUR 176,068.00 were planned, although actually realised revenues were by 7% lower than planned, because the Fund did not receive funds from the state budget in 2019 to reimburse the costs for the implementation of regional guarantee scheme.

- **Funds received from the EU budget for the structural policy**, which contain reimbursement of costs incurred in carrying out the Certifying Authority's tasks in the European Cross-border Cooperation programme from the technical assistance funds. Funds in the amount of EUR 71,389.54 were transferred from the EC, which is 1.00% lower than planned.

As indicated in Table 42, revenues of EUR 1,242,574.00 were planned and realised in the amount of EUR 1,281,231.82, or 3% higher than planned. In 2018, revenues of EUR 1,435,019.64 were realised, which is 12% higher than in 2019.

Table 42: Types of revenues in 2019 in EUR

TYPES OF REVENUES IN 2019 IN EUR						
Account sub-group	Name	2019			Realisation in 2018	Index Realisation in 2019/2018
		Plan	Realisation	Index REAL/PLAN		
710	Property revenues	847,726.00	890,631.38	105.06	1,035,957.06	85.97
713	Revenue from the sale of goods and services	112,000.00	115,908.37	103.49	106,980.01	108.35
714	Other non-tax revenues	15,000.00	17,102.06	114.01	8,829.40	193.69
720	Revenue from the sale of means of transport	1,000.00	3,900.00	390.00	0.00	0.00
731	Grants received from abroad	18,780.00	18,808.21	100.15	0.00	0.00
740	Transfer revenues from other public financing institutions	176,068.00	163,492.26	92.86	232,435.68	70.34
782	Funds received from the EU budget for the structural policy	72,000.00	71,389.54	99.15	50,817.49	140.48
	Total	1,242,574.00	1,281,231.82	103.11	1,435,019.64	89.28

5.2.2.2 Expenses

Expenses are broken down into current expenses, current transfer expenses, capital expenditure, capital transfer expenses and payments to the EU budget. Current expenses are expenses that include payments incurred due to labour costs, costs of material, interest payments, provisions for credit risks and other cash disbursements for goods and services. Current transfers disclose the amount of funds transferred by the Fund from its own resources to the providers of the RGS for the purpose of settlement of their costs. Capital expenditure represent payments intended for the acquisition of tangible fixed assets and intangible assets and payments for capital costs and restoration of constructions, as well as significant tangible fixed assets. Expenses of capital transfers are transferred cash grants intended for the payment of capital expenditure of the recipients of funds.

As shown in Table 43, the Fund's expenses in 2018 amounted to EUR 1,096,549.33 and included:

- Current expenses,
- Current transfers,
- Capital expenditure and
- Capital transfers.

Table 43: Types of expenses in 2019 in EUR

TYPES OF EXPENSES IN 2019 IN						
Account sub-group	Name	2019			Realisation in 2018	Index Realisation in 2019/2018
		Plan	Realisation	Index REAL/PLAN		
400	Wages and other personnel expenditures	688,970.00	676,125.75	98.14	568,627.34	118.90
401	Employer's social security contributions	110,791.00	108,910.93	98.30	91,638.16	118.85
402	Disbursement for goods and services	282,535.00	235,171.38	83.24	219,083.77	107.34
404	External interest payments	4,685.00	3,424.79	73.10	2,665.23	128.50
409	Reserves	0.00	0.00	0.00	0.00	0.00
413	Other current domestic transfers	9,615.00	9,614.85	100.00	96,960.94	9.92
420	Purchase and construction of fixed assets	125,158.00	75,785.06	60.55	66,977.83	113.15
431	Capital transfers to legal and natural persons that are not budget spending units	19,500.00	29,565.77	151.62	50,596.06	58.43
	Total	1,241,254.00	1,138,598.53	91.73	1,096,549.33	103.83

1. Current expenses

1a.) Wages and other personnel expenditures and employer's social security contributions

Wages and other personnel expenditures and employer's social security contributions in the amount of EUR 785,036.68 were calculated and paid for the Fund's employees in accordance with the Rules on Amendments and Supplements to the Rules on Internal Organisation, Systematisation and Evaluation of Jobs, as well in accordance with the collective agreement for non-economy.

Wages and other personnel expenditures were 2.00% lower than planned or 19.00% higher than in 2018. The increase in wages compared to 2018 was influenced by the Decree Amending the Decree on the Classification of Job Positions in Public Agencies, Public Funds and Public Institutes into Salary Grades adopted in 2018, according to which there has been an increase in the salary grades of employees in 2019.

1b.) Disbursement for goods and services

Disbursement for goods and services in 2019 amounted to EUR 235,171.38 and included:

- Costs of office supplies and services, cleaning materials and services, building and premises security services, printing services, costs of information support to users, costs of newspapers, magazines, books and professional literature, costs of advertising services, publications, costs of auditing and consulting services, entertainment costs and other general material and services in the total amount of EUR 68,861.19,
- Special material and services in the amount of EUR 756.12,
- Costs of electricity, utility services and heating, telephone services and postage in the amount of EUR 30,329.29,
- Costs of fuel and lubricants, purchase of vignettes and maintenance and insurance of vehicles in the amount of EUR 12,969.30,
- Subsistence costs, transport and other disbursements for missions in the amount of EUR 6,848.95,
- Costs of current maintenance of commercial facilities and equipment in the amount of EUR 18,300.83,
- Costs of renting computer software equipment, ground exploitation fee and other rents in the amount of EUR 5,646.66,
- Payment of student work, meeting allowances for members of the Supervisory Boards, disbursements for professional training of employees, costs of legal proceedings, services of lawyers, notaries, costs of payment transactions, payment of bank costs, fees and other operating costs in the amount of EUR 91,459.04.

Disbursements for goods and services in the sum of EUR 282,535.00 were planned and realised in the amount of EUR 235,171.38, or 17% lower than planned. The major part of costs is represented by other operating expenses, which amounted to EUR 91,459.04 in 2019, followed by costs of office supplies and services in the amount of EUR 68,861.19, and costs of electricity, water, utilities and communication

in the amount of EUR 30,329.29. Other operating expenses of EUR 95,851.00 were planned, but in 2019 they were lower than planned, mainly due to court costs and cost of lawyers. Due to failure to build the Incentives' Monitoring Application, there were lower costs of current maintenance, which were planned in the amount of EUR 28,102.00 and realised in the amount of EUR 18,300.53. The planned costs of office supplies and services totalled EUR 88,773.00, and realised in the amount of EUR 68,861.19. In particular, the costs of office material, promotion costs and other general costs of services were lower. In 2018, the realised costs of office and general material amounted to EUR 66,551.55, or they were 3.00% lower than the realised in 2019.

1c.) External interest payments

In 2019, external interest payments amounted to EUR 3,424.79 and related to borrowings abroad, namely from the European Investment Bank. The planned external interest amounted to EUR 4,685.00, the lower than planned interest was affected by the lower value of EURIBOR, which has been lower than the interest rate mark-up on borrowings since August. In 2018, interest in the amount of EUR 2,665.23 was realised.

1d.) Credit risk provisions

Credit risk provisions for 2019 were not planned and did not need to be additionally formed. The required amount of credit risk provisions as at 31 December 2019 was EUR 9,374,184.01, while the Fund has already formed credit risk provisions in the amount of EUR 11,598,533.36 for this purpose. Moreover, in 2019, there was no need to create an additional guarantee fund, as the already formed amount of EUR 2,195,347.27 remained sufficient.

2. Other current domestic transfers

Other current domestic transfers were planned in the amount to EUR 9,615.00 and were realised in the amount of EUR 9,614.85. They represent reimbursement of costs to the providers of regional guarantee schemes.

3. Capital expenditures

The purchase of fixed assets represents the value of payments in 2019 for tangible fixed assets and intangible assets in the amount of EUR 75,785.06, namely:

- Purchase of a passenger car in the amount of EUR 21,000.00,
- Purchase of computer hardware in the amount of EUR 14,672.11 and its capital costs of EUR 1,319.43,
- Costs of office equipment in the amount of EUR 276.94,
- Replacement of equipment for cooling and heating the commercial premises in the amount of EUR 576.82,
- Creation of the Application intended for monitoring of incentives in the amount of EUR 30,000.00 and upgrade of other programmes in the amount of EUR 7,939.76.

The Fund planned the purchase and construction of fixed assets in the amount of EUR 125,158.00 for 2019, but the realisation was lower by EUR 49,372.94, because the creation of the Application for Monitoring of Loans Given was not yet completed in 2019, the entire planned upgrade of computer programmes was not carried out and the value of the purchased equipment was lower than planned. In 2019, capital expenditures of EUR 66,977.83 were realised.

4. Capital transfers

In 2019, capital transfers in the amount of EUR 29,565.77 were disclosed for transferred grants under the Fund's tender from 2016 for the allocation of funds targeted at projects creating an economic basis for the area home to autochthonous national communities. The planned capital transfers for 2019 amounted to EUR 19,500.00, but were 52.00% higher than planned.

5.2.2.3 Profit or Loss

The Profit or Loss from revenues and expenses shows a surplus of revenues over expenses in the amount of EUR 142,633.29. The Profit or Loss shown in the Fund's book of accounts increases the fund of earmarked assets for other.

The Fund's favourable Profit or Loss in 2019 was influenced by higher revenues or lower expenses than planned. Revenues of EUR 1,242,574.00 were planned and then actually realised in the amount of EUR 1,281,231.82, or EUR 38,657.82 higher than planned. The reason for the higher than planned revenues can be mainly attributed to the repayment of penalty interests on loans given.

Expenses in the amount of EUR 1,241,254.00 were planned and later realised in the amount of EUR 1,138,598.53, or they were EUR 102,655.47 lower than planned. The negative imbalance is seen in capital transfers, which were planned in the amount of EUR 19,500.00 and realised in the amount of EUR 29,565.77, while other expenses were lower than planned. The capital expenditures were planned in the amount of EUR 125,158.00 and realised in the amount of EUR 75,785.06. In 2019, the purchase of office and computer equipment was not fully realised, and above all, the creation of the Incentives' Monitoring Application and the upgrade of the existing computer programmes was not completed, the planned value of which was EUR 84,418.00, while the actually realised was EUR 37,939.76. Lower than planned expenses were also incurred in disbursement for goods and services, which were planned in the sum of EUR 282,535.00 and then realised in the amount of EUR 235,171.38. Specific lower than planned costs were those for advertising services, disbursements for missions and current maintenance of equipment. Absence on grounds of illness and care of family members impacted the lower costs of wages and other employee disbursements, which were planned in the amount of EUR 688,970.00 and then realised in the amount of EUR 676,125.75, or 2.00% lower than planned.

