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ANNUAL REPORT 2023

OF THE SLOVENIAN REGIONAL

DEVELOPMENT FUND

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Summary

The Slovenian Regional Development Fund (hereafter "the SRDF") plays a pivotal role in achieving public objectives in regional and rural development. The SRDF oversees all aspects of the improvement and implementation of objectives in all areas of regional policy, rural development policy, the balanced development of rural activities, and endogenous regional policy initiatives.

The SRDF's primary focus is the implementation of regional policy measures and programmes by placing financial incentives aimed at various organisations, businesses, and other entities operating within individual regions. In addition to its primary duty, the SRDF serves as the Certifying Authority for three INTERREG cross-border programmes, which will be implemented by the end of 2023.

The SRDF's incentives have made a significant contribution to the implementation of the national policy for regional and rural development, with four programmes being implemented in 2023 (the Entrepreneurship Programme (BIZI), the Agriculture and Forestry Programme (AGRO), the Local Authorities and Other Parts of the Public Sector Programme (LOKALNO) and the Non-profit organisations Programme (NVO)). Projects in the area inhabited by the Italian and Hungarian autochthonous national communities (hereinafter referred to as the ANC) were also promoted within the NVO programme. The individual incentives within each programme have been developed with content tailored to the specific needs of the beneficiaries. In 2023, most of the SRDF's incentives were in the form of loans (with or without State aid elements), to support the transition to a green economy, digitalisation, and sustainable natural resource management.

The SRDF offers incentives based on a biennial Business and Financial Plan. To design the financial products, the SRDF has made two amendments and additions to the 2022-2023 BFP for 2023, which increased the financial incentive implementation plan by €40 million to €59 million.

The SRDF monitors the number of contracts concluded with beneficiaries awarded funding to ensure implementation is on track. In 2023, the SRDF launched 13 financial products under nine calls for tenders. The SRDF's expert panels met weekly to review the applications received and make recommendations to the Loan Committee. A total of 210 financing agreements were concluded in 2023, based on the financing decisions issued. The total value of the contracts concluded was €52.55 million. The available resources enabled the SRDF to implement projects with a total value of €145.22 million.

The successful implementation of the SRDF's field of work also requires an appropriate internal organisation. In 2023, the process was conducted in three sectors: the Financial Incentives Sector, the General Sector, and the Finance Sector, which includes Certifying Authority. At the end of 2023, the personnel consisted of 24 people: the Director, 23 permanent employees and two individuals who fulfilled the duties of the Certifying Authority, within the framework of ETC Technical Assistance.

The SRDF recognises the importance of human resources and invests continuously in the training and systematic development of its personnel competencies. It fosters a culture of continuous learning, where personnel can benefit from the collective experience and expertise of the organisation. This encourages collaboration and knowledge sharing, with personnel learning from each other and external colleagues. In 2023, the SRDF's personnel participated in a range of educational events and training sessions relevant to their field of activity or the SRDF's operations. These included sessions on e-business, its transition and related IT security.

As an ISO standard holder, the SRDF contracted an auditor to conduct an internal and external audit, in 2023. The audit confirmed that the SRDF adheres to the highest quality management standards by the principles of ISO 9001:2015. No non-conformities were identified during the audit.

Providing informational and technological support is of critical importance in the implementation of the financial incentive process and the monitoring of approved loans. In 2023, the SRDF continued to invest in the optimisation and information security process, with activities focused on cyber risk analysis, security improvements and staff training/awareness. The SRDF's approach demonstrates the organisation's initiative-taking pursuit of European objectives, which encourage a green transition, digital transformation, sustainable use of resources, and so on. This is achieved by digitising work processes, which significantly reduces the consumption of paper, office supplies and printers, as well as energy consumption.

In discussing the SRDF's economic management, it is essential to highlight the SRDF's approach to managing its dedicated assets in alignment with its purpose and objective of preserving and enhancing its value. The SRDF plans its investments meticulously and minimises its operating costs. The SRDF's dedicated assets increased by €32.4 million compared to the previous year, due to the recapitalisation and the SRDF's positive financial performance in 2023. This has enabled the SRDF to preserve and dedicate its assets. The growth in dedicated assets is a key factor in the SRDF's ability to increase the volume of financial incentives distributed in the future and, as a result, enhance its relevance in the regional policy measures implementation.

Essential financial data on the operation of the SRDF in 2023 are:

- total revenue: €7,905,524,
- total expenditure: €5,820,154,
- surplus of revenue over expenditure: €2,085,370,
- dedicated assets: €162,700,446.



INDEX

	ABOUT THE SRDF	Error! Bookmark not defined.
1	Key Data	
	1.1 Impact of the SRDF	2
	1.2 General Data	2
	FOUNDATIONS	Error! Bookmark not defined.
2	Macroeconomic Framework	
	2.1 World and Europe	3
	2.2 Slovenia	4
	2.3 The SRDF	5
	KEY BASES	6
3	Legal and Strategic Bases	
	3.1 Fundamental Laws and Regulations	6
	3.2 Fundamental Internal Acts	7
	3.3 EU in RS Strategy Paper	7
	ORGANISATION OF WORK	11
4	Organisation of Work and Personnel	
	4.1 Organisation of Work and Personnel	Error! Bookmark not defined.
	4.2 Internal Working Bodies	13
	4.3 The Supervisory Board and its Work in 2023	Error! Bookmark not defined.
	FINANCIAL INCENTIVES	15
5	Results in the Field of Incentives	
	5.1 Introductory Notes	15
	5.2 Sources of Funding for Financial Incentives	15
	5.3 Entrepreneurship Programme (BIZI)	17
	5.4 Agriculture and Forestry Programme (AGRO)	22
	5.5 Local Authorities and Other Parts of the Public Sector Programme (LOKALNO)	27
	5.6 Non-Profit Organisation Programme (NVO)	30
	5.7 Summary of the Implementation of Financial Incentives in 2023	33
	5.8 Regional Impact of the Financial Incentives of the SRDF	35
	5.9 Impact of SRDF Incentives by Programme and Purpose	37
	5.10 Incentive-related Activities	40
	GENERAL OPERATIONS	Error! Bookmark not defined.
6	Results in the Field of General Operations	
	6.1 General Operations Results	42
	6.2 Internal Development of the SRDF's Operations	44
	6.3 Cooperation with External Organisations	45
	6.4 Risk Management	45
	6.5 Participation in ETC Programmes	47
	FINANCIAL REPORT	54
7	Financial Statements and Their Explanatory Notes	
	7.1 Financial Statements	54
	7.2 Notes to the Balance Sheet	60
	7.3 Explanatory Notes to the Statement of Revenue and Expenditure	69
	7.4 Explanatory Notes to the Financial Receivables and Investments Account Statement	72
	7.5 Explanatory Note to the Financing Account Statement	73
	7.6 Surplus under the Fiscal Rule	73
	ASSETS AND INVESTMENTS	Error! Bookmark not defined.
8	Financial Assets and Investment Management	
	8.1 SRDF'S Funding and Investments	74
	8.2 Performance of Tasks under Contract	76

Explanation of Abbreviations

Abbreviations	Explanation
ANC	Autochthonous National Communities (Hungarian and Italian)
ECB	European Central Bank
EC	European Commission
ESF	European Social Fund
EU	European Union
EURIBOR	Euro Interbank Offered Rate
FED	Federal Reserve System
IT	Information Technology
IMF	International Monetary Fund
DDI	Development Deficiency Index
CPC	Commission for the Prevention of Corruption
MDP (before GODT)	Ministry of Digital Transformation (before Government Office of Digital Transformation)
MF	Ministry of Finance
METS (before MEDT)	Ministry of the Economy, Tourism and Sport (before Ministry of Economic Development and Technology)
MAFF	Ministry of Agriculture, Forestry and Food
MCRD	Ministry of Cohesion and Regional Development
BPA	Border Problem Areas
RES	Renewable Energy Source
BFP 2022-2023	Business and Financial Plan 2022-2023
PHARE	Poland and Hungary: Assistance for Restructuring their Economies
EIB Contract	SRDF LOAN FOR SMES & OTHER PRIORITIES (COVID-19) «, No. 92.491 (SI)
Contract FI in Agriculture	Contract No. 2330-23-000071 on the transfer of assets for the implementation of financial instruments in agriculture for the period 2023-2027; concluded with the MAFF
Contract MCRD 2022	Contract No. C2130-22G10001 on the transfer of dedicated assets to the SRDF in 2022
Contract MCRD 2023	Contract No. C1630-23G900097 on the transfer of dedicated assets to the SRDF, in 2023
Contract NOO	Contract No. C1630-23G900001 on the delegation of part of the tasks and the implementation and financing of the Public Call for Incentives for the co-financing of initial investments in BPA under the Recovery and Resilience Plan as one of the calls for tenders in the framework of the investment under NOO C3K9IC.
BL	Budget line
Contract ZPGOPEK	Contract No. C1630-23G900099-ZPGOPEK on the transfer of assets to increase the SRDF's dedicated assets for the implementation of financial incentives per Article 49 of the Act on economic aid to mitigate the consequences of the energy crisis (ZPGOPEK) and Article 54(1) of the Act on amendments and supplements to the Act on the elimination of the consequences of natural disasters - ZOPNN-F
CP 14-20	Cooperation Programme (European Territorial Cooperation Programme) 2014-2020
RGS	Regional Guarantee Schemes
CAP SP 2023-2027	Common Agricultural Policy Strategic Plan 2023-2027
GTC	SRDF's General Terms and Conditions
SRDF	Public Fund of the Republic of Slovenia for Regional and Rural Development /Slovenian Regional Development Fund
SVRK	Government Office for Development and European Cohesion Policy (24 January 2023 reorganised under Ministry of Cohesion and Regional Development)
EE	Efficient use of Energy
Block Exemption Regulation	Commission Regulation (EU) 2022/2472 of 14 December 2022 declaring certain categories of aid in the agriculture, forestry, and rural areas compatible with the

	internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OG RS No. 327, 21 December 2022, p. 1)
LP	Leading partner
ZRC SAZU	Research Centre of the Slovenian Academy of Sciences and Arts
ZSRR-2	Promotion of Balanced Regional Development Act - ZSRR-2, (OG RS No. 20/11, 57/12, 46/16, 18/23 - ZDU-10)

A **ANNUAL REPORT**

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

1.1 Impact of the SRDF

Mission

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

Vision

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

1.2 General Data

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

Short title: Slovenian Regional Development Fund

Short title (slo) Slovenski regionalno razvojni sklad

Headquarters: Škrabčev trg 9a, 1310 Ribnica

Website: www.srrs.si

Title, Headquarters

Founder: Government of the Republic of Slovenia

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

SKD: 84.130 Regulation of economic areas for more efficient operations

Organisational Form: Public Fund

Responsible Ministry: MCRD

Dedicated assets: €162,700,446.76 (as of 31 December 2023)

Tax No: 92466834

Registration No: 5940117

Information on establishment



Director: Matjaž Ribaš

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

The SRDF Body/Director



Supervisory board: 7 members

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

- PhD Robert Drobnič, MCRD, President
- Mag. Hermina Oberstar, MAFF, deputy Pres.
- Mag. Maja Čepin, MCRD
- Mag. Simona Hočevar, MPA
- Mag. Nataša Kokol Car, MF
- Franci Bratkovič, RC Novo mesto
- PhD Jani Kozina, ZRC SAZU

The SRDF Body/Supervisory Board

2.1 World and Europe

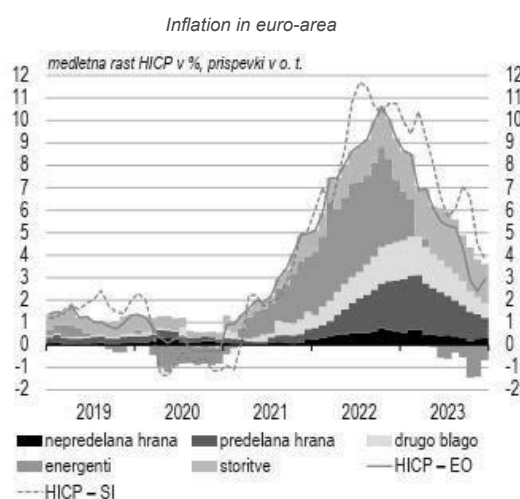
The global economy continued its gradual recovery in 2023, with 3.1% growth. This followed the impact of the COVID-19 pandemic, the Russian invasion of Ukraine and the cost-of-living crisis. The second half of 2023 saw stronger-than-anticipated economic growth in the US and several major markets and developing economies. Government and private consumption contributed to it, with households drawing on their savings accumulated during the pandemic, supply boomed and supply chains were unwound. Furthermore, the rise in wholesale natural gas prices in the US compared to Europe has been minimal, as the country is not reliant on imports from Russia due to its substantial domestic production.

The upward momentum was not felt across the board, with a slight growth in the euro area. This reflected weaker consumer sentiment, the ongoing effects of high energy prices, and a slowdown in interest rate-sensitive production and business investment. The seven countries that form the euro area, including Germany and Austria, ended 2023 with negative economic growth, while growth for the entire euro area was a modest 0.5%.

Among the advanced economies, apart from the euro area and the United Kingdom and Canada, growth was weak, when compared to the previous period. China's economy, despite fiscal support, grew by 5.2% and lagged India's high growth, due to the real estate sector, which is hindering the broader economic recovery.

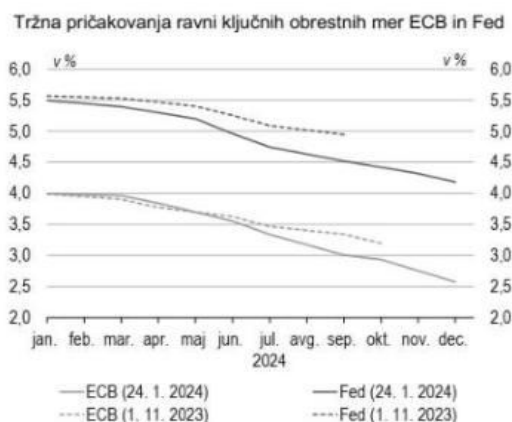
In response to the ongoing economic recovery, governments in advanced economies have eased fiscal policy, with the US taking a more initiative-taking approach than other regions, including the euro area. In developing economies, where output has on average fallen further below pre-pandemic levels, the IMF (International Monetary Fund) estimates that the fiscal stance has been on average neutral. The exceptions are Brazil and Russia, where fiscal policy eased in 2023. In low-income countries, liquidity pressures and elevated interest costs have resulted in a lack of investment, which is hindering the recovery from significant output losses relative to pre-epidemic trends.

The decline in inflation has been more rapid than anticipated at the global level. Furthermore, the impact of inflation on employment and economic activity has been more limited than initially expected. Global headline inflation in the fourth quarter of 2023 is expected to be around 0.3 percentage points lower than in the October 2023 World Economic Outlook (WEO) forecast. This reflects the moderation of price shocks related to energy prices. The number of jobs decreased, while unemployment rose slightly, and the supply of labour increased. Wage growth has remained subdued, failing to keep pace with price increases. In the short term, inflation expectations have declined in the major economies, while longer-term expectations remain stable. While developments in the Middle East, reflected so far mainly in higher shipping costs, pose a risk to a slower moderation of inflation, a further escalation of geopolitical tensions could trigger a resurgence in energy prices and challenge the stability of global supply chains. The resilience of core inflation, which has persisted at higher levels than headline inflation, is also a further concern about the pace of the decline in inflation.



Source: Eurostat, Bank of Slovenia calculations, latest data December 2023, in Macroeconomic Trends Review, January 2024, Bank of Slovenia, p. 9.

The primary central banks acted by increasing interest rates, which has led to higher funding costs, difficulties for companies in refinancing debt, limited credit availability and a weakening of business and residential investment. Long-term borrowing costs remain high in both advanced and emerging market economies, in part due to rising public debt. Additionally, central banks' decisions on interest rates are becoming increasingly asynchronous. At the end of the year, all three key interest rates in the Euro system remained unchanged, while the Federal Reserve Board (FED) kept its key interest rate unchanged in December. The European Central Bank (ECB) and the Federal Reserve Board (FED) have indicated that they intend to make several cuts in their respective marginal lending and key interest rates until the end of 2024.



Source: Bloomberg, Bank of Slovenia calculations, in Macroeconomic Trends Review, January 2024, Bank of Slovenia, p.13.

The outlook for economic activity remains subdued. The primary risks are geopolitical tensions in the Middle East and the war in Ukraine. Should these intensify, they could result in volatility in commodity and energy markets and disruptions in supply chains. Other potential risks include tighter financial conditions, a slowdown in the Chinese economy and weather-related disasters. The World Bank's January forecasts indicate that global economic growth is expected to slow to 2.4%¹ this year.