5.2.3 Financial Receivables and Investments Account Statement

As can be seen in Table 44, the Financial Receivables and Investments Account Statement for 2019 discloses:

- **Repayments of loans** in the amount of EUR 17,960,841.19, received in 2019 within the framework of the implementation of the Fund's purpose, which are EUR 2,958,608.19 lower than planned.
- **The sales of equity shares** were planned in the amount of EUR 483,000.00, however, the actual sales of the hall, which represents the company's stock that is in 100.00% ownership of the Fund, was not realised in 2019.
- **Lending** in the amount of EUR 19,362,965.43 comprises funds paid for long-term loans granted by the Fund in 2017, 2018 and 2019. In 2019, loans from the Fund's resources were approved in the amount of EUR 19,811,227.80 and drawn in the sum of EUR 15,084,235.82, which is 76.00% realisation of the approved funds' drawing in 2019. In 2019, loans from the previous years' tenders were also drawn, as well as loans from the funds of the MEDT, the transfer of which are not disclosed in the account of receivables and investments.

As at 31 December 2019, the Financial Receivables and Investments Account Statement discloses the difference between granted and received repayments of loans granted in the amount of EUR 1,402,124.24. Loans granted are EUR 3,842,169.57 lower than planned, as quite a few tenders were published at the end of 2019 and loans will be approved and drawn in 2020. In 2019, there was a withdrawal from the approved loans from the Fund in the amount of EUR 1,154,542.36.

Table 44: Difference between granted and received repayments of loans granted in 2019 in EUR

DIFFERENCE BETWEEN GRANTED AND RECEIVED REPAYMENTS OF LOANS GRANTED IN 2019 IN EUR				
Account sub-group	Name	Plan	Realisation	Index Real./Plan
750	Repayments of loans	15,002,233.00	17,960,841.19	119.72
751	Sales of equity shares	483,000.00	0.00	0.00
440	Lending	23,205,135.00	19,362,965.43	83.44
	Difference (loans given – repayment received)	7,719,902.00	1,402,124.24	18.16

Table 45 shows the funds transferred on the basis of concluded loan contracts by individual purposes in 2019. Funds in the amount of EUR 19,362,965.43 were transferred, namely loans granted from 2017 in the amount of EUR 748,682.51, from 2018 in the amount of EUR 3,530,047.10, and from 2019 in the amount of EUR 15,084,235.82. In 2019, loans from the MEDT's funds in the amount of EUR 9,806,415.89 were also disbursed, which are not disclosed in the Financial Receivables and Investments Account Statement, and are shown in Table 58.

Table 45: Transferred funds by concluded loan contracts in 2019 in EUR

TRANSFERRED FUNDS BY CONCLUDED LOAN CONTRACTS IN 2019 IN EUR				
Incentives	Approved funds		Transferred funds	
	Before 2019	In 2019	For approvals before 2019	For approvals in 2019
Programme: Entrepreneurship	0.00	3,062,617.80	0.00	1,470,028.60
Programme: Municipalities	0.00	6,334,581.00	0.00	4,950,362.74
Programme: Agriculture and Forestry	3,372,371.49	5,480,459.00	2,874,147.61	3,799,074.48
Programme: Pre-financing	1,659,365.00	4,933,570.00	1,404,582.00	4,864,770.00
Total	5,031,736.49	19,811,227.80	4,278,729.61	15,084,235.82

Table 46 shows unrealised loan facilities by individual tender from 2018 and 2019. In 2019, the beneficiaries withdrew from the funds granted under tenders from 2017 in the amount of EUR 10,434.62, tenders from 2018 in the amount of EUR 565,743.20 and tenders from 2019 in the amount of EUR 578,364.54.

As at 31 December 2019, the undrawn loans from the Fund's resources amounted to EUR 4,325,456.50.

Table 46: Unrealised loan facilities from 2018 and 2019 in EUR

UNREALISED LOAN FACILITIES FROM 2018 AND 2019 IN EUR					
Incentives	Difference			Withdrawals in 2019	Transfer to 2020
	For approvals before 2019	For approvals in 2019	Total		
Programme: Entrepreneurship	0.00	1,592,589.20	1,592,589.20	0.00	1,592,589.20
Programme: Municipalities	0.00	1,384,218.26	1,384,218.26	356,198.26	1,028,020.00
Programme: Agriculture and Forestry	498,223.88	1,681,384.52	2,179,608.40	543,561.10	1,636,047.30
Programme: Pre-financing	254,783.00	68,800.00	323,583.00	254,783.00	68,800.00
Total	753,006.88	4,726,991.98	5,479,998.86	1,154,542.36	4,325,456.50

5.2.4 Financing Account Statement

Table 47 shows the Financing Account Statement, which includes the repayment of part of the principal of the borrowings from the European Investment Bank in the amount of EUR 3,177,236.62.

Table 47: Financing Account Statement in EUR

FINANCING ACCOUNT STATEMENT IN EUR				
Account sub-group	Name	Plan	Realisation	Index REAL/Plan
501	External borrowing	0.00	0.00	100.00
551	Amortisation of external debt	3,177,236.62	3,177,236.63	100.00
	Net amortisation of debt	3,177,236.62	3,177,236.63	100.00

In 2019, there was a decrease in funds on the account in the amount of EUR 4,436,727.58, which reflects the difference between the surplus of revenues over expenses, reduced by the difference between loans granted and loans repaid and the repayment of borrowings. In 2019, the Fund generated a surplus of revenues over expenses in the amount of EUR 142,633.29 and disbursed EUR 1,402,124.24 more loans than paid back and amortised loan in the amount of EUR 3,177,236.63.

5.2.5 Fiscal rule

Article 9.i of the Public Finance Act states that institutional units of the general government sector classified in S.13 sector must use surpluses in accordance with Article 5 of the Fiscal Rule Act (Slovene: ZFisP). As at 31 December 2019, the Fund did not disclose a surplus calculated according to the fiscal rule, as at 31 December 2019 a negative cash flow, i.e. decrease of funds on accounts in the amount of EUR 4,436,727.58 was established. As at 31 December 2019, the Fund also disclosed outstanding

short-term liabilities in the amount of EUR 80,670.92 and unused earmarked funds in the amount of EUR 41,288,572.76.

5.3 MANAGEMENT OF THE FUND'S ASSETS AND INVESTMENTS

5.3.1 Financing of the Fund

The only systemic financial resources of the Fund are the purchase considerations acquired by the Fund on the basis of Article 7 of the ZUKLPP, namely in the amount of:

- 11.5% from the funds received for the regional development and preservation of the settlement of Slovene rural areas,
- 2.5% from the funds received for the providing of economic basis of the autochthonous national communities.

In 2019, the Fund received purchase considerations in the amount of EUR 478,682.82. In 2019, the Fund did not borrow and has, in that respect, disposed only with the reflows from the loans and temporarily available funds.

The Fund provided resources for the work from its own resources. The largest source represents property income, both interest on free cash, which, in 2019, amounted to EUR 158,552.10, and interest on loans in the amount of EUR 732,079.28. This is followed by funds received from the state budget for the reimbursement of technical assistance costs for the performance of the Fund's tasks as a Certifying Authority and reimbursement of the costs of implementing soft development loans in the total sum of EUR 163,492.26. In 2019, revenues from the costs of concluding and managing loans amounted to EUR 115,908.37. The smallest part is represented by the funds received from the EU budget for the reimbursement of technical assistance costs, which were realised in the amount of EUR 71,389.54, reimbursement of the costs of the Norwegian Financial Mechanism in the amount of EUR 18,808.21, other non-tax revenues, which amounted to EUR 17,102.06, and revenue from the sale of a passenger vehicle in the amount of EUR 3,900.00.

The Fund used repayments of loans and temporarily available funds for the incentives given and the repayment of a loan. In 2019, funds of loans in the amount of EUR 17,960,841.19 were repaid.

5.3.2 Earmarked assets

The Fund manages the earmarked assets in accordance with the purpose of its establishment and with an objective to maintain or increase the value thereof.

As can be seen in Table 48, the earmarked assets of the financial investment fund as at 31 December 2019 amounted to EUR 99,295,621.75. It is composed of the existing contributions deriving from the purchase considerations from the funds of the budget of the Republic of Slovenia, the transferred PHARE funds, the transferred surplus of revenues over expenses from previous years, the transferred funds of receivables in 2002 on the basis of gratuitous assignment concluded with the MEDT, the funds from receivables transferred on the basis of a Decision of the Government of the Republic of Slovenia in 2011 originating from long-term applications of the Republic of Slovenia in regional guarantee schemes, and in 2014 carried out transfer of business interests, which the Fund discloses according to their estimated value. In addition to the aforementioned contributions to earmarked assets, it needs to be mentioned that the latter is also composed of other forms of earmarked assets fund.

Table 48: Changes of earmarked assets fund in 2019 in EUR

CHANGES OF EARMARKED ASSETS FUND IN 2019 IN EUR					
Account	Name	Balance as at 1.1.2019	Increase	Decrease	Balance as at 31.12.2019
9401	Earmarked assets fund for financial investments	98,816,938.94	478,682.81	0.00	99,295,621.75
9403	Earmarked assets fund for other	2,406,472.05	24,409,943.48	24,286,295.77	2,530,119.76
94	Earmarked assets fund	101,223,410.99	24,888,626.29	24,286,295.77	101,825,741.51

As at 31 December 2019, the earmarked assets fund was EUR 602,330.52 higher than the opening balance as at 1 January 2019. In 2019, the earmarked assets fund for financial investments increased by EUR 478,682.81, due to the received recapitalisation. As at 31 December 2019, the earmarked assets fund was EUR 123,647.71 higher than the opening balance as at 1 January 2019. The increase in the earmarked assets fund for other was mostly due to the surplus of revenues over expenses in the amount of EUR 142,633.29, while the increase of the earmarked assets fund was influenced by the purchase of intangible assets and tangible fixed assets in the amount of EUR 73,888.81 and the accrued revaluation interest on loans in the amount of EUR 1,931.48. The reason for the decrease in the earmarked assets fund for other can be seen in the depreciation charging in the amount of EUR 50,120.39, the write-off of current value of fixed assets in the sum of EUR 340.81 and the decrease in the value of financial investments in the amount of EUR 44,344.67.

When compared to the balance as at 31 December 2018, there was an increase in the earmarked assets fund, as at 31 December 2019 the latter was EUR 602,330.52 higher than the balance as at 1 January 2019. The surplus of revenues over expenses from 2017, intended for the operation of the Fund in 2018, increased the value of unallocated surplus from previous years on the basis of a Decision of the Government of the Republic of Slovenia. The surplus of revenues over expenses in 2019 in the amount of EUR 142,633.29 had a favourable effect on the earmarked assets fund for other. Because the earmarked assets fund as at 31 December 2019 was higher than the earmarked assets fund as at 1 January 2019, this demonstrates that the Fund operated in accordance with Article 25 of the Public Funds Act.

5.3.3 Investments of available earmarked assets

In accordance with Article 26 of the Public Funds Act and Articles 27 and 28 of the Memorandum of Foundation, the Fund had available earmarked assets placed in the form of long-term securities and long-term deposits and applications with the Ministry of Finance. Table 49 shows the types of investments of available assets as at 31 December 2019 and does not include the MEDT's funds received by the Fund for the implementation of soft development loans in problem areas and the performance of Certifying Activity task that are also placed in accordance with the Public Funds Act.

Table 49: Types of investments of available earmarked assets as at 31 December 2019 in EUR

TYPES OF INVESTMENTS OF AVAILABLE EARMARKED ASSETS AS AT 31 DECEMBER 2019 IN EUR			
Type of investment	Value of investment in EUR	Share in %	Share in the Fund's earmarked assets in %
Deposits with commercial banks	27,021,869.09	65.32	27.21
Deposits with the single treasury account system asset manager	8,525,000.00	20.61	8.59
Securities issued by the Republic of Slovenia	4,825,080.76	11.66	4.86
Cash in hand	0.00	0.00	0.00
Balance on current account	998,569.26	2.41	1.01
Total (principal and interests)	41,370,519.11	100.00	41.66

Table 50 below shows the types and values of individual investments of the available earmarked assets in deposits with individual banks. The investments do not exceed the provisions of the second indent of point 3 of Article 26 of the Public Funds Act.

Table 50: Investments of available earmarked assets in deposits by banks as at 31 December 2019 in EUR

INVESTMENTS OF AVAILABLE EARMARKED ASSETS IN DEPOSITS BY BANKS AS AT 31 DECEMBER 2019 IN EUR			
Bank	Deposit balance in EUR	Bank share in %	Share in the Fund's earmarked assets in %
Abanka d.d.	600,103.33	2.22	0.60
Addiko bank d.d.	7,517,660.40	27.82	7.57
Banka Sparkasse d.d.	2,800,316.11	10.36	2.82
Deželna banka Slovenije d.d.	3,401,027.67	12.59	3.43
Gorenjska banka d.d.	5,800,937.75	21.47	5.84
Sberbank d.d.	6,901,823.83	25.54	6.95
Total (principal and interests)	27,021,869.09	100.00%	27.21

Table 51 shows the types of investments in securities as at 31 December 2019, which are in accordance with point 3 of Article 26 of the Public Funds Act.

Table 51: Investments of available earmarked assets in securities as at 31 December 2019

INVESTMENTS OF AVAILABLE EARMARKED ASSETS IN SECURITIES AS AT 31 DECEMBER 2019			
Security	Balance of bonds in EUR	Share of bonds in %	Share in the Fund's earmarked assets in %
Bonds of the Republic of Slovenia 49	834,960.00	17.30	0.84
Bonds of the Republic of Slovenia 79	2,004,010.71	41.53	2.02
Bonds of the Republic of Slovenia 80	976,834.04	20.24	0.98
Bonds of the Republic of Slovenia 81	1,009,276.01	20.92	1.02
Total (principal and interests)	4,825,080.76	100.00	4.86

5.3.4 Performance of tasks under contracts

5.3.4.1 Accounting report of the Certifying Authority in the period 2007-2013

As indicated above, by a Decision No. 30300-4/2007/74 of 19 April 2007, the Government of the Republic of Slovenia set the organisational structure for the implementation of the European Territorial Cooperation Programmes for three Operational Programmes, in the framework of which the Fund was appointed for the performance of tasks of the Certifying Authority, for which appropriate human and financial resources were provided.

1. Assets and sources

In order to carry out the tasks of the Certifying Authority in the period from 2009 to 2017, the Fund obtained European pre-financing funds for the purpose of the European Territorial Cooperation, namely the Operational Programme Slovenia-Austria, the Operational Programme Slovenia-Hungary and the Operational Programme Slovenia-Croatia.

As shown in Table 52, the value of these funds as at 31 December 2019 amounted to EUR 2,020,857.15. In 2019, the Fund returned the EU funds received in the amount of EUR 1,002,383.76 due to the Operational Programme Slovenia-Hungary and Operational Programme Slovenia-Croatia coming to completion. In 2019, the funds unduly paid in the amount of EUR 28,271.88 were returned by the lead partners to the Fund.

Table 52: Changes in European pre-financing funds by individual Operational Programme in EUR

CHANGES IN EUROPEAN PRE-FINANCING FUNDS BY INDIVIDUAL OPERATIONAL PROGRAMMES IN EUR					
Operational programme	Balance as at 1.1.2019	Transferred funds to		Reflows of lead partners	Balance as at 31.12.2019
		European Commission	Lead partners		
Slovenia - Austria	1,812,692.53	0.00	0.00	0.00	1,812,692.53
Slovenia - Hungary	732,827.01	755,509.04	0.00	25,284.10	2,602.07
Slovenia - Croatia	449,449.49	246,874.72	0.00	2,987.78	205,562.55
Total	2,994,969.03	1,002,383.76	0.00	28,271.88	2,020,857.15

The Fund has the available funds of the Certifying Authority in the amount of EUR 810,000.00 invested in the given application with the Ministry of Finance, and the funds in the amount of EUR 1,211,053.38 in the sub-accounts of individual operational programmes. In addition to liabilities for the funds received, as at 31 December 2019 the Fund also discloses liabilities for the interest accrued in the sum of EUR 196.23. As at 31 December 2019, the Fund does not disclose liabilities to lead partners, however, it does disclose a receivable from the lead partner in the Slovenia-Hungary Operational Programme in the amount of EUR 14,416.69 due to established irregularities, for which court proceedings are underway.

The balance of funds and sources of funds for the programme period 2007-2013 is shown in Table 53.

Table 53: Balance of assets and sources of assets of the Certifying Authority as at 31 December 2019 in EUR

BALANCE OF ASSETS AND SOURCES OF ASSETS OF THE CERTIFYING AUTHORITY AS AT 31 DECEMBER 2019 IN EUR				
Overview of assets and sources of assets	Slovenia-Austria 2007-2013	Slovenia-Hungary 2007-2013	Slovenia-Croatia 2007-2013	Total
Short-term assets	1,812,739.45	17,132.80	205,597.82	2,035,470.07
Balance on current account	1,002,739.45	2,716.11	205,597.82	1,211,053.38
Assets in given applications of the Ministry of Finance	810,000.00	0.00	0.00	810,000.00
Receivables from lead partners	0.00	14,416.69	0.00	14,416.69
Short-term liabilities	1,812,739.45	17,132.80	205,597.82	2,035,470.07
Liabilities to the EU for cross-border cooperation programmes	1,812,692.53	2,602.07	205,562.55	2,020,857.15
Interest liabilities	46.92	114.04	35.27	196.23
Outstanding receivables	0.00	14,416.69	0.00	14,416.69

5.3.4.2 Accounting report of the Certifying Authority in the period 2014-2020

The Fund also carried out the tasks of the Certifying Authority in the period 2014-2020 on the basis of a Decision of the Governments of the Republic of Slovenia, No. 30300-2/2014/5 as of 17 December 2014 in the INTERREG V-A Cooperation Programmes.

1. Assets and sources

For the purpose of implementing the tasks of the Certifying Authority, in the years from 2015 to 2018, the Fund had already obtained advance funds from the EU budget in the amount of EUR 18,879,711.50. In 2019, additional assets from the EC in the sum of EUR 22,214,402.99 were received. Funds in the amount of EUR 19,696,094.07 were transferred to lead partners. On the basis of the approved financial statements of the European Commission for the fourth accounting year (1 July 2017 to 30 June 2018), in 2019 the funds of advances received and established irregularities in the amount of EUR 3,048,731.99 were returned. As can be seen in Table 54, the value of these funds as at 31 December 2019 was EUR 2,678,731.25.

Table 54: Changes of the European advance funds by cooperation programmes in the period 14-20 in EUR

CHANGES OF THE EUROPEAN ADVANCE FUNDS BY COOPERATION PROGRAMMES IN THE PERIOD 14-20 IN EUR				
Cooperation programmes	Balance as at 1.1.2019	Increase	Decrease	Balance as at 31.12.2019
INTERREG V-A Slovenia-Austria	2,031,607.60	8,479,931.48	9,703,928.70	807,610.38
INTERREG V-A Slovenia-Hungary	61,301.19	4,298,498.23	4,110,499.29	249,300.13
INTERREG V-A Slovenia-Croatia	1,115,129.87	9,437,088.94	8,930,398.07	1,621,820.74
Total	3,208,038.66	22,215,518.65	22,744,826.06	2,678,731.25

The Fund has available funds of the Certifying Authority in the amount of EUR 2,678,731.25 in the sub-accounts of individual operational programmes.

As at 31 December 2019, the Fund discloses receivables from the Certifying Authority in the amount of EUR 22,386.97 and the European Commission in the sum of EUR 37,831.89 for the purpose of reimbursement of technical assistance costs for 2019. The receivables from the European Commission for the reimbursement of claims paid to lead partners amount to EUR 3,611,446.88, while the receivables for the funds unduly paid to lead partner amount to EUR 7,951.34. As at 31 December 2019, the Fund reports liabilities for the pre-financing funds received in the amount of EUR 2,678,731.25, liabilities to employees in the amount of EUR 8,114.59, liabilities to suppliers in the amount of EUR 555.13 and outstanding receivables in the amount of EUR 3,679,617.08. An overview of assets and sources of assets as at 31 December 2019 is shown in Table 55 below.

Table 55: Balance of assets and sources of assets of the Certifying Authority by cooperation programmes 14-20 as at 31 December 2019 in EUR

BALANCE OF ASSETS AND SOURCES OF ASSETS OF THE CERTIFYING AUTHORITY BY COOPERATION PROGRAMMES 14-20 AS AT 31 DECEMBER 2019 IN EUR				
Overview of assets and sources of assets as at 31 December 2019	Slovenia-Austria 2014-2020	Slovenia-Hungary 2014-2020	Slovenia-Croatia 2014-2020	Total
Short-term assets	2,823,370.15	796,599.44	2,747,048.46	6,367,018.05
Balance on current account	807,610.38	249,300.13	1,621,820.74	2,678,731.25
Assets in given applications of the Ministry of Finance	0.00	0.00	0.00	0.00
Payment claims from the EC	1,984,488.97	533,843.51	1,093,114.40	3,611,446.88
Receivables for funds paid to lead partners	4,423.79	274.23	3,253.32	7,951.34
Receivables for reimbursement of technical assistance costs	23,483.27	11,520.35	25,215.24	60,218.86
Outstanding liabilities	3,363.74	1,661.22	3,644.76	8,669.72
Short-term liabilities	2,823,370.15	796,599.44	2,747,048.46	6,367,018.05
Liabilities to the European Community for funds received	807,610.38	249,300.13	1,621,820.74	2,678,731.25
Liabilities for the transfer of funds to lead partners	0.00	0.00	0.00	0.00
Liabilities to employees	3,159.45	1,539.24	3,415.90	8,114.59
Liabilities to suppliers	204.29	121.98	228.86	555.13
Outstanding receivables	2,012,396.03	545,638.09	1,121,582.96	3,679,617.08

2. Revenues and expenses

Expenses of the Certifying Authority in the amount of EUR 130,178.00 were planned and realised in the amount of EUR 121,137.25, or they were by 7.00% lower than planned.