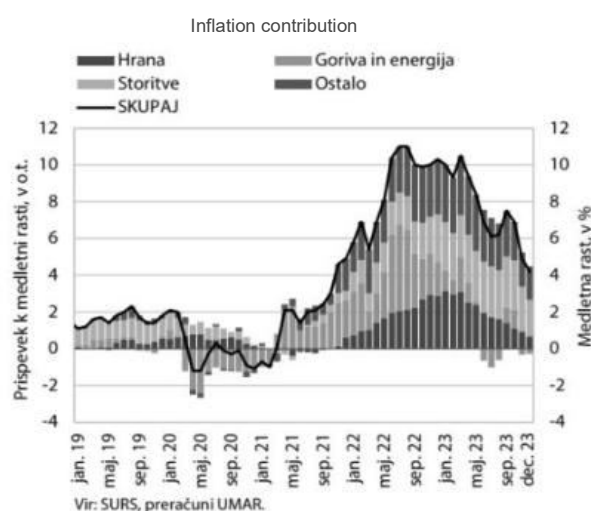
2.2 Slovenia

By the end of 2023, most short-term economic indicators for Slovenia showed improvement. However, apart from construction and some sectors of household expenditure, these figures have not yet reached the levels seen a year earlier. Following negative performance, competitiveness indicators have improved marginally in the fourth quarter of 2023. However, they continue to reflect a less favourable position for Slovenian exporters in price competitiveness. Slovenia's export market share in the EU market increased further year-on-year in the third quarter but remained below the level before the onset of the energy crisis. The value of the economic climate indicator increased further in December compared to November 2023 but remained below the level recorded in December 2022.

The impact of high energy prices, which had the greatest impact on energy-intensive industries, has started to ease. However, manufacturing output was 3.2% lower year-on-year in the first eleven months of 2023 than in the previous year.

Year-on-year inflation declined to 4.2% at the end of 2023, a reduction of more than half compared to December 2022 (10.3%). All significant categories of consumer goods have demonstrated a downward trend in price increases. Compared to the beginning of the year, two key factors have contributed to the moderation in inflation: a reduction in food price increases, and a decrease in energy prices.

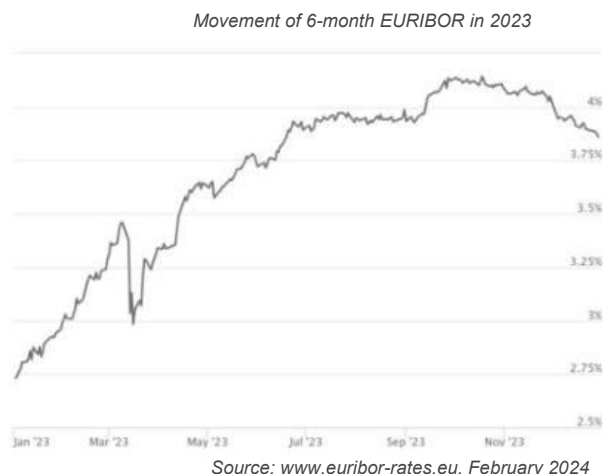
The year-on-year growth rate for the number of employed people slowed further in October 2023. This was primarily due to a reduction in the number of individuals employed in manufacturing in October 2023, when the proportion of foreign nationals employed in the UK was 14.7%, representing a 0.9 percentage point increase compared to the previous year. The construction industry (48%), transport and storage (33%) and other diversified business activities (27%) stand out in terms



¹ Bank of Slovenia: Macroeconomic Trends Review, January 2024, p.6, found at https://bankaslovenije.blob.core.windows.net/publication-files/pregled-makroekonomskih-gibanj-januar-2024_l2.pdf

of the share of foreign nationals in total employment. The upward trajectory of EURIBOR rates continued throughout 2023, with the only respite being the last two months of the year. In 2023, credit to the domestic non-bank sector has been on a downward trajectory. Credit to corporates and non-financial institutions has decreased throughout the year, reflecting the moderating economic activity and higher interest rates. The year-on-year decrease of 7.8% is the largest since November 2016.

The yield to maturity on euro-area sovereign bonds fell in the fourth quarter of 2023. In December 2023, the yield to maturity of the Slovenian bond fell below 3% for the first time since September 2022. A year earlier, it was still 3.41%. This is still 89 bps higher than the yield on the German bond.



2.3 The SRDF

The rise in interest rates impacted the increase in interest income for the SRDF. There was an increase in interest income on loans granted to SRDF's clients, as well as in interest income on unrestricted assets, which are invested in deposits with the Treasury of the Ministry of Finance (MF).

Loans to SRDF's clients have seen a boost to their interest income from index-linked loans concluded in previous years, with many of these loans being linked to the 3-month EURIBOR. From 2021 onwards, the SRDF has made more fixed-rate loans available to its clients. This reduces the volatility of the SRDF's interest income concerning changes in the EURIBOR level and provides borrowers with a predictable level of interest liabilities in the long term, thus facilitating liquidity planning.

In August 2023, Slovenia was hit by floods and storms, which also affected the operations of the SRDF's clients. The State's intervention measures to address the consequences of the floods and landslides included allowing all borrowers of public resources to defer payments of their obligations under credit agreements. This resulted in a loss of revenue for these resources. Only a small number of deferral applications were submitted by borrowers within the legal deadline. This will not lead to a significant decrease in the revenue of the SRDF in the following year compared to the original projections.

The slightly weaker economic situation in Slovenia's largest EU trading partners has not yet had a significant impact on the fulfilment of borrowers' obligations to the SRDF. However, there was a slight increase in the number of defaults in 2023. Thanks to the enhanced recovery efforts implemented by the SRDF over the past two years, defaults in 2023 remain within a manageable range. The SRDF anticipates that the number of contract cancellations and recovery proceedings will increase in the coming period, particularly in the liquidity segment of the loans granted as part of the country's response to the COVID-19 crisis.

3.1 Fundamental Laws and Regulations

The Public Funds Act



The Public Funds Act, ZJS-1 (OG RS, No. 77/08, 8/10-ZSKZ-B, 61/20-ZDLGPE, 206/21-ZDUPŠOP), which regulates public resources and thus also the SRDF as a status form of a legal entity under public law. Article 24 of ZJS-1 prescribes that a public Fund must have general operating conditions that define the criteria, conditions, procedures, and scope of incentives for individual beneficiaries, mutual rights and obligations of the fund and the beneficiary of incentives, which is the legal basis for adopting the GTC.

The Act Regulating the Use of Assets arising from the Proceeds ...



The Act Regulating the Use of Assets Arising from the Proceeds Based on the Ownership Transformation of Companies Act, ZUKLPP (OG RS, No. 45/95, 34/96, 60/99-ZSRR, 22/00-ZJS, 67/01, 47/02), which determines the share of purchase prices with which the SRDF's dedicated assets increase. This is the only systemic source for increasing the SRDF's dedicated assets.

The Promotion of Balanced Regional Development Act



The Promotion of Balanced Regional Development Act, ZSRR-2 (OG RS, No. 20/11, 57/12, 46/16), which determines the manner of mutual coordination of the State and municipalities in the planning of regional policies and the implementation of regional development tasks, activities, and performance of development tasks in the development region and regional policy measures. Article 10 defines the role of the SRDF, which is based on public authorisation:

- may, based on contracts with direct budget users, grant and provide financial incentives within their competence,
- allocates and provides financial incentives from its dedicated assets and state budget resources,
- establishes and implements Regional Guarantee Schemes (RGS), microcredit, and other business support schemes, which are implemented at the level of the entire region,
- under Article 30a, the SRDF may also implement urgent regional policy measures.

The Rules on the Granting of Incentives



- The Decree on the Methodology of Determining the Development Rate of Municipalities in 2022-2023 (OG RS, No. 208/21, 132/23),
- The Decree on the Implementation of Endogenous Regional Policy Measures (OG RS, No. 16/13, 78/15, 46/19, 63/23),
- The Decree on the Regional Aid Map 2022-2027 (OG RS, No. 15/22, 44/23),
- The Regulations on the Procedure of Standards and Manners to Allocate Assets for the Promotion of the Evolutional Programme and the Preferential Tasks (OG RS, No. 56/11),
- The Rules on the Classification of Development Regions by the Level of Development for the Programming Period 2021-2027 (OG RS, No. 118/21),
- The Triglav National Park Act, ZTNP-1 (OG RS, No. 52/10, 46/14-ZON-C, 60/17, 82/20, 18/23 – ZDU-10),
- The Agriculture Act, ZKme-1 (OG RS, No. 45/08, 57/12, 90/12 – ZdZPVHVVR, 26/14, 32/15, 27/17, 22/18, 49/20 – ZIUZEOP, 61/20 – ZIUZEOP-A, 175/20 – ZIUOPDVE, 203/20 – ZIUPOPDVE, 15/21 – ZDUOP, 86/21 – decision US, 112/21 – ZIUPGT, 123/21, 44/22, 130/22 – ZPOmK-2, 18/23, 78/23)

The Regulations in the Field of State Aid



- The Monitoring of State Aids Act, ZSDrP (OG RS, No. 37/04), which regulates the notification procedure, the obligation to report and record state aid and the assessment of the conformity of state aid that does not need to be notified to the EC,
- The Decree on Granting Regional Aid and Methods for the Implementation of Regional Employment Initiatives and Employment Investment Tax Relief (OG RS, No. 93/14, 77/16, 14/18, 168/20, 121/21, 27/22, 47/22).

- The Regulation on the Submission of Information and Reporting on State Aid Granted and Aid Granted under the “de minimis” rule (OG RS, No. 61/04, 22/07, 50/14)
- The Regulation on the Submission and Reporting of Information on State Aid in the Agriculture and Fisheries Sector (OG RS, No. 74/04)

The Regulations Regarding Border Problem Areas



- Decree Determining BPA (OG RS, No. 22/11, 97/12, 24/15, 35/17, 101/20, 112/22).

The Regulations in the Field of Financial Operations



- The Accounting Act, ZR (OG RS, No. 23/99, 30/02, 114/06-ZUE)
- The Public Finance Act, ZJF (OG RS, No. 11/11-official consolidated text, 14/13-corr., 101/13, 55/15-ZFisP, 96/15 – ZIPRS1617, 13/18,195/20, 18/23-ZDU-10, 76/23)
- The Rules on the Unified Chart of Accounts for the Budget, Budget Users and Other Persons Governed by Public Law (OG RS, No. 112/09, 58/10, 104/10, 104/11, 97/12, 108/13, 94/14, 100/15, 84/16, 75/17, 82/18, 79/19, 10/21, 203/21,158/22, 133/23)
- The Rules on the Preparation of Annual Reports for the Budget, Budget Users, and Other Public Law Entities (OG RS, No. 115/02, 21/03, 134/03, 126/04, 120/07, 124/08, 58/10, 104/10, 104/11, 86/16, 80/19, 153/21,133/23)
- The Rules on the Breakdown and Measurement of Income and Expenses of Legal Entities under Public Law (OG RS, 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, 133/23)
- The Instructions on the Preparation of the Final Account of the State and Municipal Budgets and the Methodology for the Preparation of the Report on the Achieved Goals and Results of Direct and Indirect Users of the Budget (OG RS, No. 12/01, 10/06, 8/07, 102/10)
- The Rules on the Manner and Rates of write-off of Intangible Long-term Assets and Property, Plant, and Equipment (OG RS, No. 45/05, 114/06, 138/06, 120/07, 48/09, 112/09, 58/10, 108/13, 100/15),
- The Rules on the Method and Time Limits for Reconciling Receivables and Payables according to Article 37 of the Accounting Act (OG RS, No. 108/13).

3.2 Fundamental Internal Acts

The Instrument of Incorporation



The Instrument of Incorporation of the SRDF, No. 01401-4/2009/6 of 23 July 2009 (with amendments and supplements, clean copy SV 60/23 of 11 January 2023), which harmonises the operation of the SRDF with the provisions of ZJS-1 and ZSRR-2.

The General Terms and Conditions



General Terms and Conditions of 8 November 2019 (with amendments and supplements of 7 May 2020, hereinafter referred to as the GTC), which derive from the provisions of the ZSRR-2 and are based on awarding incentives, are considered an integral part of the public tender for each form of incentive and determine (1) the purpose and forms of financial incentives, (2) the method of granting of the financial incentives, (3) the criteria for determining the beneficiaries of financial incentives, (4) the extent to which and the conditions under which financial incentives are to be granted, (5) the procedure for the selection of beneficiaries and the granting of financial incentives, (6) the rights and obligations of the SRDF and the beneficiary or applicant after the granting of financial incentives, and (7) the transitional and final provisions.

The SRDF's Business Policy for 2022-2026



The SRDF's Business Policy 2022-2026 sets out the basic guidelines for the SRDF's activities in the medium-term period 2022-2026.

The Rules on the Granting of Incentives



The Rules on the Granting of Incentives of 19 May 2015 (with amendments and supplements of 2 April 2015, 12 August 2015, 4 March 2016, 2 June 2016, 28 October 2016, 28 December 2016, 20 November 2017, 11 April 2018, 25 July 2018, 22 May 2019, 5 October 2021, 22 March 2022 and 3 May 2022, 22 March 2023 and 3 October 2023), which together with the GTC represents the basis for granting incentives and defines the implementation of measures in the fields of (1) regional state aid rules, (2) "de minimis" aid, (3) agriculture and forestry, (4) promoting local and regional public infrastructure projects, (5) pre-

financing of projects, and (6) changes in the dynamics of payment, rescheduling, and write-off of liabilities to the SRDF.

The Rules on the Granting of State Aid in the Form of Liquidity Loans ...

The Rules on the granting of State aid in the form of liquidity loans granted under the Temporary Framework for Crisis Situations and the Transition to State Aid Measures in Support of the Economy following the Aggression of Russia against Ukraine on 18 October 2023 define the conditions for obtaining a liquidity loan under the current Temporary Framework for Crisis Situations and the Transition to State Aid Measures in Support of the Economy following the Aggression of Russia against Ukraine.

The Rules on Insurance of Incentives

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

3.3 EU and RS Strategy Papers

Europe 2020 - A Strategy for Smart, Sustainable, and Inclusive Growth

A strategy for smart, sustainable, and inclusive growth (EC Communication, 3 March 2010) contains a vision of the social market economy of Europe for the 21st century, with the overarching objectives of:

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

European Strategic Agenda 2019-2024

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

The Partnership Agreement

The Partnership Agreement (September 2022; approved by the EC on 12 September 2022) is a strategic document that forms the basis for drawing assets from the EU funds 2021-2027 and presents a list of national and regional programmes, including the indicative annual allocation for each programme. The Partnership Agreement allows Slovenia to receive €3.26 billion over 2021-2027. This financing will be used to reduce development disparities between the country's regions, promote innovation and competitiveness, enable the economy's digital transformation, make investments in social inclusion, training, and employment, and help Slovenia meet its climate and biodiversity objectives.

The Slovenian Development Strategy

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

The Smart Specialisation Strategy

The Smart Specialisation Strategy (adopted by the Government on 20 September 2015; endorsed by the EC on 5 November 2015) is strategically oriented towards sustainable technologies and services for healthy living, which should position Slovenia as a green, active, healthy, and digital region with top-quality conditions for creation and innovation, focused on the development of medium- and high-tech solutions in niche areas. In the 2014-2020 programming period, version 4 of the Smart Specialisation Strategy (S4) was a precondition for the release of resources from the Operational Programme for the Implementation of the European Cohesion Policy. The Smart Specialisation Strategy remains the basis for the implementation of the European Cohesion Policy in the period 2021-2027, and a 5th version of the Smart Specialisation Strategy (S5) is already in draft, which will allow the release of resources linked to investments under Policy Objective 1 - Smart Europe. In the transition to S5, the strategy sets as a central objective the green transition, which cannot be achieved without appropriate skills and competencies, nor without appropriate and sufficiently developed tools, i.e. key enabling technologies, including ICT. Starting from the key strategic objective, the priorities for a green or sustainable orientation are embedded in most verticals and horizontals. S5 - like S4 - is an implementation document of already adopted Slovenian strategic documents (e.g. Research and Innovation Strategy, Slovenian Industrial Policy, etc.).

The Common Agricultural Policy Strategic Plan 2023-2027

The Common Agricultural Policy Strategic Plan for the period 2023-2027 (CAP SP 2023-2027), which was approved by the EC on 28 September 2022, sets out a series of actions (i.e. interventions) to implement the nine specific objectives of the European CAP and the horizontal objective on the dissemination of knowledge, innovation, and digitisation. The CAP SP 2023-2027 therefore fully aligns with all three overarching objectives: competitiveness and resilience of the agricultural sector, protection of the environment and climate, and coherent rural development. On 29 September 2023, the EC approved the second amendment of the CAP SP 2023-2027 by the Commission Implementing Decision of 29 September 2023 on the approval of the amendment of the CAP SP 2023-2027 for Slovenia for Union support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (CCI: 2023SI06AFSP001).