In 2018 and the first three months of 2019, the Fund also performed the role of the Certifying Authority in the programmes of the Norwegian Financial Mechanism and the European Economic Area Financial Mechanism for the period 2014-2021. In 2019, the Fund's expenses in that regard amounted to EUR 6,956.42. In 2019, the funds were fully reimbursed to the Fund. In 2019, the Certifying Authority's expenses for the purpose of the INTERREG Programmes amounted to EUR 114,180.83.

Table 56: Revenues and expenses of the Certifying Authority by cooperation programmes 14-20 in 2019 in EUR

EXPENSES OF THE CERTIFYING AUTHORITY BY COOPERATION PROGRAMMES 14-20 IN 2019 IN EUR							
Name	Planned	INTERREG V-A			FM	Realisation 2019	Realisation index/Planned
		Austria	Hungary	Croatia	NOR, EEA		
Wages and other personnel expenditure	90,121.00	31,755.87	15,727.48	34,088.63	5,721.46	87,293.44	96.86
Employer's contributions to social security	14,557.00	5,117.08	2,534.71	5,493.09	930.72	14,075.60	96.69
Disbursements for goods and services	24,500.00	7,344.48	3,917.33	7,925.22	304.24	19,491.27	79.56
Purchase and construction of fixed assets	1,000.00	108.01	52.62	116.31	0.00	276.94	27.69
Total expenses	130,178.00	44,325.44	22,232.14	47,623.25	6,956.42	121,137.25	93.06
Funds received from the state budget	68,758.00	16,634.72	22,727.66	29,129.88	0.00	68,492.26	99.61
Grants received from abroad	18,780.00	0.00	0.00	0.00	18,808.21	18,808.21	100.15
Funds received from the EU budget	72,000.00	25,986.95	9,506.36	35,896.23	0.00	71,389.54	99.15
Total revenues*	159,538.00	42,621.67	32,234.02	65,026.11	18,808.21	158,690.01	99.47

Revenues of the Certifying Authority in the amount of EUR 159,538.00 were planned and realised in the amount of EUR 158,690.01. By 31 December 2019, the costs of technical assistance from the state budget, incurred until 31 December 2019 in the amount of EUR 22,386.97, and the funds from the EC in the amount of EUR 37,831.89, had not yet been reimbursed.

5.3.4.3 Accounting monitoring of the public tender “for the problem areas - grants” from the funds of the MEDT

The Fund concluded a Contract No. C1536-11B990001 with the line ministry with regard to the implementation of Lot A of the project titled “Measures in Border and Problem Areas in Combination with the Measure of Regional Guarantee Schemes in the Territory of the Entire Country” for the period 2011-2012 for the purpose of conducting a public tender for the awarding of grants for co-financing the initial investments and the creation of new jobs in border problem areas. To this end, funds in the amount of EUR 13,640,029.04 were transferred to beneficiaries in 2011 and 2012.

In accordance with the abovementioned Contract, the Fund carried out an inspection of projects that received grants, and thus discovered some irregularities due to which it demanded from the companies to return the unduly paid funds with the corresponding penalty interests. As at 31 December 2019, the balance of receivables from three companies, excluding penalty interests, amounted to EUR 496,476.13. The Fund established liabilities to the MEDT for unduly paid funds, whereby the outstanding liability is reduced for the Fund’s costs for filling of court and other proceedings necessary for recovery of funds. As at 31 December 2019, the Fund’s liability to the MEDT amounted to EUR 1,094,876.41. The Fund has available funds of EUR 598,400.28 from funds received for border areas of grants from the MEDT’s funds.

5.3.4.4 Accounting monitoring of the public tender “for the problem areas in the form of loans from the MEDT’s funds”

In 2016, the Fund concluded a Contract for Problem Areas for the period 2016-2017 with the line ministry, and thus obtained EUR 20,000,000.00 funds, which are disclosed as other long-term liabilities. In 2018, the Fund concluded an additional Contract for Problem Areas for the period 2018-2019 with the line ministry in the amount of EUR 11,570,000.00, of which part of the funds in the sum of EUR 7,290,000.00 it received in 2018 and part in the amount of EUR 4,280,000.00 in 2019. In 2019, loan facilities were disbursed in the amount of EUR 9,806,415.89. The Fund discloses receivables and liabilities from funds received by the MEDT separately. Loans granted and their repayments are not disclosed in the financial receivables and investments account, but only as receivables. In accordance with the Contract for Problem Areas, the MEDT pays compensation for the conduction of a tender. In 2019, funds from the state budget in the amount of EUR 95,000.00 were transferred to the Fund.

Table 57: Balance of assets and sources of assets of the MEDT as at 31 December 2019 in EUR

BALANCE OF ASSETS AND SOURCES OF ASSETS OF THE MEDT AS AT 31 DECEMBER 2019 IN EUR	
Name	Realisation
Assets	31,573,345.15
Loans given	20,862,460.85
Assets in the Fund's sub-account	210,884.30
Applications given with the MF	10,500,000.00
Sources of assets	31,573,345.15
Outstanding interest	1,106.05
Long-term liabilities	31,572,239.10

In the period 2017-2019, loans in the amount of EUR 21,523,262.44 were disbursed, of which loans in the amount of EUR 661,907.64 were repaid. Interest on loans granted in the amount of EUR 2,835.38 was calculated. By 31 December 2019, interest in the amount of EUR 1,729.33 was paid. In 2017, the Fund placed part of its available assets in long-term deposit with a commercial bank, and therefore generated revenues in the amount of EUR 509.77. Accrued interests in the amount of EUR 3,345.15 increased the funds received by the line ministry. As at 31 December 2019, the majority of the Fund's available assets in the amount of EUR 10,500,000.00 are placed in the given applications of the Ministry of Finance. An overview of changes in loans by individual contract is shown in Table 58.

Table 58: Changes of loans granted from the MEDT's funds in 2019 in EUR

CHANGES OF LOANS GRANTED FROM THE MEDT'S FUNDS IN 2019				
Loans by contract	BALANCE AS AT 1.1.2019	Drawing	Repayment	BALANCE AS AT 31.12.2019
C2130-16-90001 (2016-2017)	11,504,195.73	7,049,885.77	447,475.61	18,106,605.89
C2130-18-90001 (2018-2019)	0.00	2,756,530.12	1,781.21	2,754,748.91
TOTAL (principal)	11,504,195.73	9,806,415.89	449,256.82	20,861,354.80

5.3.4.5 Accounting report on the implementation of regional guarantee scheme

In 2015, the Fund and line ministry concluded a Contract No. C2130-15Z113601 on financing the costs of implementation of regional guarantee schemes in the Republic of Slovenia, namely through the Slovenian Regional Development Fund in the period 2015-2025 for the purpose of ensuring financial resources for the implementation of the regional guarantee schemes. The Fund carried out a selection of contractors for individual regions and approved funds in the amount of EUR 9,000,000.00. Following the selection, the Fund and selected contractors of regional guarantee schemes concluded contracts on long-term financial applications of the Fund in regional guarantee schemes and contracts on financing the costs of implementation of regional guarantee schemes.

In 2017, the Fund decided that the contractors of regional guarantee schemes shall return the available contributions of assets, and that the Fund itself would transfer deposits from assets returned to banks, to which guarantees had been issued. The balance of contributions with the contractors of regional guarantee schemes as at 1 January 2019 amounted to EUR 634,352.58. In 2019, the MEDT cancelled the contract, and thus the Fund concluded agreements with the contractors of regional guarantee schemes on the termination of contracts for the implementation of regional guarantee schemes and the contract on the assignment of receivables from deposit contracts. With the signing of contracts on the assignment of receivables, there was a decrease in contributions with the contractors of regional guarantee schemes and an increase of the Fund's earmarked deposits with banks. In 2019, contributions in the amount of EUR 592,444.36 were transferred to deposits with banks. The transfer of contributions is shown in Table 59.

Table 59: Changes in contributions with the contractors of regional guarantee schemes in 2019 in EUR

CHANGES IN CONTRIBUTIONS WITH THE CONTRACTORS OF REGIONAL GUARANTEE SCHEMES IN 2019 IN EUR				
Contractor of the RGS	Balance as at 1.1.2019	Repayment to the Fund	Transfer of the contribution to deposit with the bank	Balance as at 31.12.2019
BSC d. o. o., Kranj	15,750.00	0.00	15,750.00	0.00
Mariborska razvojna agencija p. o. o.	267,101.65	36,908.22	230,193.43	0.00
RASR, Razvojna agencija Savinjske regije d. o. o.	12,500.00	0.00	12,500.00	0.00
Razvojna agencija ROD Ajdovščina	35,580.00	0.00	35,580.00	0.00
Razvojni center Novo mesto d. o. o.	18,750.00	0.00	18,750.00	0.00
Regionalna razvojna agencija za Koroško d. o. o.	214,670.93	5,000.00	209,670.93	0.00
Regionalni razvojni center Koper	32,500.00	0.00	32,500.00	0.00
Regionalna razvojna agencija ljubljanske urbane regije (RRA LUR)	37,500.00	0.00	37,500.00	0.00
Total (contribution)	634,352.58	41,908.22	592,444.36	0.00

The source of funds for the implementation of regional guarantee schemes is the received recapitalisation of the Fund in 2010 and 2011, when the Fund received funds from the MEDT in the amount of EUR 10,000,000.00 to increase the Fund's earmarked assets, whereby the Fund contractually obliged itself to use the assets as a source of funds for the implementation of the regional guarantee scheme through regional development organisations, as set out in the applicable Business

and Financial Plan of the Public Fund for 2010 and 2011, although the realisation only took place in 2015. Due to separate disclosure of business events, in 2015, the Fund started disclosing them at its own cost centre.

On the basis of contracts concluded between the Fund and the contractors of regional guarantee schemes, the latter issued claims to the Fund for reimbursement of costs. Following a 100.00% administrative control, the Fund reimbursed the eligible expenditure and submitted a claim for its reimbursement to the MEDT. By 31 December 2017, the Fund recorded liabilities to contractors of the regional guarantee scheme and funds received from the MEDT only as liabilities and receivables, while the funds received from the MEDT for reimbursement of costs incurred to the Fund were recorded as transfer revenues from the state budget.

As no agreement was reached with the MEDT in 2018 on the payment of costs incurred in 2018, the Fund, in accordance with the adopted Business and Financial Plan for 2018-2019, settled the regional guarantee scheme contractors' costs from its own resources and submitted a claim for their reimbursement. As at 31 December 2018, the receivables from the MEDT, in this respect, amounted to EUR 123,186.85. In 2019, the MEDT withdrew from the contract on financing the costs of implementation of regional guarantee scheme, based on which, the Fund and the contractors concluded amicable agreements on the termination of contracts. The Fund reimbursed the costs to the contractors of the regional guarantee scheme from its own resources in the amount of EUR 9,614.85. Claims for the reimbursement of costs in the amount of EUR 12,309.70 were submitted to the MEDT; however, as at 31 December 2019 they had not been settled yet. As at 31 December 2019, the Fund disclosed a receivable from the MEDT for the reimbursement of costs for the implementation of regional guarantee scheme in the amount of EUR 135,496.55.