The Resolution on Slovenia's Long-term Climate Strategy for 2050

In July 2021, the National Assembly adopted the Resolution on Slovenia's long-term climate strategy for 2050. The strategy vision is for Slovenia to become climate-neutral and resilient by 2050, based on sustainable development. By 2050, the country will achieve net zero emissions, i.e. carbon removal will equal to other anthropogenic greenhouse gas emissions (Resolution on Slovenia's long-term climate strategy 2050 (ReDPS50), 2021). The Strategy includes emission reduction objectives for 2030 and indicative milestones for 2040 as set out in the National Energy and Climate Plan (NECP). The Strategy includes mitigation objectives for energy supply, industry, transport and mobility, buildings - households and services, agriculture, land use, land use change forestry and other sectors. The overall target for 2030 is a reduction of 36% compared to 2005, of which 20% will be achieved outside the EU ETC. The target for 2040 is an overall reduction of 55-66% compared to 2005. The strategy also foresees a further intensification of efforts based on new science and the EU's targets of a 55% reduction by 2030. This can be achieved through more action in the transport sector.

The National Energy and Climate Plan

The National Energy and Climate Plan (hereinafter referred to as NECP) was adopted in February 2020 and addresses the five dimensions of the Energy Union: decarbonisation, energy efficiency, energy security, the internal energy market and research, innovation, and competitiveness. In 2023, the NECP is in the process of being renewed in line with the state of play of its implementation and the EU's latest climate targets.

EU Taxonomy

To meet Europe's 2030 climate and energy targets and the objectives of the European Green Deal, private investment must also be directed towards sustainable projects and activities. To encourage environmentally sustainable investments, the EC has introduced the EU Taxonomy for Sustainable Activities. The EU Taxonomy is a classification system of environmentally sustainable economic activities that provides companies, investors, and policymakers with clear definitions of economic activities that can be considered environmentally sustainable. While the EU Taxonomy has been designed primarily for financial market participants to help identify projects that support the green transition, the EU Taxonomy Regulation also includes important definitions of the "no significant harm" principle. These general concepts are also applicable to EU-funded activities under the Recovery and Resilience Fund (RRF), the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund

for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF) and the Just Transition Mechanism (JTM).

The INTERREG Cooperation Programmes



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

Other Important Documents



- The EU Regulation No. 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the ERDF and laying down specific provisions for the Investment for growth and jobs goal and repealing Regulation (EC) No. 1080/2006.
- The EU Regulation No. 1299/2013 of the European Parliament and of the Council of 17 December 2013 laid down specific provisions for support from the ERDF to the ETC goal.
- The EU Regulations No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down general provisions on the ERDF, the ESF, the Cohesion Fund, the EAFRD and the EMFF and repealing Council Regulation (EC) No. 1083/2006.
- The European Cohesion Policy Programme 2021-2027 in Slovenia (October 2022).
- The EU Regulations 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on, and financial rules for, the ERDF, the ESF, the Cohesion Fund, the Fair Transition Fund and the EMFF, as well as for the Asylum, Migration, and Integration Fund (AMIF), the Internal Security Fund (ISF) and the instrument for financial support for border management and visa policy.
- The EU Regulations 2021/1059 of the European Parliament and of the Council of 24 June 2021 laying down specific provisions for the European territorial cooperation (Interreg) objective supported by the European Regional Development Fund and the external financing instruments.

Key Objectives by Strategic Documents



Clever, Inclusive Growth

RRI, raising productivity, transforming tourism, including cultural heritage)



Healthcare, Social Security

Improving quality of life, access to healthcare, sustainable development of urban rural and coastal areas, etc.



Digital Transformation

Strengthening and modernizing digital infrastructure, developing advanced technological solutions, etc.



Green Gateway/ Low Carbon Europe

Renewable energy, energy efficiency, building renovation, circular economy),



Promoting Food Security

- Sufficient, affordable, and nutritious food within the limits of the planet
- Sustainable food production with a significant reduction in the use of pesticides, antimicrobials, and fertilizers
- Sustainable consumption of food and healthy diets
- Reduction of food loss and waste

4.1 Organisation of Work and Personnel



Essential tasks:

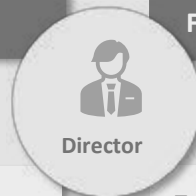
- Implementation of public tenders
- Consulting
- Examination of applications according to tenders
- Conclusion of contracts with investors
- Absorption of funds under contract
- Monitoring of projects and achievement of project impacts
- Consultancy

Financial Incentives Sector

Essential tasks:

- Accounting and payment transactions
- Planning of financing and liquidity
- Monitoring and management of credit risks
- Management of contracts of given incentives
- Preparation of financial and statistical reports
- Accounting Function on ETC Programmes

Finance Sector



Essential tasks:

- Head Office
- Status-legal matters
- Human Resources Management
- Asset Management
- Management of strategic documents
- Internal audit and compliance of operations; ISO standard
- Management of non-performing investments
- Marketing and promotion

General Sector

Essential tasks:

- Planning IT development and expansion
- Development of data collection, analysis and reporting solutions
- Development of an electronic document system
- Maintenance of systems
- Cyber security
- Cooperation with external application software providers

IT



Personnel

In 2023, the internal organisation of initiative-taking personnel took place in three sectors. As of 31 December 2023, the SRDF employed 24 individuals, comprising a director for a fixed term of office until 31 December 2024 and 23 individuals for an indefinite period. Two individuals were also employed on a part-time basis to perform the accounting function on the ETC programmes. Considering the substantial increase in workload, the SRDF has commenced the recruitment process for two additional positions in 2024, in line with the personnel establishment plan.

The SRDF's Educational Structure



The SRDF's educational structure is as follows: two individuals have obtained a Master of Science or similar degree (sub-level 8/1), 16 individuals hold a level II higher education qualification (sub-level 7), four individuals a level I higher education qualification (sublevel 6/2), one individual holds a post-secondary higher education qualification (sublevel 6/1), and one individual holds a secondary education qualification (sublevel 5).

Education

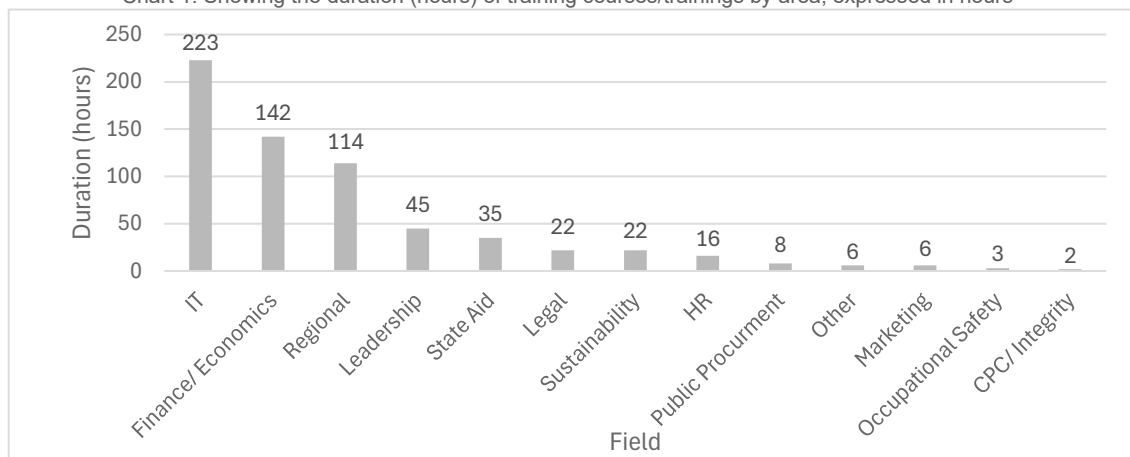


The SRDF is conscious that human resources are key, and as a result, it continuously invests in training and developing the competencies of its personnel, which led to a consistent increase in the volume of provided training. Professional education and training are designed to align with the specific requirements of each role, enabling employees to improve their professional skill sets to meet the demands of their roles.

In 2023, the SRDF provided 644 hours or 16 working weeks of personnel training, from which 29% of the training was provided free of charge, while 71% was fee-based, amounting to €19,864.86. The employee training was delivered in the form of live events (76%) and webinars (24%).

Per Chart 1, the training courses differed in terms of content or subject matter. The largest share of training (223 hours) was in IT, with a focus on cybersecurity. The next most popular area of training was finance and economics, with 142 hours spent on this topic. The term "regional" encompasses participation in several events, including the International Regional Development Conference, the 9th EAFRD Annual Conference (Agriculture), and the Slovenian Regional Days 2023. These events provided personnel with valuable insights into the field of regional development.

Chart 1: Showing the duration (hours) of training courses/trainings by area, expressed in hours



Working from Home

Following the successful implementation of temporary working from home during the COVID-19 pandemic, this practice was continued in 2023, per internal rules. The SRDF has successfully overcome the challenges presented by working from home and has turned it into an opportunity for growth and development. On the one hand, working from home respects the rights of all stakeholders while facilitating the reconciliation of employees' private and professional lives. On the other hand, it provides the SRDF with greater flexibility and organisation of work. A temporary technological solution was implemented for remote working during the COVID-19 pandemic. However, in 2023, the SRDF continued to upgrade and improve the IT system due to security requirements and the need for greater flexibility in working from home. Further details on this topic can be found in the section on digitisation of operations.

4.2 Internal Working Bodies



The Director's College

The Director's College is a decision-making and consultative body comprising the Director and Heads of the Sectors. It discusses the major themes and documents before the Director makes a final decision on a particular matter. It also serves as a forum for exchanging information on the functioning of the SRDF and other important developments affecting the SRDF's operations.

In 2023, the Director's College held 39 meetings, which were held weekly. Furthermore, the Director held ad hoc working meetings with Heads of Sectors and other personnel as required to share information on an ongoing basis.



The Loan Committee and Expert Panels

The loan committee was established to evaluate the expert panels' recommendations regarding the acceptance, rejection, or dismissal of applications submitted to the SRDF's tenders. The change contributes to the application processing process itself, as all sectors are included with their expertise and experience, allowing for better risk management of approved projects. The committee met weekly, which facilitated the expeditious review of applications.

In 2023, the Expert Panel members considered applications under 24 financial products, with 12 financial products launched in 2023. Following a comprehensive review of the applications, the Expert Panel members presented a recommendation for rejection or approval to the Loan Committee for their consideration. In 2023, the Expert Panels approved 309 proposals (119 more than in 2022), amounting to €76.82 million, which represents a €47.7 million increase compared to the previous year (2.6 times the 2022 level). In addition to the approval proposals, the expert panels also prepared 97 proposals for rejection, 51 proposals for refusal, and 27 withdrawals were considered. A total of 484 proposals were implemented, representing an increase of 238 over the number implemented in 2022. A total of 32 applications remains pending.



The Investment Monitoring Centre

The Financial Incentives Sector established the Investment Monitoring Centre, which performs several key functions, which include the organisation of contract signing and insurance implementation, the drawing process, monitoring approved projects until completion and achievement of project objectives, and financial monitoring of loan transactions until repayment of liabilities or contract termination. The establishment of the Investment Monitoring Centre allows the SRDF to focus on monitoring the implementation of notified projects and achieving the desired outcomes. This is achieved by reducing administrative barriers and de-bureaucratising ex-ante procedures.



The Technology College

The Technology College is a consultative body consisting of, in addition to the Director, personnel responsible for information systems projects, and whose task is to address themes related to the digitisation of business.

The Technology College, which met in 2023 usually every 14 days, focused on examining the feasibility of, or needs for, workflow automation, proposing necessary upgrades to existing IT systems, monitoring new developments in the field of digitisation, and proposing improvements or the possible introduction of new IT systems. It also focused on activities in cyber risks and the introduction of security improvements to the SRDF's information systems.



The Promo College

The Promo College, created in 2022, is a consultative body whose members are personnel who co-create content in the field of promotion intending to increase the visibility of the SRDF and its financial products. The Promo College, which usually met once a week in 2023, developed content for the various communication channels, and made proposals for other promotional activities, such as collaborations with other stakeholders, promotional material, the organization of webinars, etc.



The Trust and Debt Committee

The Trust and Debt Committee is a decision-making and consultative body whose members, in addition to the Director and the Heads of Sectors, are staff members from each Sector with substantive expertise in the subject matter. According to the Rules of Procedure of the Trust and the Debt Committee of 14 December 2010 (amendments and additions of 5 October 2015), the Trust and Debt Committee systematically deals with overdue unpaid claims, technical issues related to claims, trusteeship reports and proposes actions for each debtor. Per the Regulation on the in-depth review of projects of 28 November 2022, it approves proposals for in-depth reviews and considers reports on the in-depth reviews conducted. The Working Body held 12 meetings in 2023.

4.3 The Supervisory Board and its Work in 2023



The Method of Work and Composition

The Supervisory Board supervises and monitors the performance of the SRDF. 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 term, with the possibility of reappointment. The Supervisory Board is validly constituted when all its members have been appointed and it meets in a quorate session at which the members elect a chairperson from among themselves, who also convenes the meetings of the Supervisory Board as a rule. The Supervisory Board, which shall meet as necessary but at least four times in any budget year, shall have seven members.

The composition of the Supervisory Board was appointed by the Government of the Republic of Slovenia in 2022 for a term of office of four years until 23 June 2026. In 2023, due to the reorganization of ministries and one resignation, three supervisors were dismissed and reappointed, so the Supervisory Board was composed of PhD Robert Drobnič, Chairperson (MCRD), Hermina Oberstar, Deputy Pres. (MAFF) Mag Nataša Kokol Car (MF), Franci Bratkovič (RC Novo mesto), Mag. Karla Pinter (METS) until 8 November 2023, Matej Forte (MCRD) until 8 November 2023, PhD Nika Razpotnik Viskovič (ZRC SAZU) until 8 November 2023, Maja Čepin (MKRR) from 9 November 2023 onwards, Mag. Simona Hočevnar (MPA) from 9 November 2023 and PhD Jani Kozina (ZRC SAZU) from 9 November 2023.

Board Meetings in 2023



In 2023, the Supervisory Board held seven regular board meetings, which, to make more efficient use of time, were conducted remotely using IT technology. The Supervisors considered ordinary and special matters relating to the SRDF's business and took decisions on matters within their competence. The members actively participated in the discussions, both with guidance and requests for further clarification, and decisions were taken unanimously.

In 2023, the Supervisory Board considered and decided on the following key issues:

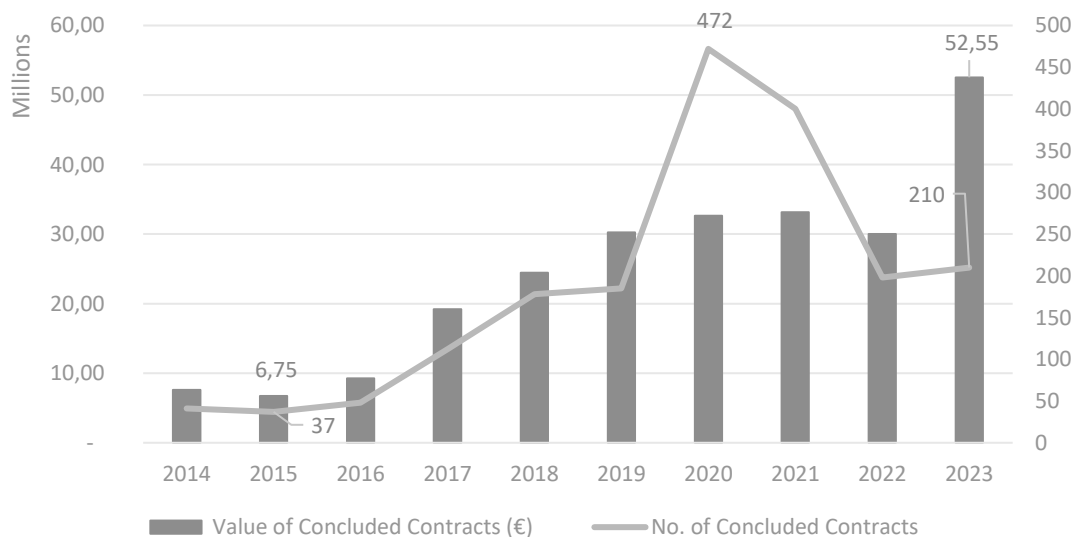
- Annual Report 2022 with audit report,
- Amendments and additions to (3) the BPF 2022-2023, for 2023,
- BPF for 2024 and 2025,
- Amendments and supplements to the GTC,
- Amendments and additions to the Rules on internal organization and systematization of posts,
- Consents to the conclusion of loan agreements with an amount exceeding €500,000,
- Information on the activities of the SRDF in the period 1 January - 31 July 2023,
- Report of the Internal Audit Service for 2022,
- Report on the write-offs of debtors' liabilities,
- Determination of the regular Director's annual leave,
- Positive position on the proposal for the regular performance component of the Director's salary.