In 2019, no earmarked deposits were placed with commercial banks. The balance of earmarked deposits as at 31 December 2019 amount to EUR 2,158,216.66.

1. Assets and sources of assets

Long-term assets, which as at 31 December 2019 amounted to EUR 8,974,216.66, consisted of:

- Free cash deposits becoming due and payable in 2020 and 2021 in the amount of EUR 6,816,000.00,
- Earmarked deposits with banks that are included in the implementation of regional guarantee schemes in the amount of EUR 2,158,216.66.

Short-term assets, which as at 31 December 2019 amounted to EUR 1,166,125.40 and were composed of:

- Cash in the Fund's sub-account in the amount of EUR 25,783.34,
- Short-term receivables from users of the single chart of accounts in the amount of EUR 1,135,496.55, which include:
 - Short-term financial investments in the Public Treasury securities from applications given in the amount of EUR 1,000,000.00,
 - Receivables from submitted claims to the MEDT for the reimbursement of costs paid to the contractors of regional guarantee schemes and the Fund's costs for 2018 and 2019 in the amount of EUR 135,496.55,
- Short-term financing receivables in the amount of EUR 2,817.76, which the Fund discloses to banks for the placed earmarked deposits and free cash deposits,
- Outstanding expenses in the amount of EUR 2,027.75 for the payment of wages to an employee and material costs for December 2019.

Short-term liabilities as at 31 December 2019 amounted to EUR 140,342.06 and included:

- Short-term liabilities to the employee and the employer's liabilities for contributions to wages in the amount of EUR 2,027.75 for the payment of wages for the month of December, which was paid in January 2020,
- Outstanding revenues in the amount of EUR 138,314.31 that represent receivables from outstanding interest and claims for reimbursement of paid funds from 2018 and 2019.

Own resources and long-term liabilities as at 31 December 2019 amounted to EUR 9,859,594.45, and were EUR 34,756.87 lower than the balance as at 1 January 2019.

Off-balance-sheet records in the amount of EUR 3,705,640.70, which as at 31 December 2019 disclosed the amount of 119 guarantees given by the Fund.

As can be seen in Table 60, the cash flow from the implementation of regional guarantee schemes as at 31 December 2019 was negative, as in the period from 2015 to 2019, the Fund generated a surplus

of expenses over revenues in the amount of EUR 140,405.55. However, it should be pointed out that as at 31 December 2019, the Fund had a guarantee fund formed from its own resources in the amount of EUR 2,195,347.27 aimed at providing coverage of called on guarantees from regional guarantee schemes.

Table 60: Balance of assets and sources of assets for regional guarantee schemes as at 31 December 2019 in EUR

BALANCE OF ASSETS AND SOURCES OF ASSETS FOR REGIONAL GUARANTEE SCHEMES AS AT 31 DECEMBER 2019 IN EUR			
Assets	10,140,342.06	Sources of assets	9,999,536.51
Long-term assets	8,974,216.66	Short-term liabilities	140,342.06
Short-term assets	1,166,125.40	Liabilities to employees	2,027.75
Cash in the account	25,783.34	Liabilities to contractors of regional guarantee scheme	0.00
Applications given to the MF	1,000,000.00	Liabilities to suppliers	0.00
Interest receivables	2,817.76	Outstanding revenues	138,314.31
Outstanding expenses	2,027.75	Own resources and long-term liabilities	9,857,594.45
Receivables for the reimbursement of costs	135,496.55	Surplus of expenses over revenues in 2019	-34,756.87
Other accrued and deferred asset items	0.00	Earmarked assets fund	10,000,000.00
Difference (assets-sources)	140,405.55		

In 2019, the Fund received repayment of contributions or earmarked deposits in the amount of EUR 139,141.97.

1. Profit and Loss Statement

As shown in Table 61, the **expenses of regional guarantee schemes** in 2019 amounted to EUR 46,134.21 and consisted of current expenses and current transfers, which included:

- Costs of wages and other personnel expenditure in the amount of EUR 29,007.77,
- Costs of missions in the sum of EUR 99.35,
- Payment of the AECM membership fee in the amount of EUR 5,501.00,
- Costs of utility services and heating, audit and other operating expenses in the amount of EUR 1,911.24,
- Current transfers in the amount of EUR 9,614.85, which the Fund paid to the contractors of regional guarantee schemes.

Revenues of regional guarantee schemes in 2019 amounted to EUR 11,377.37 and included:

- Inflows from interests transferred by banks or contractors of regional guarantee schemes in the amount of EUR 2,061.39 and interest on placed free funds deposits in the amount of EUR 9,315.95.

The Profit and Loss Statement shows a surplus of expenses over revenues in the amount of EUR 34,756.87 and reduces the earmarked assets fund for other.

Table 61: Profit and Loss Statement of the regional guarantee schemes in 2019 in EUR

PROFIT AND LOSS STATEMENT OF THE REGIONAL GUARANTEE SCHEMES IN 2019 IN EUR	
Name	Realisation
Expenses	46,134.21
Current expenses	36,519.36
Current transfers	9,614.85
Revenues	11,377.34
Non-tax revenues	11,377.34
Surplus of expenses over revenues	34,756.87

5.4 RISK MANAGEMENT

In its operation, the Fund is exposed in particular to credit, market, interest rate, liquidity and operational risk. In order to manage these risks, the Fund has adopted appropriate rules and well-established procedures that ensure the monitoring, measurement and management of risks.

5.4.1 Credit risk

Credit risk represents the risk of loss caused by the non-performance of an obligation by debtors towards the Fund at maturity for any reason.

On the basis of provisions of the Public Funds Act, the Fund adopted a methodology for the classification of on-balance sheet asset and off-balance-sheet items, as well as for the formation of credit risk provisions. The basis of the Fund's adopted methodology for the formation of special provisions for credit risks is the requirement referred to in the second paragraph of Article 36 of the Public Funds Act, which stipulates that a public fund shall apply, *mutatis mutandis*, to the regulations of Bank of Slovenia that apply to banks for the management of credit risks.

The Fund overcomes credit risks by using the following measures:

- The Fund has adopted Rules for monitoring credit risks:
 - Rules for Credit Risk Assessment, Monitoring and Management,
 - Rules on the Criteria for Amending Contractual Provisions and on the Write-off of Liabilities of the Slovenian Regional Development Fund Debtors and
 - Rules on the Recovery of Matured Outstanding Receivables.
- The Fund has established procedures and control mechanisms for the implementation and management of credit risk in accordance with the adopted Rules.
- All the Fund's receivables from borrowers are adequately secured, mostly through mortgages on immovable property.
- As a rule, the Fund deposits free funds of earmarked assets with the Ministry of Finance, the portion with a maturity of over one year, as well as with commercial banks in accordance with the law.
- The Fund has an informational system that serves for monitoring the operations of debtors throughout the duration of the legal relationship. The Fund classifies receivables from debtors in accordance with the methodology of the Bank of Slovenia in groups from A to E. On the basis of delays perceived, the Fund forms an additional provision that are necessary.
- The Fund has established a guarantee fund for enforcing the guarantees within the framework of the RDG financial instrument.
- The Fund is engaged in the renovation of the system for an assessment of the financial capability of applicants to the Fund's loan tenders. The new system will be fully implemented in 2020, at the same time as the use of the new information system for monitoring tenders and approving the incentives.

5.4.2 Market risk

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

In addressing the market risk, it should be noted that:

- The Fund is not exposed to foreign currency rate as both the sources of funds and the investments are in euro,
- The most important market risk represents changes in the relevant interest rates for EURIBOR and ROM. Their changes affect both the growth or decrease of revenues and expenses from interest, as well as the increase or decrease of credit risk. The growth of the relevant interest rate increases the cost of financing the Fund's debtors, and thus the likelihood of difficulties in repaying liabilities to the Fund. On the other hand, a fall or even a negative value of the relevant interest rate has a significant impact on the decrease of the Fund's interest revenues, and therefore on the provision of appropriate interest margin to cover operating costs and the formation of necessary provisions.

5.4.3 Interest rate risk

The Fund manages interest rate risk by:

- A policy of balancing sources of funds and investments according to the relevant interest rate; specifically, for both the leased resources as well as the approved incentives side, the interest rate is based on the relevant 3-month EURIBOR interest rate,
- A policy of forming lending interest rates promoting investments in less developed regions and, at the same time, ensure a long-term surplus of revenues over expenses, thus preserving the value of earmarked assets.

5.4.4 Liquidity risk

The Fund invests available earmarked assets in accordance with the provisions of Articles 26 and 27 of the Public Funds Act. The Fund invests the short-term part (liquidity surpluses) of available earmarked assets, intended for the realisation of incentive tenders in the financial year in question, in the form of applications given with the single treasury account system manager in accordance with the regulations governing public finances. The long-term part of available earmarked assets, the so-called portfolio investments, which are intended for ensuring resources for the realisation of incentive tenders in the following years, are invested in accordance with the provisions of Article 26 of the Public Funds Act.

5.4.5 Operational risk

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

The Fund strives to continuously decrease the need for manual manipulation of documents, thereby reducing the possibility of errors, increasing the effectiveness of customer monitoring and the effects of incentives, as well as ensuring the perfect audit trail throughout the entire information system. In 2019, the Fund:

- Continued building the information system for comprehensive management and monitoring of applications,
- Established a new electronic documentary system,
- To a smaller extent upgraded the Finis Information System and
- Continued carrying out current activities for the connection of individual information technology components into a comprehensive information system.

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

6 FUND'S REPORT ON OPERATING PERFORMANCE

6.1 ASSESSMENT OF THE FUND'S SUCCESS

6.1.1 Assessment of the functioning of the PIFC System

The Fund has established a public internal financial control system, which provides reasonable assurance of the achievement of objectives and is based on a continuous process that makes it possible to identify key risks, the likelihood of occurrence and impact of a particular risk on achieving objectives, and at the same time helps to manage risks successfully, efficiently and economically.

In the field of the implementation of processes and procedures of internal control of public finances, the Fund has set up:

- An appropriate control environment – over the entire business,
- Objectives are realistic and measurable throughout the business, meaning that certain indicators to measure the achievement of objectives are determined,
- The risks of objectives not being achieved are defined and evaluated for the entire business,
- A system of internal control and control activities based on the risk management that lowers risks to an acceptable level - for the majority of business,
- An appropriate information and communication system – for the majority of business,
- Appropriate supervision system, which also includes an appropriate internal audit service – over the entire business,
- Appropriate public finance internal control system, which includes the performance of internal auditing by external contractors.

In 2019, the Fund introduced the following improvements in the field of internal control:

- Preparation of a list of processes in the framework of ISO 9001:2015,
- Changes of GTC, Rules on Granting Incentives and the Tariff Rules,
- Preparation of the Rules on Insurance of Incentives and the Rules on Personal Data protection,
- Implementation of a new aDOCS documentary system,
- Updated description of the system and instructions for work with the OzP for the Financial Perspective 2014-2020.