5.1 Introductory Notes

The SRDF implements financial incentives through four programmes, for which it has redefined the use of their short title or acronym in 2023: Entrepreneurship (BIZI), Agriculture and Forestry (AGRO), Local Communities and Other Parts of the Public Sector (LOKALNO) and Non-Profit Organisations (NVO).

Within each programme, the SRDF develops financial products under which financial incentives are granted either under State aid and de minimis rules, which refer to financial incentives with a lower interest rate and contain State aid elements, in line with notified State aid and de minimis schemes, or outside State aid rules. The SRDF tenders financial products through public calls for tenders.

The SRDF monitors the implementation in terms of the number and number of contracts concluded with beneficiaries who have been awarded a financial right by decision. In 2023, the SRDF has concluded 210 contracts for an amount of €52.55 million, which is 75% more than in 2022 in terms of the number of contracts concluded. The SRDF has been increasing its delivery in terms of the number of contracts concluded in the period 2014-2023. The lowest outturn over the period is in 2015, with 37 contracts concluded for €6.75 million, and the highest in 2023, with 210 contracts concluded for €52.55 million. The years 2020 and 2021 stand out in terms of the number of contracts concluded, coinciding with the period of the COVID-19 pandemic when the SRDF implemented low-value liquidity loans to SMEs. The average performance of the SRDF over the last 10 years is 188 contracts concluded for an amount of €24.59 million. In 2023, the SRDF is above the ten-year average in terms of performance, with a 12% increase in the value of contracts concluded and a 113% increase in the number of contracts concluded.



5.2 Sources of Funding for Financial Incentives



The Dedicated Assets

The bulk of SRDF's financial incentives are funded by SRDF's unrestricted assets. The SRDF's unrestricted assets represent dedicated assets and borrowed resources (e.g. from the EIB) that are not currently allocated to the SRDF's financial incentives. Within legal constraints, the SRDF can also increase its unrestricted assets through additional borrowing.

Where the SRDF acts as an implementing body, it enters a contract with the contracting authority (usually a Ministry) for the implementation of the financial incentives, whereby the contracting authority provides external resources for the implementation of the incentives and the SRDF may provide its unrestricted resources for their implementation (leverage), if necessary.



The Scope of Asset Sources in 2023

In 2023, the SRDF had available unrestricted resolute and borrowed assets as follows:

- €20 million from "Contract No C1630-23G900099-ZPGOPEK on the transfer of resources for the increase of the dedicated assets for the implementation of financial products, under Article 49 of the Act on Economic Assistance to Mitigate the Consequences of the Energy Crisis (ZPGOPEK) and the first paragraph of Article 54 of the Act on the Economic Assistance to Mitigate the Consequences of the Energy Crisis (ZPGOPEK) and Article 49 of the Act on the Energy Crisis (ZPGOPEK)". The first paragraph of Article 54 of the Act on Amendments and Additions to the Act on the Mitigation of the Consequences of Natural Disasters-ZOPNN-F (hereinafter referred to as the "ZPGOPEK Contract"), signed with the MCRD in October 2023, with the resources being provided from budget item PP 231083,
- €10 million from the "Contract No. C1630-23G900097 on the transfer of dedicated assets to the SRDF, in the year 2023" (hereafter referred to as the "Contract MCRD 2023"), signed with the MCRD in November 2023 (PP 231862),
- €9.7 million was carried over from 2022 under "Contract No. C2130-22G10001 on the transfer of dedicated assets to the SRDF in 2022" (hereinafter referred to as "Contract MCRD 2022"), signed with MCRD in November 2022 (PP 922410),
- €10 million from a loan from the EIB under the contract "SRDF LOAN FOR SMES & OTHER PRIORITIES (COVID-19)", No. 92.491 (SI) (hereinafter referred to as the EIB Contract); and
- the resources provided from the SRDF's dedicated assets, i.e. from the proceeds of the purchase price (PP 115810-Decapitalisation of the SRDF).

In 2023, the SRDF also functioned as the implementing body for the implementation of the financial incentives for the Contracting Authority, with which it concluded the implementation contract and based on which the Contracting Authority provided external resources:

- €8.3 million for the period 2023-2025, under Contract No. C1630-23G900001 on the delegation of part of the tasks and the implementation and financing of the Public Call for Tenders for the co-financing of initial investments in BPA under the Recovery and Resilience Plan, as one of the calls for tenders within the framework of the investment under NOO C3K9IC (hereinafter referred to as "NOO Contract"), which was concluded with MCRD in May 2023 (PP 230200); and
- €20 million for the period 2023-2027, of which €3 million for 2023, under Contract No 2330-23-000071 on the allocation of resources for the implementation of financial instruments in agriculture for the period 2023-2027 (hereinafter referred to as the "FI Contract in Agriculture") concluded with the MAFF (PP 190120).

Table 1: Scope of sources of SRDFs in 2023

Resources	Plan for resource consumption in 2023 (€ million)	Resource consumption in 2023 (€ million)
Unrestricted Assets		50.09
Dedicated assets from purchase proceeds Budget source PP 115810	35.50	17.88
Increase in dedicated assets under the ZPGOPEK Contract Budget source PP 231083	20.00	7.71
Increase in dedicated assets under the Contract MCRD 2023 Budget source PP 231862	10.00	10.00
Increase in dedicated assets under the Contract MCRD 2022 Budget source PP 922410	10.00	9.71
Borrowings under EIB Contract	10.00	4.8
External Sources		2.45
Contract NOO/Budget source: "PP 230200 C3K9IC Investments under the ZSRR-2-NOO-MGRT	8.3*	2.4
FI contract in agriculture/Budget source: 'PP 190120 Financial Instruments-Implementation of the agreement'	0.97	0.05
Total		52.55

* Assets guaranteed for the period 2023-2025

5.3 Entrepreneurship Programme (BIZI)



Brief on Programme

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



Eligible Applicants

As part of the Programme BIZI, eligible applicants are those registered under the Companies Act, ZGD-1 (OG RS, No. št42/06, 60/06, 26/07 - ZSDU-B, 33/07 - ZSReg-B, 67/07 - ZTFI, 10/08, 68/08, 42/09, 33/11, 91/11, 32/12, 57/12, 44/13 - odl. US, 82/13, 55/15, 15/17, 22/19 - ZPosS, 158/20 - ZIntPK-C, 175/20 - ZIUOPDVE, 18/21, 74/21 - ZIPRS2122-A, 29/22 - ZUOPDCE, 18/23 - ZDU-1O, 75/23) and/or the Act on Cooperatives - Zzad (OG RS, No. 13/92, 7/93, 13/93 - ZP-G, 41/07, 87/09, 121/21), are entitled to assets, who perform a gainful activity in the territory of the Republic of Slovenia.



Content of the BIZI Financial Products dealt with in 2023

- BIZI PF

The financial product BIZI PF is a bridging loan aimed at speeding up the implementation of projects with approved European and/or national grants, whereby the SRDF gives priority to applicants located in border problem areas (hereinafter referred to as BPA) or areas inhabited by Autochthonous National Communities (hereinafter referred to as ANC). The product does not contain any State aid elements.

- BIZI Likvidnost

The financial product BIZI Likvidnost is a liquidity loan for SMEs. It is divided into "BIZI Likvidnost - poplave", which is intended for projects aimed at alleviating the consequences of the August 2023 floods, and "BIZI Likvidnost - energija", which is intended for projects aimed at reducing energy consumption in the wake of the energy crisis and Ukraine's energy crisis and price hikes. The focus of the financial product is on investors' activities to implement investments in energy consumption/loss management. Loans were granted under the following aid schemes:

- under the de minimis scheme No. M001-5940117-2023 of 21 September 2023, resources were granted to provide liquidity for the floods in August 2023,
- under the State aid scheme under the Temporary Framework No. SA-109166 (2023/N) of 10 October 2023, assets were granted to provide liquidity in the aftermath of the energy crisis.

- BIZI NOO

The financial product BIZI NOO was divided into "BIZI NOO", where investors could apply for grants, and "BIZI NOO POSOJILA", where investors could apply for a combination of grants and loans. The purpose of the financial product is to promote initial sustainable projects for the development and competitiveness of enterprises in the BPA with the aim of (1) having a positive impact on competitiveness, productivity, and technological endowment, (2) maintaining or increasing employment, (3) protecting the environment and promoting resource efficiency. The financial product encourages investment in tangible and intangible fixed assets in the field of material and energy efficiency in production and the reduction of greenhouse gas emissions. Grants and soft loans were granted under the following aid schemes:

- under de minimis scheme No. M001-5940117-2015/I of 11 January 2021; or
- under State aid scheme No. BE02-2399245-2014, BE02-2399245-2014/I, BE02-2399245-2014/II, BE02-2399245-2014/III, BE02-2399245-2014/IV of 25 January 2022.

- Financial Products from Previous Years

In 2023, the SRDF also dealt with four Calls for Tenders from previous years, under which the following financial products were launched: 'B LES', 'B ZADRUGE' and 'B ENERGETIKA MSVP', and "B PF". Their content was reported in the previous SRDF annual report.



Monitoring of Objectives by BIZI Programme and by Purpose

Within each financial product, the SRDF defines the purpose and objectives of the financial product, which are reflected in predefined objectives with project indicators. At the time of application, the applicant shall define which selected project objectives will be pursued at the end of the project and which selected indicators will be used to report on the achievement of the objectives. The applicant may pursue several objectives with a single project and may pursue certain objectives through different indicators.

Under the BIZI programme, the SRDF contracted for the following purposes: investment loans (38% of the amount implemented), liquidity loans (40% of the amount implemented) and bridging loans/pre-financing (22% of the amount implemented).

Per Table 2, for this Annual Report, the project objectives are grouped according to the purpose of the financial product, except for bridging loans, where the project objectives are shown. Of all the project objectives with indicators, as possible within each financial product, those most frequently selected by investors are shown.

Table 2: Breakdown of Objectives Pursued by BIZI Programme and by Purpose		
Group of Objectives / Most Frequently Selected Project Indicator	No. of Projects	% of Projects
Investment Loans		
Increasing productivity and competitiveness <i>Increase in value added per employee (€)</i>	31	94
Investing in climate change adaptation and mitigation <i>Reduction of energy consumption per unit of product/service (kWh/unit of product)</i> <i>Reduction of raw materials/materials consumption per unit of product</i>	25	7
Use of wood in products for a green future <i>Increase in share of wood in the final product (%)</i>	3	9
Improvement of the local economy/ shortening of the supply chains <i>Increase in the number of local suppliers</i> <i>Volume of agricultural purchases (kg/ year)</i>	2	6
Liquidity Loans		
Improvements in liquidity, competitiveness, and productivity <i>Increase in value added per employee (€)</i>	21	78
Restoring production potential due to the 2023 floods and/ or the energy crisis <i>Maintenance of activity</i>	9	33
Implementation of energy consumption/ loss control measurements <i>Obtaining ISO 14001 or ISO 50001 certification</i>	3	11
Bridging Loans		
<i>Project implementation</i>	14	44
<i>Project implementation in the fields of public good, social justice, employment, social inclusion, public awareness</i>	11	34
<i>Project implementation on climate change mitigation and adaptation</i>	5	16
<i>Project implementation to increase competitiveness, productivity, development, digitisation</i>	2	6



Good Practice Examples from the BIZI Programme



Beneficiary and source of photo/ Municipality of the project/ Region:
Žlahtič d.o.o./ Ptuj/ Drava Region

Financial Product:

BIZI LES

Purpose:

Investment loan

Project Title:

Investing in a solar power plant for self-sufficiency

Project Objective:

Self-sufficiency in electricity (80%), ensuring a constant supply of electricity, reducing electricity costs and using renewable energy for furniture production.



Beneficiary and source of photo/ Municipality of the project/ Region:
Jeroplast d.o.o./ Nazarje/ Savinja Region

Financial Product:

BIZI Likvidnost - poplave

Purpose:

Liquidity loan

Project Title:

Working capital funding

Project Objective:

Recovery from the floods of August 2023 (clean-up, salvage of machinery and equipment) and support for the restoration of production and operations. The main objective of the company is to restore production capacity to pre-flood levels.



Beneficiary and source of photo/ Municipality of the project/ Region:
Development Agency of the Savinja-Silesia Region SAŠA d.o.o./ Nazarje/ Savinja Region

Financial Product:

BIZI PF

Purpose:

Bridging loan

Project Title:

Centre for a Fair Transition SAŠA

Project Objective:

The SAŠA Fair Transition Centre has been set up under the auspices of the Development Agency of the Savinja-Silesia Region to restructure the region with the aim of achieving climate neutrality. The Fund provides bridge financing for the Centre, which is fully funded by the First Transition Fund 2022-2029.



BIZI Programme Implementation

Per Table 3, under the BIZI Programme in 2023, the SRDF processed applications under the financial products of previous years and the financial products launched through three calls for tenders in 2023. The source of resources for the financial products under the BIZI Programme in 2023 is the SRDF's unrestricted assets and external sources under the NOO Contract. The implementation under the BIZI Programme is shown by financial product for the period from 1 January 2023 to 31 December 2023.

In 2023, a total of 318 applications were received under the BIZI programme with a requested amount of €61.66 million and 174 applications were approved for €37.97 million. The implementation under the BIZI programme in 2023 amounts to 92 contracts concluded for an amount of €19.83 million for the financing of projects with a value of €56.97 million. The final implementation per financial product will be reported in the next annual report as the processing of applications and/or signing of contracts or disbursement is still pending.

The outturn achieved under the BIZI programme in 2023 exceeds the plan for 2023 as defined in the BPF 2022-2023, which included a target of 87 contracts signed for an amount of €16 million. In terms of the number of contracts concluded, the SRDF implemented 31 more contracts than in 2022, representing a 51% increase in implementation compared to 2022. In terms of the number of contracts concluded, the SRDF implemented an amount of €13.44 million, which is 3.1 times higher than in 2022. The reason for the higher implementation than planned is the optimisation of the work process, which is also technologically supported, allowing, among other things, the transfer of data between different applications, thus reducing the number of manual entries.

Table 2: Overview of the implementation of the BIZI programme in 2023

Date of Publication	Financial Product	Purpose	Form of Resources	Call for Tenders (€ million)	Source of Resources	Budget Line	Applications received (No.)	Requested Resources (million €)	Approved Applications (No.)	Approved Amount (million €)	Concluded Contracts (No.)	Amount of Concluded Contracts (million €)	Value of Co-financed Projects (million €)	Drawdown (million €)	Status
SUM: Financial products, published in 2023				41.3	-	-	286	53.19	147	31.3	65	12.96	38.12	5.25	-
24 March 2023	BIZI PF	Bridging	Loan	4.00		PP 115810	31	4.64	19	2.68	18	2.53	21.11	2.38	Closed/ partly implemented in 2024
20 October 2023	BIZI Likvidnost-POPLAVE	Liquidity	Loan	20.00	SRDF's unrestricted assets	PP 231083	26	7.33	17	4.71	6	1.38	1.68	0.36	Closed/ partly implemented in 2024
	BIZI Likvidnost-ENERGIJA	Liquidity	Loan				60	18.87	49	15.29	21	6.47	7,74	1.22	
19 May 2023	BIZI NOO	Investment	Grant	8.30	External source/ Resources from NOO	PP 230200	159	21.59	57	8.30	15	2.26	5,70	1.13	Closed/ partly implemented in 2024
	BIZI NOO POSOJILA	Investment	Loan	9.00	SRDF's unrestricted assets	PP 231862	10	0.76	5	0.32	5	0.32	1,89	0.16	
SUM: Financial products, from previous years*				20.0	-	-	32	8.47	27	6.67	27	6.87	18,85	6.46	-
11 November 2022	BIZI LES	Investment	Loan	7.00	SRDF's unrestricted assets	PP 922410 PP 115810	14	5.46	10	3.78	9	3.68	10,09	3.38	Open/ partly implemented in 2024
7 October 2022	BIZI ZADRUGE	Investment f	Loan	3.00	SRDF's unrestricted assets	PP 922410 PP 115810	4	1.15	3	1.03	3	1.03	1,38	0.92	Open/ partly implemented in 2024
29 July 2022	B ENERGETIKA MSVP	Investment	Loan	3.00	SRDF's unrestricted assets	PP 922410	1	0.21	1	0.21	1	0.21	0,27	0.21	Closed/ partly implemented in 2024
18 March 2022	B PF	Bridging	Loan	7.00	SRDF's unrestricted assets	PP 115810	13	1.65	13	1.65	14	1.95	7,11	1.95	Completed
Total Implementation of the BIZI Programme					-	-	318	61.66	174	37.97	92	19.83	56.97	11.71	-

5.4 Agriculture and Forestry Programme (AGRO)



Brief on the Programme

The Agriculture and Forestry (AGRO) programme is aimed at projects for the development of agricultural holdings of various legal and organisational forms and farms, with incentives targeted at priority areas of regional and common agricultural policy.



Eligible Applicants

Under the AGRO programme, agricultural holdings as defined in the Law on Agriculture (OG RS, No. 45/08, 57/12, 90/12 - ZdZPVHVVR, 26/14, 32/15, 27/17, 22/18, 49/20 - ZIUZEOP, 61/20 - ZIUZEOP-A, 175/20 - ZIUOPDVE, 203/20 - ZIUPOPDVE, 15/21 - ZDUOP, 86/21 - odl. US, 112/21 - ZIUPGT, 123/21, 44/22, 130/22 - ZPOmK-2, 18/23, 78/23), and are entered in the register of agricultural holdings. The applicant applying for a project in the field of complementary activities must be registered under the Regulation on complementary activities on the farm (OG RS, No. 57/15, 40/17, 36/18, 151/22). The applicant must implement the project per Annex I - List referred to in Article 38 of the Treaty on the Functioning of the European Union (OG RS, No. 202/16, 7 June 2016, p. 1).



Content of AGRO Financial Products dealt with in 2023

- AGRO DOPOLNILNE

The financial product AGRO DOPOLNILNE is a long-term development loan with favourable conditions, aimed at improving farm incomes and creating jobs on farms, increasing the added value of products or services, and promoting marketing, with the SRDF giving priority to projects contributing to climate change mitigation and adaptation. The financial product may contain State aid elements, in which case soft loans were granted according to the following scheme:

- de minimis, No. M001-5940117-2015/I of 11 January 2021,

- AGRO PF

The financial product AGRO PF is a bridging loan aimed at speeding up the implementation of projects with approved European and/or national grants, with the SRDF giving preference to applicants located in BPA. The product does not contain State aid elements.

- AGRO ZEMLJA in GOZD

The financial product AGRO ZEMLJA in GOZD is a long-term development loan designed to increase or round off agricultural or forest land for the long-term development and viability of agricultural holdings, with priority support for farm projects that are ecologically and/or environmentally oriented. The product does not contain State aid elements.

- AGRO KMETIJSKA ZEMLJA

The financial product AGRO KMETIJSKA ZEMLJA is a long-term development loan with favourable terms and conditions, designed to increase or round off the agricultural land of agricultural holdings, with priority support for farm projects that increase the amount of agricultural land for food production and demonstrate a positive impact on food self-sufficiency and are ecologically and/or environmentally oriented. The eligible costs of the project are land or parcels with at least 80% agricultural land use and at the same time 100% actual agricultural land use. The financial product may contain elements of State aid, in which case the soft loans were granted according to the following scheme:

- de minimis, No. KDM-001-5940117-2023 of 17 March 2023.

- AGRO FI Mikro

The financial product AGRO FI Mikro is a financial instrument established by the SRDF, as the first provider of financial instruments in agriculture in the Republic of Slovenia, in response to the identified needs of farmers for more accessible repayable forms of financing. The financial product, which is a micro-loan in substance, is intended for small farms and young farmers for investments in fixed assets and for the financing of working capital, whereby a micro-loan may also be granted only for the purchase of working capital. The purpose of the financial product is to facilitate the financing of the day-to-day running of agricultural holdings and the development of small farms. The resources for the implementation of the financial product for the period 2023-2027 are provided by the MAFF, per the FI Contract in Agriculture, for 2023, amounting to €0.94 million, of which €0.47 million is foreseen for

the target group of small farms, and €0.47 million for the target group of young farmers. The objective of the financial product is to facilitate the financing of the day-to-day running of agricultural holdings and the development of small farms. The financial product contains State aid elements. Micro-loans are granted under the following aid schemes:

- under de minimis scheme No. KDM-001-5940117-2023 of 17 March 2023 for primary agricultural production projects,
- under de minimis scheme No. M001-5940117-2015/I of 11 January 2021 for projects for the processing of agricultural products into agricultural or non-agricultural products or the marketing of agricultural products from own production or processing.

- Financial Products from Previous Years

In 2023, the SRDF also dealt with three calls for tenders from previous years, under which the following financial products were launched: 'AGRO ZEMLJA', 'AGRO INVEST' and 'AGRO PF'. Their content was reported on in the previous annual report.



Monitoring of Objectives by AGRO Programme and by Purpose

Within each financial product, the SRDF defines the purpose and objectives of the financial product, which are reflected in predefined objectives with project indicators. At the time of application, the applicant shall define which selected project objectives will be pursued at the end of the project and which selected indicators will be used to report on the achievement of the objectives. The applicant may pursue several objectives with a single project and may pursue certain objectives through different indicators.

Under the AGRO programme, the SRDF concluded contracts for the following purposes: investment loans (63% of the amount implemented), liquidity loans (2% of the amount implemented) and bridging loans or pre-financing (35% of the amount implemented).

Per Table 4, for this Annual Report, project objectives are grouped according to the purpose of the financial product, except in the case of bridging loans, where project objectives are shown. Of all the project objectives with indicators, as they were possible within each financial product, those most frequently selected by the applicants are shown.

Table 4: Overview of the Objectives Pursued by AGRO Programme and by Purpose		
Group of Objectives / Most Frequently Selected Project Indicator	No. of Projects	% of Projects
Investment Loans		
Increasing productivity and competitiveness <i>Increase in agricultural and forest land (ha)</i>	49	91
Investing in climate change adaptation and mitigation <i>Increase in arable land (ha)</i>	16	30
Investments in animal welfare <i>Increase in the amount of surface area (m²)</i>	8	15
Liquidity Loans		
Preservation of agricultural production, restoration of production potential due to natural disasters <i>Livestock stock (LU)</i>	2	100
Bridging Loans		
<i>Project implementation</i>	25	83
<i>Project implementation on climate change mitigation and adaptation</i>	4	13
<i>Project implementation to increase competitiveness, productivity, development, digitisation</i>	3	10
<i>Project implementation in the fields of public good, social justice, employment, social inclusion, public awareness</i>	2	7



Examples of Good Practice in the AGRO Programme



Beneficiary and source of photo/ Municipality of the project/ Region:
Darjan Lukman-farmer/ Braslovče/ Savinja Region

Financial Product:
AGRO INVEST

Purpose:
Investment loan

Project Title:
Improving the natural environment, hygiene conditions and animal welfare standards

Project Objectives:
Upgrading of farm equipment; newer milking machine, new stalls or partitions for lying stalls, automatic brush, control cabinet for automatic manual and remote feeding, automatic calf feeder.



Beneficiary and source of photo/ Municipality of the project/ Region:
Darjan Lukman-farmer/ Braslovče/ Savinja Region

Financial Product:
AGRO PF

Purpose:
Bridging loan

Project Title:
Purchase of tractor and chainsaw

Project Objectives:
Upgrading equipment for forest work. The Fund provides bridge financing as the applicant has obtained a grant from Agency for Agricultural Markets and Rural Development



Beneficiary and source of photo/ Municipality of the project/ Region:
Matej Zaro-farmer/ Izola/ Coastal-Karst Region

Financial Product:
AGRO KMETIJSKA ZEMLJA

Purpose:
Investment loan

Project Title:
Purchase of agricultural land

Project Objective:
Purchase of agricultural land necessary for the establishment of new vineyards, all with a view to increasing existing production or services.

The Zaro farm is located in the municipality of Izola, in the ANC area.



AGRO Programme Implementation

Per Table 5, under the AGRO programme in 2023, the SRDF considered applications under the financial products of previous years and the financial products launched through five calls for tenders in 2023. The source of resources for the financial products under the AGRO programme in 2023 is the SRDF's unrestricted assets and external sources under the FI Contract in Agriculture. The AGRO implementation is shown by financial product for the period from 1 January 2023 to 31 December 2023.

In 2023, a total of 128 applications were received for the financial products under the AGRO programme with a requested amount of €16.26 million and 93 applications were approved for €11.75 million. The implementation of the AGRO Programme in 2023 amounts to 86 contracts concluded for an amount of €11.69 million for the financing of projects worth €25.93 million. €11 million of resources were drawn down.

The AGRO outturn in 2023 is lower than the plan for 2023 as defined in the BPF 2022-2023, which included 104 contracts for an amount of €16 million. The implementation achieved in 2023 is 10 contracts lower than in 2022, which means 11% fewer contracts concluded than in 2022. The amount of contracts concluded is, however, €1.11 million higher than in 2022, which means a 10% increase compared to 2022. The reason for the lower number of contracts concluded than planned is the delay of the publication of the financial product AGRO INVEST and AGRO FI MLADI (under the FI Contract in Agriculture) to 2024, which is due to the long coordination of the State aid scheme with the competent authority. This is a state aid scheme under Commission Regulation (EU) 2022/2472 of 14 December 2022 declaring certain categories of aid in the agriculture, forestry, and rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OG RS, No. 327/22, 21 December 2022, p. 1, hereafter referred to as the Block Exemption Regulation).

Table 3: Overview of the Implementation of the AGRO Programme in 2023

Date of Publication	Financial Product	Purpose	Form of Resources	Call for Tenders (€ million)	Source of Resources	Budget Line	Applications Received (No.)	Requested Resources (million €)	Approved Applications (No.)	Approved amount (million €)	Concluded Contracts (No.)	Amount of Concluded Contracts (€ million)	Value of Cofinanced Projects (€ million)	Drawdown (€ million)	Status
Financial products, published in 2023					-	-	81	7.31	40	3.7	24	2.72	7.80	2.33	-
10 February 2023	AGRO DOPOLNILNE	Investment	Loan	3.00	SRDF's unrestricted assets	PP 922410 PP 231862	12	1.92	6	0.77	6	0.67	1.83	0.30	Open/ Part. Imp. In 2024
3 March 2023	AGRO PF	Bridging	Loan	5.00	SRDF's unrestricted assets	PP 115810	15	2.48	6	1.09	5	0.89	4.19	0.89	Closed/ Part. Imp. In 2024
17 March 2023	AGRO ZEMLJA IN GOZD	Investment	Loan	3.00	SRDF's unrestricted assets	PP 231862	8	0.73	3	0.27	2	0.18	0.54	0.18	Open/ Part. Imp. In 2024
7 April 2023	AGRO KMETIJSKA ZEMLJA	Investment	Loan	3.00	SRDF's unrestricted assets	PP 922410 PP 231862	15	1.45	13	1.27	9	0.93	1.19	0.91	Open/ Part. Imp. In 2024
13 October 2023	AGRO FI mikro-young farmers	Liquidity	Loan	0.47	External source/Resources for FI in Agriculture	PP 190120	24	0.58	11	0.27	2	0.05	0.05	0.05	Open/ Part. Imp. In 2024
	AGRO FI mikro-small farms			0.47			7	0.15	1	0.03	0	-	-	-	
Financial products from previous years*					-	-	47	8,95	53	8,05	62	8,97	18,13	8,67	
10 June 2022	AGRO ZEMLJA	Investment	Loan	3.00	SRDF's unrestricted assets	PP 922410 PP 115810	11	0.86	16	1.19	18	1.48	1.52	1.53	Concluded
10 June 2022	AGRO INVEST	Investment	Loan	7.00	SRDF's unrestricted assets	PP 922410 PP 115810	20	6.05	18	4.18	19	4.28	8.82	3.44	Concluded
18 March 2022	A PF	Investment	Loan	8.0	SRDF's unrestricted assets	PP 115810	16	2.04	19	2.68	25	3.21	7.79	3.70	Concluded
Total Implementation by the AGRO Programme					-	-	128	16.26	93	11.75	86	11.69	25.93	11.00	-

5.5 Local Authorities and Other Parts of the Public Sector Programme (LOKALNO)

LOKALNO

Brief on Programme

The Local Authorities and Other Parts of the Public Sector (LOCAL) is aimed at municipalities and other institutions of which the municipality is the (co)founder or of which the local community is the (co)founder.



Eligible Applicants

The LOKALNO programme is open to municipalities of the Republic of Slovenia, public companies registered under the Utilities Act (OG RS, No. 32/93, 30/98 - ZZLPPO, 127/06 - ZJZP, 38/10 - ZUKN, 57/11 - ORZGJS40), and legal entities that demonstrate a non-profit status and the purpose of their operation, and that are publicly (jointly) owned, organised as a public institute, a public research institute, a chamber of commerce/chambers of commerce/chambers of industry, a public fund, a public foundation, or a public agency.



Content of the Financial Products LOKALNO dealt with in 2023

- LOKALNO PF

The financial product LOKALNO PF is a bridging loan aimed at speeding up the implementation of projects with approved European and/or national grants, with the SRDF giving preference to applicants located in the BPA or ANC areas. The product does not contain State aid elements.

- Financial Products from Previous Years

In 2023, the SRDF also dealt with three calls for tenders from previous years, under which the following financial products were launched: 'C OBCINE', 'C KOMUNALNA PODJETJA IN JAVNE USTANOVE' and 'C PF'. Their content was reported on by the SRDF in the previous annual report.



Monitoring of Objectives by Programme LOKALNO and by Purpose

Within each financial product, the SRDF defines the purpose and objectives of the financial product, which are reflected in predefined objectives with project indicators. At the time of application, the applicant shall define which selected project objectives will be pursued at the end of the project and which selected indicators will be used to report on the achievement of the objectives. The applicant may pursue several objectives with a single project and may pursue certain objectives through different indicators.

Under the LOKALNO programme, the SRDF concluded contracts for the following purposes: investment loans (96% of the amount implemented) and bridging loans or pre-financing (4% of the amount implemented).

Per Table 6, for this Annual Report, the project objectives have been grouped according to the purpose of the financial product, except in the case of bridging loans where the project objectives are shown. Of all the project objectives with indicators, as they were possible within each financial product, those that were most frequently selected by the applicants are shown.

Table 6: Overview of the objectives pursued by the LOKALNO Programme and by Purpose

Group of Objectives / Most Frequently Selected Project Indicator	No. of Projects	% of Projects
Investment Loans		
Investing in climate change adaptation and mitigation <i>Reduction of greenhouse gas emissions (%)</i>	13	59
Construction and reconstruction of local infrastructure <i>Length (m²)</i>	11	50
Increasing productivity and competitiveness <i>Number of new facilities</i>	1	5
Bridging Loans		
<i>Project implementation</i>	1	100



Examples of Good Practice in the LOKALNO Programme



Beneficiary and source of photo/ Municipality of the project/ Region:
Municipality of Vitanje/ Vitanje/ Savinja region

Financial Product:

C-OBČINE

Purpose:

Investment Loan

Project Title:

New kindergarten construction in Vitanje

Project Objectives:

Building a new kindergarten in one of the smallest municipalities in Slovenia, providing much-needed space for pre-school activities. The project is designed to be energy efficient.



Beneficiary and source of photo/ Municipality of the project/ Region:
Municipality of Majšperk/ Majšperk/ Podravska Region

Financial Product:

C-OBČINE

Purpose:

Investment loan

Project Title:

Building the Breg Competence Centre

Project Objectives:

Creation of a building for the development of cultural activities (wool and tapestry museum, gallery) and the acquisition of space for a business incubator, museum activities and intergenerational gatherings, with the aim of improving the quality of life in the municipality.



LOKALNO Programme Implementation

Per Table 7, under the 2023 LOKALNO programme, the SRDF processed applications under the financial products of the previous years and the financial product launched through the call for tenders in 2023. The source of resources for the financial products under the 2023 LOKALNO programme is the SRDF unrestricted assets. The implementation under the LOKALNO programme is shown by financial product for the period from 1 January 2023 to 31 December 2023.

In 2023, a total of 32 applications were received for the financial products under the LOKALNO programme, with a requested amount of €29.66 million, and 30 applications were approved for €26.37 million. The implementation under the LOKALNO programme in 2023 amounts to 23 contracts concluded for an amount of €20.42 million for the financing of projects worth €60.75 million. €22 million were drawn down.

The outturn achieved under the LOKALNO programme in 2023 is lower than the 2023 plan as defined in the BPF 2022-2023, under which the plan was for 25 contracts to be concluded for €22 million. In 2023, 7 more contracts were concluded than in 2022, representing a 44% increase compared to 2022. In terms of the value of contracts concluded, the outturn in 2023 was €9.05 million higher than in 2022, or 1.8 times higher than in 2022.