At the same time, other risks can be highlighted, which are not directly affected by the Fund and are the result of its involvement in the public sector, such as changes in legislation, both in the field of operation of public funds, as well as in the field of human resources and finance.

For the purpose of performance of internal auditing in 2019, the Fund had a contract concluded with the company IN Revizija d.o.o., which in 2019 carried out audits in accordance with the following programme:

- Review of the compliance of the Fund's operations with internal regulations in the field of personal data protection in accordance with the GDPR and ZVOP-1,
- Auditing the operation of the internal control system in the field of management of tangible assets (tangible and intangible fixed assets),
- Auditing the efficiency of time consumption per unit of product and the adequacy of organisation in a certain area of work, i.e. public tender under the Pre-financing Programme and under the Agriculture and Forestry Programme.

6.1.2 Assessment of success in achieving the objectives set

6.1.2.1 Assessment of incentives in 2019

In accordance with PFN 2018-2019, with amendments and supplements, in 2019 the Fund planned to publish incentives in the amount of EUR 35,280,000.00, of which EUR 31,000,000.00 would be in the form of soft loans from the Fund's earmarked assets and EUR 4,280,000.00 in the form of soft loans from the state budget funds, which may be increased by the amount of remaining funds from previous years on the basis of a contract for problem areas.

The publication of nine public tenders in the total amount of EUR 30,280,000.00 was realised, of which eight public tenders were realised from the Fund's earmarked assets in the total amount of EUR 26,000,000.00 and one public tender from the state budget in the amount of EUR 4,280,000.00, which were increased on the basis of a concluded contract with the line ministry for the problem areas by the remaining funds from previous years for the implementation of the said measure, namely in the amount of EUR 7,249,735.99. Taking into account the planned assets from the item for 2019, the Fund recorded 83.87% realisation from funds of earmarked assets and a 100.00% realisation from the state budget funds.

Under the Entrepreneurship (B) Programme, the Fund initially planned to publish incentives from earmarked assets in the total value of EUR 4,000,000.00, which were increased to EUR 6,000,000.00 on the basis of amendments and supplements made to the PFN 2018-2019, with which the Fund wanted to support 28 projects under the (B1) Incentives for Projects in the Economy Sub-programme, (B2) Incentives for Projects in the Field of Woodworking and Wood Processing Sub-programme, (B3) Incentives for Pre-financing of Working Capital Sub-programme and the (B6) Incentives for Agriculture

Cooperatives Restructuring Sub-programme, and to publish incentives from the state budget funds in the amount of EUR 4,280,000.00 (which were increased on the basis of a concluded contract with the line ministry for the problem areas by the remaining funds from previous years for the implementation of the said measure, namely in the amount of EUR 7,249,735.99), with which the Fund wanted to support 15 projects under the (B4) Incentives for the Projects in (Border) Problem Areas Sub-programme.

The publication of one public tender under the B1 Sub-programme in the form of soft loans from earmarked assets in the total amount of EUR 3,000,000.00 was realised, which represents 50.00% publication realisation of available funds under the Entrepreneurship (B) Programme, for which, as at 31 December 2019, six applications were received with the required sum of incentives in the total amount of EUR 2,049,522.07, although the application for the public tender was still possible until 6 March 2020. As at 31 December 2019, four approved applications in the amount of EUR 1,894,902.80 were realised, which represents 63.16% of the tendered amount.

In addition to this, also realised was the publication of one public tender under the B4 Sub-programme in the form of soft loans from the state budget funds in the total amount of EUR 11,529,735.99 that include funds under the PFN 2018-2019 from the item for 2019 in the amount of EUR 4,280,000.00 and the remaining funds from previous years in the amount of EUR 7,249,735.99, which represents 100.00% realisation of the publication of available assets, taking into account the items for 2019. As at 31 December 2019, 27 applications with the required sum of incentives in the amount of EUR 2,049,522.07 were received for the mentioned tender, although the application for the public tender was still possible until 14 February 2020. As at 31 December 2019, 14 approved applications in the amount of EUR 5,284,020.76 were realised, which represents 45.83%, taking into account the entire tendered amount.

Under the Municipalities (C) Programme, the Fund initially planned to publish incentives from earmarked assets in the total value of EUR 6,000,000.00, which were increased to EUR 9,000,000.00 on the basis of amendments and supplements made to the PFN 2018-2019, with which the Fund wanted to support 15 projects under the (C1) Incentives for Projects of Local and Regional Public Infrastructure. The publication of two public tenders in total amount of EUR 9,000,000.00 was realised, which represents 100.00% publication realisation of available funds. Under the first public tender the Fund tendered funds in the amount of EUR 6,000,000.00. Twenty-two applications with the required sum of incentives in the amount of EUR 6,580,286.50 were received, whereby 20 applications in the total amount of EUR 5,978,382.74 were approved, which represents 99.64% realisation of the tendered amount. Under the second public tender the Fund tendered funds in the amount of EUR 3,000,000.00, whereby it needs to be pointed out that funds were tendered through an open tendering deadline, from 20 January to 29 May 2020, thus the realisation of the public tender will be conducted in full in 2020, as the funds were published in December 2019 due to late adoption of amendments and supplements to the PFN 2018-2019.

Under the Agriculture and Forestry (A) Programme, the Fund initially planned to publish incentives from earmarked assets in the total value of EUR 9,000,000.00, which were decreased to EUR 8,000,000.00 on the basis of amendments and supplements made to the PFN 2018-2019, with which the Fund wanted to support 65 projects under the (A1) Incentives in the Field of Primary Agricultural Production Sub-programme, the (A2) Incentives in the Field of Agricultural Processing and Marketing Sub-programme, the (A3) Incentives for the Initial Investments in Forestry and the (A5) Incentives for Working Capital in Agriculture. The publication of two public tenders in the total amount of EUR 8,000,000.00 was realised, which represents 100.00% publication realisation of available funds under the Agriculture and Forestry (A) Programme. Under the first public tender the Fund tendered funds in the amount of EUR 5,000,000.00, namely for the combination of the A1, A2 and A3 Sub-programmes. Twenty-nine applications with the required sum in the total amount of EUR 4,469,742.00 were received, with the application being possible until 28 February 2020. As at 31 December 2019, 19 applications in the total amount of EUR 2,018,958.00 were approved, which represents 40.38% realisation of the tendered amount. Under the second public tender the Fund tendered funds in the amount of EUR 3,000,000.00 under the A1 Sub-programme, whereby it needs to be pointed out that funds were tendered through closed tendering deadlines, with the first tendering deadline being 3 January 2020 and the last 1 June 2020.

Under the Pre-financing (PF) Programme, the Fund initially planned to publish incentives from earmarked assets in the total value of EUR 7,000,000.00, which were decreased to EUR 6,000,000.00 on the basis of amendments and supplements made to the PFN 2018-2019, with which the Fund wanted to support 50 projects under the (PF1) Pre-financing of Non-profit Organisations' Projects Sub-programme, the (PF2) Pre-financing of Agricultural Holdings' Projects Sub-programme and the (PF3) Pre-financing of Projects in the Economy Sub-programme.

The publication of three public tenders in total amount of EUR 6,000,000.00 was realised, which represents 100.00% publication realisation of available funds under the Pre-financing (PF) Programme. Under the first public tender the Fund tendered funds in the amount of EUR 6,000,000.00, namely for the combination of the PF1, PF2 and PF3 Sub-programmes. 48 applications with the required sum in the total amount of EUR 3,876,676.49 were received. As at 31 December 2019, 28 applications in the total amount of EUR 2,062,325.00 were approved, with the consideration of 11 applications being postponed in 2020. This represents 64.61% realisation of the tendered amount. Under the second public tender the Fund tendered funds in the amount of EUR 1,600,000.00 (from the unused funds under the first public tender) under the PF1 and PF3 Sub-programme, whereby it needs to be pointed out that the funds were tendered through closed tendering deadlines, with the first tendering deadline being 31 January 2020 and the last 30 April 2020. Under the third public tender the Fund tendered funds in the amount of EUR 2,000,000.00 (from the envisaged unused funds of the first public tender) under the PF2 Sub-programme, whereby the funds were tendered through closed tendering deadlines, with the first tendering deadline being 31 January 2020 and the last 30 April 2020.

6.1.2.2 Assessment of incentives under previous public tenders

Under the Entrepreneurship (B) Programme, in 2018, the Fund planned to publish incentives from earmarked assets in the total value of EUR 4,000,000.00, with which the Fund wanted to support 25 projects under the (B1) Incentives for Projects in the Economy Sub-programme, (B2) Incentives for Projects in the Field of Woodworking and Wood Processing Sub-programme, (B3) Incentives for Pre-financing of Working Capital Sub-programme and to publish incentives from the state budget funds in the amount of EUR 7,290,000.00 (which were increased on the basis of a concluded contract with the line ministry for the problem areas by the remaining funds from 2016 and 2017 for the implementation of the said measure, namely in the amount of EUR 9,911,226.59), with which the Fund wanted to support 20 projects under the (B4) Incentives for the Projects in (Border) Problem Areas Sub-programme.

In 2018, the publication of two public tenders in the form of soft loans from earmarked assets in total amount of EUR 4,000,000.00 was realised, which represents 100.00% publication realisation of available funds under the Entrepreneurship (B) Programme. Under the first public tender the Fund tendered funds in the amount of EUR 4,000,000.00 for the combination of B1 and B2 Sub-programmes. One application with the required sum of incentives in the total amount of EUR 185,000.00 was received, the consideration of which was postponed to 2020, but later it was rejected as incomplete. The realisation under this public tender was 0.00%. Under the second public tender the Fund tendered funds in the amount of EUR 3,800,000.00 (from the unused funds of the first public tender) under the B2 Sub-programme, for which five applications with the required sum in the total amount of EUR 1,332,232.00 were received. At the final realisation as at 31 December 2019 there were four approved applications in the total amount of EUR 1,167,715.00, which represents 30.73% of the tendered amount.

In 2018, the publication of the public tender under the B4 Sub-programme in the form of soft loans from the state budget funds in the total amount of EUR 17,201,226.59 was realised, which included the funds under the PFN 2018-2019 from the item for 2018 in the amount of EUR 7,290,000.00 and the remaining funds from previous years in the amount of EUR 9,911,226.59, which represents 100.00% publication realisation of available funds, taking into consideration the funds from the item for 2018. Sixty applications with the required sum of incentives in the total amount of EUR 19,079,515.31 were received for the mentioned public tender. The final realisation as at 31 December 2019, following (partial) withdrawals, was 40 approved applications in the amount of EUR 10,646,497.30, which represents 61.89%, taking into consideration the entire funds published.