Table 7: Overview of the Implementation of the LOKALNO Programme in 2023

Date of Publication	Financial Product	Purpose	Form of Resources	Resources tendered (million €)	Source of Resources	Budget Line	Applications Received (No.)	Requested Resources (€ million)	Applications Approved (No.)	Amount Approved (million €)	Concluded Contracts (No.)	Value of Concluded Contracts (million €)	Value of Cofinanced Projects (million €)	Drawdown (million €)	Status
Financial products, published in 2023				2.00	-	-	1	0.15	1	0.15	0	-	-	-	-
24 March 2023	LOKALNO PF	Bridging	Loan	2.00	SRDF's unrestricted assets	PP 115810	1	0.15	1	0.15	0	-	-	-	Closed/ Part. imp. in 2024
Financial products from previous years*					-	-	31	29.51	29	26.22	23	20.42	60.75	22.00	-
30 June 2022	C OBČINE	Investment	Loan	25.00	SRDF's unrestricted assets	PP 922410 PP 115810	23	24.25	22	22.88	17	18.58	58.23	18.62	Closed/ Part. impel. in 2024
6 May 2022	C JAVNE USTANOVE	Investment	Loan	5.50	SRDF's unrestricted assets	PP 922410	3	1.74	2	0.84	2	0.84	1.09	0.81	Closed/ Part. imp. in 2024
	C KOMUNALNA PODJETJA	Investment	Loan			PP 115810	5	3.52	4	2.47	3	0.97	1.18	2.54	
18 March 2022	C PF	Bridging	Loan	2.00	SRDF's unrestricted assets	PP 115810	0	0	1	0.03	1	0.03	0.25	0.03	Concluded
Total Implementation of the LOKALNO Programme					-	-	32	29.66	30	26.37	23	20.42	60.75	22.00	-

5.6 Non-Profit Organisation Programme (NVO)



Brief on the Programme

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



Eligible Applicants

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



The Content of the NVO Financial Products considered in 2023

- NVO PF

The NVO PF financial product is a bridging loan aimed at speeding up the implementation of projects with approved European and/or national grants, with the SRDF giving preference to applicants located in the BPA or ANC areas. The product does not contain State aid elements.

- Financial Products from the Previous Years

In 2023, the SRDF also dealt with two calls for tenders from previous years, under which the following financial products were launched: "NVO GASILCI" and 'D PF'. Their content was reported by the SRDF in the previous annual report.



Monitoring of objectives by NVO Programme and by Purpose

Within each financial product, the SRDF defines the purpose and objectives of the financial product, which are reflected in predefined objectives with project indicators. At the time of application, the applicant shall define which selected project objectives will be pursued at the end of the project and which selected indicators will be used to report on the achievement of the objectives. The applicant may pursue several objectives with a single project and may pursue certain objectives through different indicators.

The SRDF contracted under the NVO Programme for the following purposes: investment loans (22% of the amount implemented) and bridging loans or pre-financing (78% of the amount implemented).

Per Table 8, for this Annual Report, the project objectives have been grouped according to the purpose of the financial product, apart from bridging loans, the project objectives are shown. Of all the project objectives with indicators, as they were possible within each financial product, those most frequently selected by the applicants are shown.

Table 8: Overview of the Objectives Pursued by NVO Programme and by Purpose

Group of Objectives / Most Frequently Selected Project Indicator	No. of Projects	% of Projects
Investment Loans		
Investing in climate change adaptation and mitigation <i>Reduction of greenhouse gas emissions (tonnes CO2/year)</i>	2	100
Increase in resilience <i>No. new equipment pieces</i>	2	100
Bridging Loans		
<i>Project implementation</i>	2	29
<i>Project implementation on climate change mitigation and adaptation</i>	1	14
<i>Project implementation in the fields of public good, social justice, employment, social inclusion, public awareness</i>	2	29
<i>Project implementation to increase competitiveness, productivity, development, digitisation</i>	3	43



Examples of Good Practice in the NVO Programme



Beneficiary and source of photo/ Municipality of the project/ Region:
PGD Ilirska Bistrica/ Ilirska Bistrica/ Littoral-Inner Carniola Region

Financial Product:
NVO GASILCI

Purpose:
Investment loans

Project Title:
Replacement of a large fire-fighting vehicle

Project Objective:
Replacement of an obsolete fire-fighting vehicle with fire-fighting equipment for fighting wildfires. The new vehicle will reduce CO2 emissions into the atmosphere and reduce fuel consumption.



Beneficiary and source of photo/ Municipality of the project/ Region:
Zavod Dobrote Dolenjske/ Trebnje/ Southeast Slovenia

Financial Product:
NVO PF

Purpose:
Pred-financiranje

Project Title:
A chain of eco-herbs from Dolenjska to Karst

Project Objectives:
To encourage various stakeholders to organically grow, process and use Slovenian herbs, to raise awareness of the benefits of herbs among the local population and, in the light of the new "farm to fork" policy, to contribute to better access to a healthy and sustainable herbal (self-)supply.



NVO Programme Implementation

Per Table 9, the SRDF has processed applications under the NVO Programme in 2023 under the two financial products from previous years and under the financial product launched through the call for tenders in 2023. The source of resources for the financial products under the NVO Programme in 2023 is unrestricted assets. The implementation under the NVO Programme is shown by financial product for the period from 1 January 2023 to 31 December 2023.

In 2023, a total of 18 applications were received for the financial products under the NVO Programme, with a requested amount of €2.19 million, and 12 applications were approved for an amount of € 0.73 million. The implementation under the NVO Programme in 2023 amounts to 9 contracts concluded for an amount of €0.61 million for the financing of projects with a value of €1.57 million. €0.47 million were drawn down.

The outturn achieved under the NVO programme in 2023 is lower than the plan for 2023 as defined in the BPF 2022-2023, under which the plan was for 38 contracts to be concluded for €4 million. The 2023 outturn is 7 contracts or 44% lower than the 2022 outturn. In terms of the amount of contracts concluded, the 2023 outturn is €0.21 million or 26% lower than the 2022 outturn. The reason for the low outturn is the inability of the fire brigades that applied for the new financial product "NVO GASILCI" to secure insurance.

Table 9: Overview of the Implementation of the NVO Programme in 2023

Date of Publication	Financial Product	Purpose	Form of Resources	Resources tendered (€ million)	Source of Resources	Budget Line	Applications received (No.)	Requested Resources (million €)	Approved Applications (No.)	Approved Amount (million €)	Concluded Contracts (No.)	Value of Concluded Contracts (million €)	Value of Cofinanced Projects (million €)	Drawdown (million €)	Status
Financial products, from the 2023				2.00	-	-	8	0.36	7	0.28	5	0.25	0.48	0.25	-
24 March 2023	NVO PF	Bridging	Loan	2.00	SRDF's unrestricted assets	PP 115810	8	0.36	7	0.28	5	0.25	0.48	0.25	Concluded
Financial products, from previous years*					-	-	10	1.83	5	0.44	4	0.36	1.09	0.22	-
23 December 2022	NVO GASILCI	Investment	Loan	2.00	SRDF's unrestricted assets	PP 115810	8	1.66	2	0.19	2	0.19	0.69	0.05	Open/ Part. impel. in 2024
18 March 2022	D PF	Bridging	Loan	2.00	SRDF's unrestricted assets	PP 115810	2	0.17	3	0.26	2	0.17	0.40	0.17	Concluded
Implementation by Programme LOKALNO					-	-	18	2.19	12	0.73	9	0.61	1.57	0.47	-

5.7 Summary of the Financial Incentives Implementation in 2023

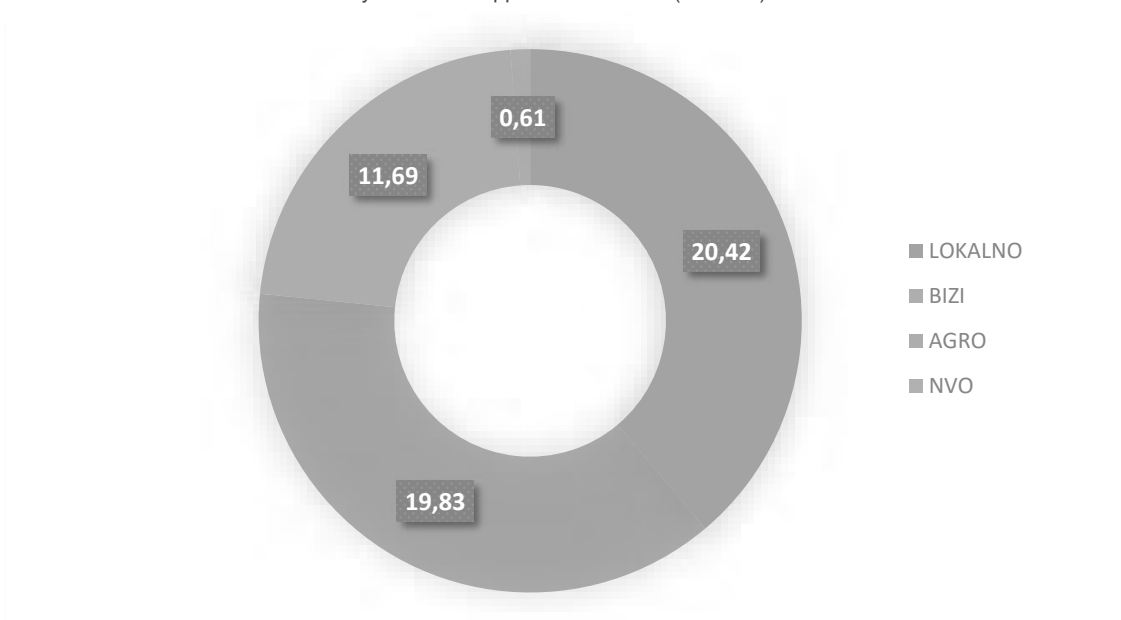
The calls for financial incentives based on the two year Business and Financial Plan (BFP) or amendments and supplements relating to the current year, the GTC, the Rules on the granting of incentives, the Rules on the granting of State aid in the form of liquidity loans granted under the Temporary Framework for Crisis and Transition Facility for State Aid Measures in Support of the Economy following the aggression of Russia against Ukraine and notified State aid schemes. For designing the calls for tenders in 2023, the SRDF made two amendments to the BFP 2022-2023 for 2023, which increased the implementation plan of financial incentives from €40 million to €59 million.

In 2023, the SRDF launched a total of 9 calls for tenders in the Entrepreneurship (BIZI), Agriculture and Forestry (AGRO), Local Authorities and other parts of the public sector (LOKALNO) and Non-Profit Organisations (NVO) Programmes. 13 financial products were launched under the 9 calls for tenders. To maximise delivery and respond promptly to the needs of the market, funding was increased during the reporting period for those financial products where there was a perceived increase in demand.

The SRDF monitors the implementation in terms of the number and amount of contracts concluded with applicants who have been awarded a financial right by decision. In 2023, the SRDF has concluded 210 contracts for an amount of €52.55 million to finance projects amounting to €145.22 million. The BIZI programme (124%) exceeded the implementation, while most resources were disbursed under the LOKALNO programme (€20.42 million). The largest number of contracts was concluded under the BIZI programme (92).

Programme	BFP 23		Implementation		Index (RE23/PFN23)	
	No. of Contracts	Value (€ million)	No. of Contracts	Value (€ million)	No. of Contracts	Value (€ million)
BIZI	87	16.00	92	19.83	106	124 %
AGRO	104	16.00	86	11.69	83	73 %
LOKALNO	25	22.00	23	20.42	92	93 %
NVO	28	4.00	9	0.61	32	91 %
Total	244	58.00	210	52.55	86	91 %

Chart 1: Implementation of Financial Incentives in 2023 by Programme by Amount of approved Contracts (€ million)



The SRDF Funded Financial Incentives in 2023



Planned Amount of Available Resources

Σ= €59 million



No. of Calls for Tenders

Σ=9

No. of Financial Products

Σ=13

Entrepreneurship (BIZI)

→ No. of Contracts:	92
→ Value of Loans:	€19.83 million
→ Project Value:	€56.97 million

Agriculture and Forestry (AGRO)

→ No. of Contracts:	86
→ Value of Loans	€11.69 million
→ Project Value:	€25.93 million

Local Authorities and Other Parts of the Public Sector (LOKALNO)

→ No. of Contracts:	23
→ Value of Loans:	€20.42 million
→ Project Value:	€60.75 million

Non-Profit Organisation (NVO)

→ No. of Contracts:	9
→ Value of Loans	€0,61 million
→ Project Value:	€1.57 million

Amount put out to tender: €84.74 million

TOTAL*

→ No. of Contracts:	210
→ Value of Loans:	€52.55 million
→ Project Value:	€145.22 million

**Part of the Implementation will take place in 2024*

**ANC is tendered within other programmes*

5.8 Regional Impact of the Financial Incentives of the SRDF

In this section, the SRDF provides an analysis of the incentives granted by the region in 2023, i.e. how much funding has been allocated to less developed regions under the contracts concluded and justifies the expected impact of the financial incentives on the regional development based on the performance indicator. The analysis includes contracts concluded irrespective of the source of the financial incentive, which includes contracts implemented from the SRDF's resources and contracts implemented from external sources. In total, 210 contracts amounting to €52.55 million from all four programmes of the SRDF are included in the analysis.

The regional aspect of financial incentives is analysed at the level of statistical regions (NUTS 3), which contributes to the third general objective of the regional policy, i.e. reducing regional development disparities, which Slovenia pursues through two specific objectives, i.e. reducing regional development disparities in Slovenia and preserving the population density and development vitality of problem areas (Regional Development Report 2018-2022, MCRD, November 2023). The chapter also analyses two priority areas, i.e. the BPAs and the ANC.

One of the priority areas for SRDF incentives is the BPA. Under the SRDF financial incentives, projects from this area score more points than projects from municipalities outside the BPAs and therefore have a priority in the selection process. Certain financial products of the SRDF are exclusively targeted at BPA areas and thus the SRDF achieves municipalities with a lower development coefficient, which have weaker economic development, lower development potential, a lack of jobs, poor transport accessibility, difficulties in maintaining and developing infrastructure, stricter environmental protection requirements and lower population density, closer to the more developed municipalities outside the BPA.

The second priority area is the area where the Italian and Hungarian ANC live. Incentives are aimed at creating an economic base for the ANC and at developing the areas of the two communities more rapidly and at developing communities more rapidly.



Reducing Disparities between Development Regions

According to the ZSRR-2, the Development Risk Index (DRI) is a relative indicator of the development of a region. It is calculated by weighting 14 indicators of development, vulnerability, and developmental potential. The Regulation on the classification of development regions according to their level of development for the programming period 2021-2027 (OG RS, No. 118/21) classifies development regions (NUTS 3) according to the Development Risk Index (hereinafter DRI), as shown in Table 11. The higher the DRI, the more developmentally deprived the region is. The table shows the number of (co-)financed projects and the sum of all contracts concluded for the implementation of projects in the development regions, as well as the amount of funding per capita of the development region.

Development Region	DRI	No. of Supported Projects	Amount of Resources (€ million)	Amount of Resources Per Capita of the Development Region (€ million)
Mura	172.5	22	2.83	24.80
Littoral-Inner Carniola	138.3	13	2.82	52.76
Drava	133.4	38	11.56	35.26
Central Sava	132.3	3	0.22	3.89
Carinthia	127.7	20	3.58	50.62
Lower Sava	121.8	7	0.85	11.27
Gorizia	117.1	13	2.83	23.97
Savinja	109.3	35	8.50	32.76
Coastal-Karst	103.2	12	4.17	35.18
Southeast	93.0	18	5.67	38.75
Upper Carniola	85.3	14	5.70	27.04
Central Slovenia	49.6	15	3.81	6.85
Total		210	52.55	24.91

The DRI indicator shows that two regions stand out in terms of development risk, while the differences between other regions are smaller. The Central Slovenia region stands out the most in the positive direction, with a DRI half the national average of 115.29, which means that it is by far the most developed. The Mura region stands out the most in the negative direction, exceeding the Slovenian average by more than two-thirds and the average of the Central Slovenian region by 3.5 times, which means that it is by far the least developed. The SRDF allocated €3.81 million to the Central Slovenia region, financially supporting 15 projects. The SRDF allocated €2.83 million to the Mura region, which is the least developed, financially supporting 22 projects.

The below-average development regions are those with a DRI higher than average, i.e. Mura (172.5), Coastal-Karst (138.8), Drava (133.4), Central Sava (132.3), Carinthia (127.7), Lower Sava (121.8) and Gorizia (117.1) development regions. The SRDF allocated €24.69 million (47% of the total) to these regions, financially supporting 116 projects.

In 2023, the SRDF has by far the largest amount of funds in the **Drava** region, i.e. €11.56 million (22%). The implementation in this development region is boosted by four loans under the financial product "C OBČINE", amounting to €6.3 million. The municipalities of Hoče - Slivnica, Majšperk, Duplek and Ormož suffered damage because of the floods and landslides in August 2023 and are therefore entitled to a reduced interest rate (fixed interest rate of 0.55% p.a.) until 31 December 2023. Also financed were 26 projects under the AGRO programme amounting to €3.90 million and eight projects under the BIZI programme amounting to €1.36 million, three of which also received grants (source from the NOO Contract).

On average, the SRDF invested €24.92 per capita of the RS. The SRDF invested the most resources per capita in the Coastal-Karst region (€52.76 per capita), which is the second most deprived development region according to the DRI. The most developed region, Central Slovenia, was the one where the SRDF allocated 6,85 € per capita. The SRDF allocated the least resources per capita to the Lower Sava region development region (the smallest region in Slovenia) and contributed the smallest share to the total gross value added in Slovenia, i.e. 1.5%. It also has a GDP per capita that is 46.1% lower than the Slovenian average.



Reducing the BPA Development Gap

According to Article 24(1) of the ZSRR-2, the BPA comprise border municipalities and municipalities directly adjacent to border municipalities. Border municipalities under the Act are municipalities where more than 50% of the population live within a 10km border zone and which have a shortage of jobs and a below-average population density. In the case of municipalities directly adjacent to border municipalities, the criteria for inclusion in BPA shall be the average accessibility of more than 45 minutes to the nearest motorway or expressway connection or a high proportion of the area covered by a Natura 2000 site. Municipalities with a municipal development coefficient under the law governing municipal financing of less than 0.90, if they are adjacent to border municipalities or municipalities directly adjacent to border municipalities, shall also be classified as a BPA.

The Regulation on the delimitation of BPA (OG RS, No. 22/11, 97/12, 24/15, 35/17, 101/20 and 112/22) specifies the criteria for the delimitation of a BPA and the municipalities that meet these criteria. Considering the available data on the values of the criteria, 86 municipalities are classified as BPA.

BPAs are a specific type of development area with the specific objective of maintaining the settlement and development vitality of problem areas. Their development is the result of several interrelated factors affecting various levels of development. The Development Incentives Programme for BPAs 2022-2025 shows, by a group of indicators, the differences in the indicators of development, vulnerability, and development potential of the municipalities in the BPA. On this basis, the Development Incentives Programme for BPA 2022-2025 classifies the municipalities into four homogeneous groups:

- TYPE 1: very weak economic development and exceptionally low development potential (Hodoš, Gornji Petrovci, Šalovci, Osilnica, Rogašovci, Kuzma, Grad, Cankova, Kobilje, Loški Potok and Kostel),
- TYPE 2: weak economic development and low development potential (Ribnica na Pohorju, Črenšovci, Tišina, Cirkulane, Kozje, Lovrenc na Pohorju, Podlehnik, Velika Polana, Bistrica ob Sotli, Sveti Tomaž, Majšperk, Videm, Zavrč, Apače, Puconci, Podvelka, Kungota, Moravske Toplice, Komen, Solčava, Kobarid, Luče, Poljčane, Črnomelj, Sveta Ana, Žetale, Gorje, Lendava, Dobrovnik, Kočevje, Semič, Bohinj),
- TYPE 3: Moderate economic development and moderate development opportunities (Pesnica, Selnica ob Dravi, Ormož, Dornava, Miren - Kostanjevica, Brežice, Kanal, Središče ob Dravi, Metlika, Jezersko, Pivka, Renče - Vogrsko, Loška Dolina, Kostanjevica na Krki, Cerkno, Dolenjske Toplice, Tržič, Ruše, Bovec, Ilirska Bistrica, Kranjska Gora, Sežana, Hrpelje - Kozina, Črna na Koroškem and Tolmin) and

- TYPE 4: Better economic development and development opportunities (Rogatec, Divača, Šentjernej, Preddvor, Ajdovščina, Vipava, Brda, Dravograd, Šmarje pri Jelšah, Podčetrtek, Vuzenica, Muta, Prevalje, Radlje ob Dravi, Ravne na Koroškem, Mežica, Postojna and Slovenj Gradec).

In all types, municipalities are facing economic challenges, notably the dwindling number of businesses per 1000 inhabitants, but there are still significant differences in economic strength between municipalities.

Table 12 shows the allocation of SRDF resources to the municipalities of the BPA by type according to each group of indicators of development, vulnerability, and development potential. The table shows that the SRDF has successfully allocated resources to diverse types of municipalities in the BPA, totalling €23.75 million (45% of total resources allocated), supporting 98 projects.

Area Type	Explanation	No. of Projects	Amount (€ million)	Amount of Resources per capita (€)
Type 1	very weak economic development and extremely low development potential (11 municipalities)	4	0.79	115,12
Type 2	weak economic development and low development potential (34 municipalities)	27	6.26	74,95
Type 3	Moderate economic development and moderate development potential (25 municipalities)	34	9.70	74,34
Type 4	Better economic development and development opportunities (20 municipalities)	33	7.00	59,86
Other municipalities		112	29.65	24,43
Total		210	52.55	



Reducing the Development Gap in ANC Area

In 2023, the SRDF did not tender dedicated assets for the development of the economic base in the areas where the ANC live, but it did allocate financial incentives in the areas of the municipalities where the ANC live from assets dedicated to regional development.

The ethnically mixed area with an Indigenous Italian population includes settlements in the municipalities of Ankaran, Izola, Koper and Piran, where three projects were financed in 2023 under the AGRO programme for an amount of €0.28 million.

The ethnically mixed area, where members of the Hungarian ethnic community live indigenously, includes settlements in the municipalities of Dubrovnik, Hodoš, Moravske Toplice, Lendava and Šalovci, where seven projects were implemented in 2023 for an amount of €0.90 million.

In total, 10 projects were implemented in this priority area for a total amount of €1.18 million, i.e. 2% of the total resources implemented.

5.9 Impact of SRDF' Incentives by Programme and Purpose

Article 4 of the Law on Monitoring State Aid (OG RS, No. 37/04) stipulates that grantors granted aid under a regional state aid scheme must report to the state body responsible for regional development on the aid granted. The monitoring and evaluation of the effects of this aid is ensured by the State authority, based on data on regional State aid granted and regional development indicators. Regulation on the submission of data and reporting on State aid granted and aid under the rule de minimis (OG RS, No. 61/04, 22/07, 50/14) regulates the method and deadlines for submitting data, the content and format of the annual report, and provides for records of aid under the de minimis rule.

The RDI is monitored based on statistical data for each territorial level, i.e. for the country as a whole, the statistical regions and the municipalities as defined by the Regulation on the Standard Classification of Territorial Units (OG RS, No. 9/07) and Regulation (EC) No. 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (OG RS, No. 154, 21 June 2003), as amended and supplemented.

Impact of the COVID-19 Epidemic on Regional Development

The crisis linked to the 2020 COVID-19 epidemic has contributed to a reduction in development disparities between statistical regions. With the recovery in 2021, development disparities have increased rapidly again, but generally at levels that continue previous development trends. The economic consequences have not had a significant impact on the development gap with the EU average, except in the Upper Corinthia and Coastal-Karst statistical regions, which have not yet recovered or continue to show negative development trends. Measures taken in 2020 have made a significant contribution to the changes associated with the digital transition (source: Regional Development Report 2018-2022, MCRD, November 2023).

Assessing the Impact of the Energy Crisis on Regional Development

It is not possible to assess the impact of the energy crisis on regional development in the period 2018-2022 based on existing indicators. Major regionally specific changes are expected because of the Green Transition efforts. The development regions of Gorizia and Savinja could face particularly significant challenges (source: Regional Development Report 2018 - 2022, MCRD, November 2023).

Assessing the Impact of Climate Change on Regional Development

Given Slovenia's geographic diversity, the impact of climate change on regional development can be expected to be significant. The existing system of monitoring and evaluation of regional development does not adequately address this issue. Currently, the indicator used is Greenhouse Gas (CO₂) Emissions by Emission Source, which shows action and adaptation to climate change. However, the impact of natural disasters resulting from climate change on regional development is not evaluated (source: Regional Development Report 2018-2022, MCRD, November 2023).



Impact of Incentives for Projects in the Entrepreneurship (BIZI) Programme

Impacts of Investment Projects

In 2023, the SRDF monitors investment projects completed in 2020 and tracks them based on publicly available financial statements for 2022, which reflect the impact of the SRDF incentives on investors' productivity and the impact on employment growth.

The impact of financial incentives on productivity is monitored by the SRDF through the indicator "Value added per employee", which shows the average new value created per employee. A higher value of the indicator, while showing a net profit, means a higher quality of business outputs (products and services) and thus a more prosperous society. Value added per employee is calculated by subtracting the cost of goods, materials and services and other operating expenses from the gross operating profit and dividing the difference by the average number of employees.

The impact of financial incentives on employment is monitored by the SRDF through the indicator "Number of employees representing the sum of the average number of employees", based on hours worked during the accounting period.

18 investment projects were monitored and financed by a repayable source of €4.62 million. Based on publicly available financial statements, the SRDF verified the above indicators for the monitored projects in 2019 and 2022.

Indicator	Year 2019	Year 2022	Impact
Productivity	€48.405	€53.674	11 % productivity growth
No. of employees	490	494.61	1 %

Effects of the Intervention Measure to Mitigate and Remedy the Consequences of the COVID-19 Epidemic

In 2020 and 2021, the SRDF implemented, through a public call for tenders, a measure to provide liquidity loans in BPA, based on the intervention law to mitigate and remedy the effects of the COVID-19 epidemic.

In 2023, the SRDF monitored 485 borrowers with whom it concluded loan agreements in 2020 and 2021, to ensure access to finance for SMEs in BPAs. The objective of the measure is to sustain the activities and jobs provided by SMEs in BPAs. Most of the co-financing provided by the SRDF was for labour costs not financed from other public sources and other operating costs. To monitor the impact of the measure, SRDF compares the performance between 2019 and 2022 for all monitored borrowers. SRDF excluded from the analysis 16 borrowers that have already repaid the loan, 9 borrowers classified as bad investments and 3 borrowers that are in the process of cancellation, have already been cancelled or there is no data for 2022. Borrowers who have already repaid the loan are no longer part of the active portfolio of the SRDF and are

therefore not monitored (16 borrowers or 3% of beneficiaries). The remaining borrowers, i.e. those classified as non-performing investments and those for which no data are available (12 borrowers or 3% respectively), have a high probability of default. Indicator values and impact are given for 457 borrowers.

Indicator	Year 2019	Year 2022	Impact
Productivity	€34.010,74	€44.422,76	31 % productivity growth
No. of employees	4.105,33	4.218,73	3 %



Impact of Project Incentives in the Agriculture and Forestry (AGRO) Programme

Under the Agriculture and Forestry (AGRO) programme, the SRDF monitored projects closed in 2020. Most projects (47) closed in 2020 were liquidity loans, for the purchase of working capital, to maintain agricultural production affected by the COVID-19 epidemic. All the beneficiaries of the liquidity loans maintained their agricultural production. This is followed by projects aimed at the purchase of agricultural and forestry land (42), which were also fully implemented. Agricultural and forest land worth €2.28 million, which was (co-)financed by the SRDF, remained in the ownership of farmers engaged in primary agricultural production activities. The remaining projects (22) had the following objectives: Improving the overall efficiency and sustainability of the agricultural holding, improving the natural environment, hygiene conditions or animal welfare standards, establishing and improving agricultural infrastructure, achieving agri-environmental-climate objectives, and restoring production potential affected by natural disasters.



Impact of Project Incentives under the Local Authorities and Other Parts of the Public Sector (LOKALNO) Programme

Under the LOKALNO Programme, 17 contracts were concluded with municipalities for the construction of local and regional infrastructure, amounting to €18.58 million. Following the modification of the call for tenders to reduce the interest rate to 0.55% p.a. until 31 December 2026, which enabled municipalities affected by natural disasters in 2023 to obtain loans for investment projects on more favourable terms, the implementation of the financial product "C OBČINE" has increased sharply. Thus, 11 contracts were concluded with more favourable loan conditions for an amount of €12.33 million (66% of the implementation). Municipalities with affected infrastructure were able to obtain very favourable loans for the implementation of planned projects of immense importance for local and regional development.

The impact of the incentives of the LOKALNO projects funded in 2023 was evaluated by the SRDF in terms of the population density of the municipalities (population/km², data source: Statistical Office of the Republic of Slovenia) where the projects aimed at building local and regional infrastructure were (co-)financed. The average population density of municipalities in the Republic of Slovenia is 105 inhabitants/km². In municipalities with a population density lower than the national average, the SRDF allocated 64% of the resources or €13.04 million of the implementation. The municipalities of Bohinj, Kozje, Vitanje and Idrija, which have a population density below 50,16 inhabitants/km², received €2.7 million or 13% of the resources.



Impact of Project Incentives in the Non-Profit Organisations (NVO) Programme

In 2023, the SRDF signed the first contracts under the NVO Gasilci financial product, which includes the purchase of equipment to increase resilience, as natural disasters, which are occurring more frequently each year because of climate change, are crucial to the response times of the competent services to a call for help. These services include volunteer fire brigades, which are often the first on the scene. In addition to resilience, the SRDF promotes quality of life through such investments.

5.10 Incentive-related Activities



Monitoring, Review

In 2022, the SRDF adopted the Rules on the in-depth review of projects financed by the SRDF of 28 November 2022 (hereinafter referred to as the Rules), which set out the reasons for the decision to carry out an in-depth review of a specific investment project or client, the review procedure, and define the persons responsible for the preparation and implementation of the individual activities related to the in-depth review.

The grounds for placing an investment transaction or a client on the list for in-depth review are those circumstances which could directly or indirectly affect the performance of the client and/or the final repayment of the investment transaction: credit rating downgrades or deterioration of the client's financial situation and/or increased risk due to unintended use of the financed resources and/or initiation of a simplified compulsory liquidation procedure and/or increased credit risk due to other facts and circumstances (e.g. financial situation of the client and/or the client's financial situation). Other reasons for placing an investment transaction or a client on the in-depth review list are related to the risk of the investment transaction not achieving its objectives as set out in the financing agreement or the existence of a suspected breach of the non/purposeful use of the financed resources. As a rule, investment operations that have been or should have been completed under the terms of the financing agreement are included on the list.

In 2023, the SRDF carried out seven in-depth reviews, postponed two reviews to 2024 due to additional findings (projects had not yet been completed so the impact could not yet be verified) and removed one client from the review list because the perceived risk indicator for which the client was placed on the review list had not been met. The review also identified actions to be taken if irregularities or deviations from contractual provisions were identified to manage credit risk.



Marketing and promotion of the SRDF

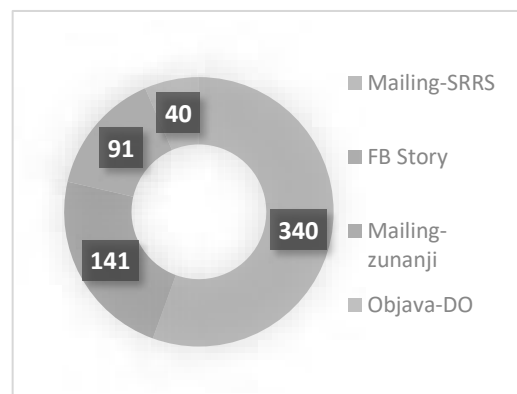
In 2023, the SRDF conducted promotional activities that significantly contributed to strengthening its visibility throughout the Republic of Slovenia. The activities were focused on establishing links with various stakeholders, thus building the SRDF's public presence, with an emphasis on ensuring the availability of information on topical issues in the field of financial products. The results of the SRDF's efforts were reflected in increased visibility, the establishment of new links and a more effective implementation of the SRDF's mission.

In terms of the incentive programme, the most promotional activities carried out by the SRDF were for the Entrepreneurship (BIZI) programme, where 249 different promotional activities were carried out, followed by the Agriculture and Forestry (AGRO) programme with 246 activities, then the Local Community and Other Public Sector (LOKALNO) programme with 89 promotional activities, and the Non-Profit Organisations (NVO) programme with 68 promotional activities.

For the implementation of specific financial incentives, the SRDF has strengthened its cooperation with two ministries. With the MCRD for the implementation of the financial products "BIZI Likvidnost energija", "BIZI Likvidnost poplave" and "BIZI NOO". And with the MAFF for the design of the "AGRO FI Mikro" financial instruments. Such collaborations reinforce the commitment to implement innovative financial solutions to support entrepreneurship, agriculture, etc.

SRDF in the Media

The SRDF successfully implemented promotional activities in 2023, prioritizing digital channels to advertise financial products and other topical news. The most frequent posts were made on Facebook and LinkedIn, where 181 promotional graphics were published, of which 141 were in the form of stories and 40 posts. The SRDF contributed 340 different topical content items through its newsletter subscriber feed and a further 91 items through other institutions' feeds. In addition, it reached out to target groups via its website www.srrs.si and the websites of other institutions such as regional development agencies, ministries, enterprise centres, and municipalities, including the Rural Network.