Under the Municipalities (C) Programme, the Fund planned to publish incentives from earmarked assets in the total value of EUR 6,000,000.00, with which the Fund wanted to support 15 projects under the (C1) Incentives for Projects of Local and Regional Public Infrastructure. The publication of one public tender in the total amount of EUR 6,000,000.00 was realised, which represents 100.00% publication realisation of available funds. One application with the required sum of incentives in the amount of EUR 1,300,000.00 was received, but the applicant withdrew before the consideration of the application. Thus, the realisation for this public tender was 0.00%. The Fund discovered that municipalities obtained a more favourable loan with other financial institutions. Consequently, the Fund carried out a market analysis and prepared a public tender from the item of 2019, all the while taking into consideration the findings of the analysis.

Under the Agriculture and Forestry (A) Programme, the Fund planned to publish incentives from earmarked assets in the total value of EUR 9,000,000.00, with which the Fund wanted to support 65 projects under the (A1) Incentives in the Field of Primary Agricultural Production Sub-programme, the

(A2) Incentives in the Field of Agricultural Processing and Marketing Sub-programme, the (A3) Incentives for the Initial Investments in Forestry and the (A5) Incentives for Working Capital in Agriculture. The publication of the public tender in the total amount of EUR 9,000,000.00 was realised (initially the Fund published funds in the amount of EUR 6,000,000.00, which was later increased to EUR 9,000,000.00), which represents 100.00% publication realisation of available funds under the Agriculture and Forestry (A) Programme. Under the public tender, the Fund tendered funds for the combination of the A1, A2 and A3 Sub-programmes. Sixty-eight applications with the required sum in the total amount of EUR 9,399,288.00 were received. The final realisation as at 31 December 2019, following (partial) withdrawals, was 47 approved applications in the amount of EUR 6,872,317.52, which represents 76.36% of the tendered sum.

Under the Pre-financing (PF) Programme, in 2018 the Fund planned to publish incentives from earmarked assets in the total value of EUR 7,000,000.00, with which the Fund wanted to support 50 projects under the (PF1) Pre-financing of Non-profit Organisations' Projects Sub-programme, the (PF2) Pre-financing of Agricultural Holdings' Projects Sub-programme and the (PF3) Pre-financing of Projects in the Economy Sub-programme. The publication of the public tender in total amount of EUR 7,000,000.00 was realised, which represents 100.00% publication realisation of available funds under the Pre-financing (PF) Programme. Under the public tender, the Fund tendered funds for the combination of the PF1, PF2 and PF3 Sub-programmes. Ninety-seven applications with the required sum in the total amount of EUR 8,619,271.10 were received. The final realisation as at 31 December 2019, following (partial) withdrawals, was 77 approved applications in the amount of EUR 5,596,837.00, representing 79.95% of the tendered sum.

6.1.3 Assessment of economy and efficiency

In 2019, the Fund acted as a good manager and managed the earmarked assets in accordance with Article 25 of the ZJS-1.

In 2019, under the public tenders published in the stated year, the Fund granted soft loans in the amount of EUR 17,238,589.30, thus supporting 82 projects and contributing to the implementation of projects with the investment value of EUR 37,253,284.88. At the same time, 26 applications are still being considered, and application is still possible under some public tenders, and thus the final realisation achieved will be higher.

Moreover, in 2019 the Fund also granted soft loans in the amount of EUR 9,025,762.83 under public tenders from 2018 and supported 75 projects with these incentives, as well as contributed to the implementation of projects with the investment value of EUR 17,824,358.07.

In 2019, the Fund successfully completed its operation, as a surplus of revenues over expenses in the amount of EUR 142,633.29 was generated, which affected the increase of the Fund's earmarked assets. In comparison with the balance as at 31 December 2018, the earmarked assets fund increased by EUR 602,330.52. The Fund's earmarked assets fund is composed of the earmarked assets fund for financial investments that in 2019 increased by EUR 478,682.81 due to received recapitalisation of the Fund, and the earmarked assets for other, which increased by EUR 123,647.71 compared to the balance as at 31 December 2018.

6.2 EXPLANATIONS FOR FAILURE TO ACHIEVE THE OBJECTIVES

Under the Entrepreneurship (B) Programme, in 2019 the Fund planned to publish incentives from earmarked assets in under the (B1) Incentives for Projects in the Economy Sub-programme, (B2) Incentives for Projects in the Field of Woodworking and Wood Processing Sub-programme, (B3) Incentives for Pre-financing of Working Capital Sub-programme and to publish incentives from the state budget funds under the (B4) incentives for Projects in (Border) Problem Areas Sub-programme. Of the stated planned sub-programmes, the Fund decided not to publish incentives under the B2, B3 and B6 Sub-programmes.

The reason for not publishing the public tender under the B2 and B3 Sub-programmes is that in 2019 the entire consideration of applications under the public tender for the B2 Sub-programme from 2018 was carried out, as the public tender was published in December 2018 and conducted through an open tendering deadline from 14 January 2019 to 31 May 2019. At the same time the mentioned public tender included a high share of working capital, therefore the Fund did not publish a special public tender for the B3 Sub-programme. The reason for not publishing the public tender under the B6 Sub-programme is the late adoption of amendments and supplements to the PFN 2018-2019, where the basis for the amount of available funds for the previously mentioned Sub-programme was actually established.

Under the Agriculture and Forestry (A) Programme, in 2019 the Fund planned to publish incentives from earmarked assets under the (A1) Incentives in the Field of Primary Agricultural Production Sub-programme, the (A2) Incentives in the Field of Agricultural Processing and Marketing Sub-programme, the (A3) Incentives for the Initial Investments in Forestry and the (A5) Incentives for Working Capital in Agriculture. Of the stated planned sub-programmes, the Fund did not publish incentives under the A5 Sub-programme, as in 2019 difficulties associated with access to land were highlighted as one of the major obstacles to the development of agriculture and rural areas, thus the Fund tendered the available assets in the amount of EUR 3,000,000.00 for the A1 Sub-programme, namely for the purpose of the purchase of agricultural and forest land.

Under the Autochthonous National Communities (ANC) Programme, which is intended for granting incentives to the projects in the area home to autochthonous national communities, i.e. areas home to Italian and Hungarian national communities, in 2019 the Fund planned to publish the incentive from the earmarked assets (from purchase consideration for the ANC) under the (ANC1) Incentives in the Field of Primary Agricultural Production Sub-programme, the (ANC2) Incentives in the Field of Agricultural Processing and Marketing Sub-programme and (ANC3) Incentives in the Field of Entrepreneurship. The Fund prepared a draft of the public tender for the abovementioned planned sub-programmes, but was unable to publish it, as despite its efforts it did not obtain the consent of the representatives of the Italian and Hungarian national communities participating in the Committee for the Providing of the Economic Basis for the Two Autochthonous National Communities (hereinafter referred to as the "Committee"), without which it is not possible to publish a public tender. More specifically, the Fund convened the session of the Committee for the first time when it prepared a two-year program for the development of economic bases in areas home to autochthonous national communities, with the aim that the representatives of the Italian and Hungarian national communities would participate in the Committee in the preparation of the starting points for public tenders. The representatives of the mentioned national communities did not attend the session explaining that the PFN 2018-2019 does not include grants. Nevertheless, the Fund prepared a draft of the public tender and once again convened a session of the Committee; however, the representatives of national communities once again failed to attend it. Their opinion is that the areas of the Hungarian national community are so underdeveloped that there is no demand for soft loans without grants. The Fund cannot agree with their opinion, as it approved 26 loans for the projects from Pomurje statistical region in the value of EUR 3,091,048.72 under public tenders from other programmes. Among the stated projects are also those from municipalities home to the Hungarian autochthonous national community. Moreover, two projects with soft loans in the amount of EUR 132,000.00 were approved for the Obalno-Kraška statistical region.

Under the Regional Guarantee Schemes' (RGS) Programme, aimed at granting incentives in the form of guarantees for the approved bank loans to final users, for 2019, the Fund had initially planned granting guarantees in the amount of EUR 6,400,000.00, but due to the amendment and supplement to the PFN 2018-2019, the funds were cancelled. The Fund started with the implementation of the mentioned incentives in 2015, when it concluded a contract with the line ministry on financing the costs of regional guarantee schemes' implementation in the Republic of Slovenia through the Slovenian Regional Development Fund in the period 2015-2025 for the purpose of ensuring financial means for the implementation of the RGS. In the contract, the Fund undertook to publish the public tender for the selection of regional guarantee schemes' operators, to issue decisions and conclude contracts with the chosen regional operators and, thus transfer long-term inputs in the RGS. The line ministry, on the other hand, committed itself to comprehensive and continuous financing of the RGS implementation for the entire implementation period. In the light of the above, the RGS implementation was designed as a two-phase process. In the first phase the Fund selected the regional operators through the public tender, while the second phase was dedicated for the chosen operators to publish a public tender for bank loans guaranteed for micro, small and medium-sized companies within the framework of the regional guarantee scheme in the relevant region. In the first half of 2018, in accordance with the Rules on Operation of Regional Guarantee Schemes, the Fund closed all public tenders for bank loan guarantees for micro, small and medium-sized enterprises within the framework of the regional guarantee scheme in all twelve statistical regions, as the three-year period of guarantee granting expired. In 2019, no new public tenders carried out by Fund took place, as the Fund lacked a sufficient financial means by the line ministry in order to implement the financial instrument. Nevertheless, the Fund made every possible effort to upgrade the RGS measure, as it prepared numerous proposals, analyses and even business plans with the intention to better manage the costs, upgrade the incentive and improve the incentive competitiveness. Despite all the efforts, the MEDT withdrew from the contract in March 2020, leaving the Fund to terminate contracts with the chosen regional operators and taking over the archives and monitoring of guarantees granted where so agreed.

7 DIRECTOR'S STATEMENT

7.1 ORIGINAL STATEMENT



SLOVENSKI REGIONALNO RAZVOJNI SKLAD

Št. dokumenta: 450-002/2020

Datum: 28. 2. 2020

Škrabčev trg 9a

1310 Ribnica

telefon: (01)8361953

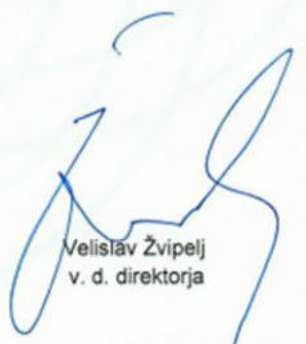
e-pošta: info@regionalnisklad.si

IZJAVA

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

- da po datumu bilance stanja na dan 31. 12. 2019 in do sprejetja Letnega poročila 2019 ni bilo pomembnejših dogodkov, ki bi imeli vpliv na računovodske izkaze Sklada za leto 2019,
- da je bilo Letno poročilo Sklada za leto 2019 sprejeto na kolegiju direktorja dne 25. 2. 2020,
- da sem odgovoren za pripravo letnega poročila in za pošten prikaz sredstev in obveznosti ter finančnega položaja Sklada,
- da je letno poročilo sestavljeno v skladu z Zakonom o računovodstvu in Pravilnikom o sestavljanju letnih poročil za proračun, proračunske uporabnike in druge osebe javnega prava,
- da sem odgovoren za ustrezno vodenje računovodstva, za sprejem ustreznih ukrepov za zavarovanje premoženja ter za preprečevanje in odkrivanje prevar in drugih nepravilnosti oziroma nezakonnosti,
- da so računovodske ocene izdelane po načelu previdnosti in dobrega gospodarjenja,
- da se Letno poročilo Sklada za leto 2019 lahko objavi.




Velislav Žvipelj
v. d. direktorja

7.2 TRANSLATION OF STATEMENT



Document No.: 450-002/2020
Date: 28 February 2020

Škrabčev trg 9a
1310 Ribnica
Telephone: +386 1 8361953
e-mail: info@regionalnisklad.si

STATEMENT

I, the undersigned Velislav Žvipelj, the Acting Director of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas, abbreviated title the Slovenian Regional Development Fund (hereinafter referred to as the "Fund"), Škrabčev trg 9a, 1310 Ribnica, registration number 5940117, declare that:

- No significant events that would impact the Fund's accounting statements for 2019 occurred after the Balance Sheet date as at 31 December 2019,
- The Fund's Annual Report for 2019 was adopted by the Board of Directors as at 25 February 2020,
- I am responsible for the preparation of the Annual Report and to ensure a fair view of the assets and liabilities, as well as the Fund's financial position,
- The Annual Report is drawn up in accordance with the Accounting Law and the Rules on the Preparation, of Annual Reports for the Budget, Budget Users and Other Bodies Governed by Public Law,
- I am responsible for the proper management of accounting, the adoption of adequate measures to protect the assets and the prevention and discovery of fraud and other irregularities or unlawfulness,
- The accounting estimates are prepared in accordance with the principles of prudence and good governance,
- The Fund's Annual Report for 2019 may be published.

Velislav Žvipelj
Acting Director

8 AUDITOR'S OPINION

8.1 ORIGINAL AUDITOR'S OPINION



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

POROČILO NEODVISNEGA REVIZORJA

Vladi Republike Slovenije in nadzornemu svetu

Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja

Poročilo o letnem poročilu

Mnenje

Revidirali smo računovodske izkaze Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja, Škrabčev trg 9a, Ribnica, ki vključujejo bilanco stanja na dan 31. decembra 2019 ter izkaz prihodkov in odhodkov drugih uporabnikov s sestavnima deloma izkazom računa finančnih terjatev in naložb ter izkazom računa financiranja, za tedaj končano leto ter povzetek bistvenih računovodskih usmeritev in druge pojasnjevalne informacije. Pregledali smo tudi letno poročilo.

Po našem mnenju računovodska izkaza s sestavnima deloma v vseh pomembnih pogledih pošteno predstavljata finančni položaj Javnega sklada Republike Slovenije za regionalni razvoj in razvoj podeželja, Škrabčev trg 9a, Ribnica na dan 31. decembra 2019 in izkaz prihodkov ter odhodkov drugih uporabnikov za tedaj končano leto v skladu z Zakonom o računovodstvu.

Podlaga za mnenje

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

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

Druge informacije

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

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

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

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

dovoljenje za opravljanje storitev revidiranja št.: 020-1/12-42 | TRR: SI56 6100 0000 7293 486 | osnovni kapital: 7.500 EUR
matična št.: 6098681000 | davčna št.: SI 25261975

Odgovornost posloводства in pristojnih za upravljanje za računovodske izkaze

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

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

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

Revizorjeva odgovornost za revizijo računovodskih izkazov

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

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

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

Poročilo o drugih zakonskih in regulativnih zadevah

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

izpolnjevanje pravil o obvladovanju kreditnih tveganj na dan 31.12.2019. Prav tako smo revidirali skladnost zadolževanja z drugim stavkom drugega odstavka 10. člena Zakona o spodbujanju skladnega regionalnega razvoja.

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

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

Po našem mnenju so naložbe premoženja, podeljeni krediti, poročstva in prevzete obveznosti ter oblikovane rezervacije za kreditna tveganja na dan 31.12.2019 skladne z določili Zakona o javnih skladih ter zadolževanje skladno s 37. členom Zakona o javnih skladih v povezavi z drugim stavkom drugega odstavka 10. člena Zakona o spodbujanju skladnega regionalnega razvoja.

Resni d.o.o.

Boštjan Šink

pooblaščen revizor



V Ljubljani dne, 28.2.2020

8.2 TRANSLATION OF AUDITOR'S OPINION



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

INDEPENDENT AUDITOR'S REPORT

To the Government of the Republic of Slovenia and the Supervisory Board

of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas

Report on the Annual Report

Opinion

We have audited the enclosed financial statements of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas, Škrabčev trg 9a, Ribnica, which include the Balance Sheet as at 31 December 2019, the statement of revenues and expenses of other users, including the financial receivables and investment account statement, and financing account statement for the then completed year, as well as the notes to the financial statements, including a summary of significant accounting policies. We have also revised the Annual Report.

In our opinion, the enclosed financial statements with the mentioned components present fairly, in all material aspects, the financial position of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas Škrabčev trg 9a, Ribnica, as at 31 December 2019, and the statement of revenues and expenses of other users for the then completed year in accordance with the Accounting Act.

Basis for our opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities on the basis of those standards are described in detail in the paragraph *Auditor's responsibilities for the auditing of financial statements*. In accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Board for Accountants (IESBA Code) and the ethical requirements relating to the auditing of financial statements in Slovenia, we hereby confirm our independence from the Fund and our fulfilment of all other ethical obligations in accordance with those requirements and the IESBA Code.

We believe that the auditing evidence obtained is a sufficient and appropriate basis for our opinion.

Other information

The Management is responsible for other information. Other information comprises a report on operating performance, which is an integral part of the Annual Report of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas, Škrabčev trg 9a, Ribnica, but it does not include financial statements and our auditor's report on it.

Our opinion regarding the financial statements does not relate to the other information referred to above, and we do not provide any assurance whatsoever in connection with that information.

In connection with our audit of the financial statements, it is our responsibility to interpret other information and assess whether it fails to conform materially to the financial statements, legal requirements or with the knowledge we have obtained through our audit, and whether that information is otherwise materially misstated. If on the basis of our work we conclude that there exists a material misstatement of other information, we are obliged to report on such circumstances. In that regard, and based on the procedures described above, we hereby report that:

- other information is in line, in all material aspects, with the audited financial statements;
- other information has been compiled in accordance with the applicable laws and regulations; and
- we did not identify any material misstatements based on our knowledge and understanding of the Fund and its environment, which we gained during our audit.

Responsibility of the Management and responsibility for management of the financial statements

The Management is responsible for the compilation and fair presentation of these financial statements in accordance with the Accounting Act, and for the internal controls that it deems necessary to enable the compilation of financial statements that are free from material misstatements due to fraud or error.

In compiling the Fund's financial statements, the Management is responsible for assessing the ability of the Fund to continue functioning as a going concern, and for the disclosure of matters associated with the company as a going concern as the basis for accounting, unless the Management Board intends to liquidate or wind up the company, or if it has no real choice between one or the other.

The Supervisory Board is responsible for control over the preparation of financial statements and for approving the audited Annual Report.

Auditor's responsibility for the auditing of the financial statements

Our objectives are to obtain acceptable assurance as to whether the financial statements as a whole are free from material misstatements due to fraud or errors, and to issue an audit report that includes our opinion. Acceptable assurance means a high degree of assurance, but no guarantee, that our audit, conducted in accordance with the relevant auditing rules will uncover all material misstatements should they exist. Misstatements may be the result of fraud or errors, and are deemed material if it is reasonable to expect that they may, individually or collectively, impact the business decisions adopted by users on the basis of the financial statements.

We make use of professional assessments and maintain professional scepticism in conducting audits in accordance with auditing rules. We also:

- Identify and assess the risks associated with material misstatements in the financial statements due to fraud or errors, formulate and implement audit procedures as a response to assessed risks, and obtain sufficient audit evidence as the basis for our opinion. The risk that we will fail to uncover material misstatements due to fraud is greater than the risk associated with such an error, as fraud may include secret agreements, forgery, intentional omissions, erroneous interpretations or the avoidance of internal controls.
- Obtain an understanding of internal controls relevant to auditing for the purpose of formulating audit procedures appropriate to the environment, but not for the purpose of expressing an opinion regarding the effectiveness of the company's internal controls.
- Assess the appropriateness of applied accounting policies, as well as the acceptability of accounting estimates and the associated disclosures by the Management.
- Adopt a decision on the acceptability of the Management's application of the assumption of the company as a going concern as an accounting basis, taking into account audit evidence obtained regarding the existence of significant uncertainties with regard to events or circumstances that raise doubts about the ability of the organisation to continue operating as a going concern. Should we adopt a decision on the existence of significant uncertainties, we are responsible for using the auditor's report as a vehicle to raise concerns regarding the appropriateness of disclosures in the financial statements, and for amending our opinion if those disclosures are inappropriate. The auditor's decisions are based on audit evidence obtained up to the date of issuance of the auditor's report. However, subsequent events or circumstances may cause an organisation to cease functioning as a going concern.
- Assess the general presentation, structure and content of the financial statements, including disclosures, and assess whether the financial statements present transactions and events in such a way that a fair presentation is achieved.

- We notify the Supervisory Board and audit committee, inter alia, about the planned scope and timing of the audit, and about significant audit findings, including the lack of internal controls that we identified during our audit.

Report on other legislative and regulatory matters

We have audited the compliance of investments of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas assets with Article 26, the compliance of granting loans under favourable conditions with Article 28, the compliance of guarantees and commitments with Article 29, the compliance of equity investments of other legal entities with Article 32, the compliance of borrowing with Article 37 and the provision of proceedings for credit risk in accordance with Article 36 of the Public Funds Act and the compliance of rules on management of credit risk as at 31 December 2019. Moreover, we have also audited the compliance of borrowing with the second sentence of the second paragraph of Article 10 of the Promotion of Balanced Regional Development Act.

The Management of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas is responsible for the compliance with and fulfilment of rules. One responsibility of an auditor is to express the opinion on consistency and compliance with the rules.

The audit of compliance with legal regulations was performed in accordance with the International Auditing Standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable acceptable assurance that the investments and loans granted of the Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas are in conformity with Articles 26, 28 and 32, the commitments and borrowings in accordance with Articles 29 and 37 of the Public Funds Act and second sentence of second paragraph of Article 10 of the Promotion of Balanced Regional Development Act and the creation of provisions for credit risks in accordance with Article 36 of the Public Funds Act, and that the rules on the formation of credit risks are met.

In our opinion, the investments of assets, granted loans, guarantees and commitments and the creation of provisions for credit risks as at 31 December 2019 are in accordance with the provisions of the Public Funds Act, and the borrowing in accordance with Article 37 of the Public Funds Act in connection with the second sentence of second paragraph of Article 10 of the Promotion of Balanced Regional Development Act.

Resni d.o.o.

Boštjan Šink

Certified Auditor

In Ljubljana, 28 February 2020