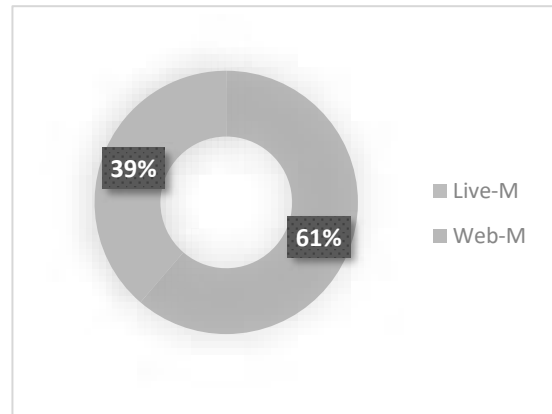


The SRDF also had a presence in the online media, publishing news, articles, advertisements, and banners through the Green Network portal, the AGROBIZNIS and GOV.SI websites, Kmečki glas and Kmetija24. In the print media, news, articles, and advertisements were published in the Kmečki glas newspaper and the Glas Gospodarstva magazine, as well as in the ESG, Ekodežela and Gasilec magazines.

Live Presentations and Audio-Video Links

An increasingly important medium for the promotion of financial products is audio-video presentations, which the SRDF has conducted on its behalf or in cooperation with other institutions. To familiarize the widest possible audience with the electronic method of application and the content of current financial products, 12 presentations were made via audio-video link, representing 39% of all presentations.

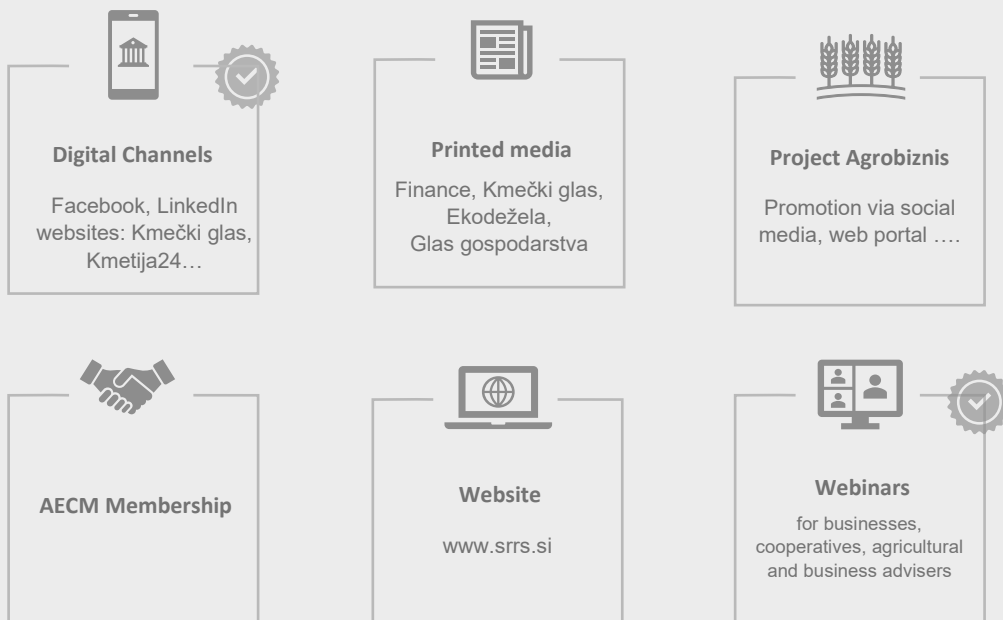
The SRDF also conducted live presentations, either in the form of a workshop or through active participation in events such as the MOS, AGRA, Regional Days 2023 and AGROBIZINIS conferences. In 2023, the SRDF conducted 19 live presentations, representing 61% of all presentations.



Project »Agrobiznis«

In 2023, the SRDF signed a cooperation agreement on the "Agrobiznis" project, which included several substantive and promotional activities. As part of this cooperation, the SRDF participated in the events "Farmers' Advisory Service: transferring the farm to the younger generation" and "8th Agro Hi-tech Conference: Sustainable transformation of livestock farming« and promoted itself through the social media Facebook and LinkedIn and appeared on the Agrobiznis. si web portal.

Marketing and Promotion in 2023



6.1 General Operations Results



Digitisation of Operations

IT support for operations is crucial for the implementation of the financial incentive process and the monitoring of approved loans, especially as the SRDF's main products are long-term development loans, which require intensive treatment and monitoring throughout the life of each loan until maturity. In 2023, major steps forward were made in the automation and digitisation of some of the main processes. Without these, the business results achieved in 2023 would not have been possible.

Five IT systems are used to cover the operational part of the business:

- The GovernmentConnect document system (GC), launched in 2021, has been used throughout 2023 for individual projects to adapt its functioning to the needs of the work processes of the SRDF. A lot of work has been invested in the design of the incentive award process and the support of the process from the issuance of the decision, signing of the contract, implementation of the disbursement and reporting on the achievement of the objectives of the supported project. An interface for the automatic transfer of data from the e-Rsklad application to the document system has been developed. At the same time, activities that previously required a lot of human work have been automated. The process of remote digital signing of contracts was upgraded.
- The e-Rsklad application, the first phase of which was completed in 2021, enables electronic submission of applications and supports the processing of the applications received. In 2023, activities were conducted to adapt the application to the needs of the new financial products. The use of the application revealed certain shortcomings and the need for updates, which will be implemented in the coming years.
- The SiBank app is designed for managing incentives or loan transactions. In 2023, some additional upgrades and improvements were made to the system to optimise work processes. Specifications for additional upgrades were also being prepared and will be implemented in the next year. The integration of this system with the data warehouse has been implemented.
- The iCenter application is the main application of the SRDF for the management of the general ledger, the accounts and other subsidiary accounting records. In 2023, a module was added to allow employees to view personal data, declare leave, etc.
- DWH-CRM-MIS: In 2023, the first phase of the Data Warehouse (DWH) was completed for the use of data in the Management Information System (MIS) and the Customer Relationship Management (CRM), which provide different views of the SRDF's portfolio status and customer data in one place. With the above-mentioned update and the transfer of certain data to SiBank, the SRDF discontinued the use of FINIS in 2023, which was used for the management of financial incentives, but the process resulted in unnecessary, redundant records, and the SRDF decided to discontinue it in the light of the optimisation of the workflow.

Many activities have also been focused on the reliable and secure digital operations of the SRDF:

- cyber threat awareness training and a security threat awareness test was conducted among employees,
- internet speed was increased, a new contract was signed with a provider of this service with a higher level of reliability than the previous one (SLA),
- relocation of the server infrastructure to a new site: reconfiguration of the communication hub and creation of a new fibre network between the communication hub,
- setting up a new VPN system for remote access to the computer network (workplace mobility),
- creation of a new domain name: fund.local, registration of all users to the new domain,
- setting up a new server infrastructure, virtualisation of the IT environment, setting up backup of virtual systems,
- preparations have been made for security upgrades to the system, which are planned for 2024.

In the further development of IT support, the SRDF will continue to focus on the implementation of the integration of IT systems, and on the further development of its IT system in line with the development strategies and guidelines as laid down by the EC, the Republic of Slovenia and the documents of the State Administration (focus on cloud services, taking care of cyber-security, connectivity, where the use of building blocks for electronic data exchange is possible, etc.).



Internal Control System of Public Finances

The SRDF has implemented a system of internal control over public finances that provides reasonable assurance of achieving objectives and is based on a continuous process that identifies key risks, the likelihood of occurrence and the impact of a particular risk on the achievement of objectives while helping to ensure that risks are managed effectively, efficiently, and economically.

In the field of introducing processes and procedures for internal control of public finances, the SRDF has set up:

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

In 2023, the SRDF made the following improvements in internal control:

- setting up CRM, DWH and MIS to track clients and monitor financial incentives,
- integration of mSign in the document system,
- renewal of technical security of the premises.

Despite improvements, especially in IT security and data connectivity from different applications, the SRDF will continue to upgrade and adapt applications to improve connectivity, reduce operational and cyber risk, and take stock of process changes.



Supervision of Operations - Audit

The contract with the previous internal auditor expired in 2023. Thus, at the end of 2022, the SRDF proceeded to the selection of a new internal auditor and, following an invitation and meeting the conditions selected the contractor Revidera d.o.o., which was contracted in 2023 to conduct the internal audit in the years 2023 to 2025. The contractor conducted two audits in 2023, namely:

- Personnel payroll (teleworking, instructions, rules, allowances, monitoring, recording, payroll, attendance records).
- Procurement related to the cost of materials and services: Procurement and purchase order records, annual contracts with purchase orders, instructions, monitoring and recording, approval, and control.

The internal audit did not identify any irregularities in the SRDF's operations. Following the audits conducted, the opinion was that an adequate control environment is in place throughout the business area. A system of internal controls and control activities that mitigate risks to an acceptable level are in place in the audited areas and the auditor will follow up the actions taken in the light of the recommendations made. The audits conducted and the recommendations made are also brought to the attention of the SRDF's Supervisory Board.



ISO standard

The SRDF approach to establishing a quality management system and the successful completion of the certification process in 2012 per the requirements of ISO 9001:2008 contributed to the award of the quality label. SRDF continued its commitment to the Quality Management System by moving to ISO 9001:2015 in 2018, obtaining certification and the Quality Mark under that standard, and renewing the Quality Mark until 2024 following its renewal in 2021.



With the adopted standard, the SRDF focuses primarily on the effective functioning of the quality management system, with emphasis on the management of the organisation and the processes that take place within the organisation. It also focuses on meeting the requirements of clients (beneficiaries of regional incentives) and the performance of the Certification Body's tasks. Through this process approach, the SRDF links its business objectives to business performance.

ISO 9001:2015 focuses primarily on the effectiveness of the quality management system in meeting customer requirements, with an emphasis on the management of the organisation and the processes that take place within the organisation. It is intended for all types of organisations that want to manage and improve their operations and increase customer satisfaction. The standard specifies requirements for the quality management system, management performance, resource management, core business performance and control. Compliance with all the requirements of the standard enables an organisation to obtain a quality management system certificate after completing the certification process. The Quality Management Standard is used by successful organisations around the world as it contributes to the orderliness and performance of a company at a higher level.

Internal and external audits are also part of meeting the requirements of the standard. The internal audit, conducted by SRDF personnel trained in this area, did not identify any non-compliance and recommendations for improvement were made. The regular external audit conducted by an external auditor again demonstrated that SRDF maintains its quality management system according to the principles of ISO 9001:2015 at an elevated level. Only recommendations for improvement were made as no non-conformities were identified. In this way, the SRDF contributes to improving and maintaining quality through improvements and in this way meets the commitments of the standard.

6.2 Internal Development of the SRDF's Operation



Drafting Internal Rules and Maintaining the Archive

In 2023, the SRDF conducted the final phase of the preparation of the Internal Rules for the Preservation of Documentary Material and submitted them to the Archives of the Republic of Slovenia (ARS) for adoption. The de-accessioning of archival material continued in 2023, as the de-accessioned material is a complete set of loan folders and documentation of organisational operations from 1995 up to and including 2011. The material is being inventoried and tagged by the instructions of ARS, which will be completed in the first half of 2024. The archival space acquired for the de-accessioning of physical documentary material is already being used for other purposes necessary for the SRDF's operations.



Sustainable Operations

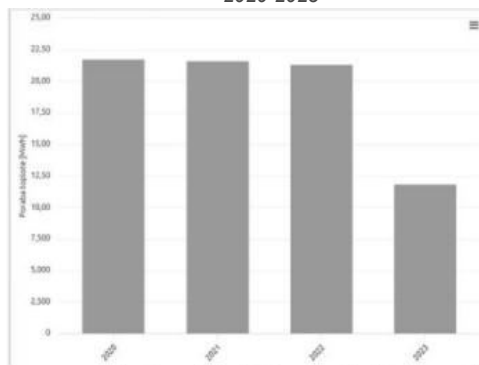
The SRDF has mostly digitised all work processes, which means reduced consumption of paper and office supplies. In line with the "no paper" policy, printers have been replaced by one multifunctional device for all employees, which allows employees to print at a significantly reduced volume. The European "Mobility Week" involves all employees and aims to raise awareness of the importance of sustainable modes of transport and encourages employees to reflect on their commuting habits and to use more environmentally friendly alternatives.

Reducing Energy Consumption and Energy Accounting

By regulating the heating regimes in 2023, SRDF has significantly reduced its thermal energy consumption compared to previous years, per Chart 3.

The introduction of energy accounting allows real-time monitoring of energy consumption, both electricity and heat and analysis of energy flows. Based on the data from the CSRE energy accounting application, the SRDF has taken initiatives to manage energy more efficiently: regulation of heating regimes, installation of calorimeters to read actual consumption by users at the common heating station, more rational water consumption, etc. Opportunities for improvement have been identified in terms of improving efficiency and reducing energy costs.

Chart 3: Energy consumption reduction over the period 2020-2023



Source: heat consumption report for SRRS premises, GOLEA, Jan 2024

6.3 Cooperation with External Organisations

The SRDF's Engagement with Other Stakeholders



In the framework of its operations, the SRDF cooperates with national and international organisations, which was reflected in the following areas in 2023:

- SRDF became an associate member of the European Association of Guarantee Schemes (AECM) in 2015, and in 2022 SRDF obtained the status of a full member of the AECM.
- In early 2022, SRDF was selected by the European Investment Bank (EIB) as one of the two Slovenian financial incentive institutions to receive free advisory support from the EIB Bank for the further development of green finance products (EIB Climate Action Support Facility, EFSI Regulation). The contract between the EIB and SRDF was signed in June 2022. The main objective of the advisory support of the CASF (EIB Climate Action Support Facility) was to contribute to the EU's sustainable financial policy objectives by strengthening the role of financial institutions in financing the transition to a low-carbon and climate-resilient economy. The implementation of the consultation started in February 2023 and was actively pursued throughout the year.
- As already mentioned in Chapter 5, the SRDF has strengthened its cooperation with MCRD and MAFF, focusing on the development of new financial product content in the entrepreneurship and agriculture programmes, respectively. Through this cooperation, the SRDF is gaining new knowledge, information and initiatives stemming from the good practices of these institutions.

6.4 Risk Management

Article 25 of the Law on Public Funds (ZJS-1) requires public Funds to maintain dedicated assets and thus to manage risks. In its operations, the SRDF is exposed to several risks stemming from the external and internal environment, such as credit, market, liquidity, operational, strategic, cyber, and reputational risks. To manage these risks, the SRDF has in place appropriate policies and established procedures to ensure that risks are monitored, measured, and managed.

Credit Risk



Credit risk is the risk of loss arising from a debtor's inability to meet its financial or contractual obligations in full. The SRDF manages such credit risk through the following measures:

- internal policies on the identification, assessment, monitoring, and management of credit risks,
- the procedures and controls in place to conduct the assessment, monitoring, and management of credit risk per internal policies,
- reviewing the credit rating structure of the credit portfolio by cost centre and making the necessary provisions,
- diversification of financial incentive products and diversification of the borrower portfolio,
- the cap on the exposure of each client to the SRDF,
- adequate collateralisation of claims on SRDF's clients,
- a process for early detection of increased credit risk and closer monitoring of debtors and treatment of problem debtors,
- the establishment of a guarantee SRDF for the implementation of guarantees under the RGS financial instrument,
- monitoring of macroeconomic forecasts on the world market and in Slovenia (reports by UMAR, Bank of Slovenia, etc.).

Market Risk



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

In addressing market risk, it should be noted that:

- the SRDF is not exposed to currency risk, as both its sources of resources and investments are in EUR,
- the most important movement for the SRDF is the fluctuation of reference interest rates EURIBOR and ROM. Their movement affects both the increase or decrease of interest income and expenses,

as well as the increase or decrease of credit risk. The growth of the reference interest rate namely increases the cost of financing the SRDF's debtors, which in turn increases the probability of difficulties in repaying liabilities to the SRDF. On the other hand, a decrease or even a negative value of the reference interest rate has a significant effect on the reduction of the SRDF's interest income, and thus also affects the provision of an adequate interest margin to cover operating costs and form the necessary provisions.

The SRDF manages its Interest Rate Risk by:

- The policy of balancing the sources of funds and investments against the reference rate - both on the side of leased sources and on the side of approved incentives, with interest rates based on the reference rate of 3- and 6-months of EURIBOR.
- A fixed interest rate, which is optionally offered in different tenders depending on the SRDF's business policy. The SRDF also borrows part of its resources from the EIB at a fixed interest rate.
- A policy of creating active interest rates that encourage investment in less developed regions while at the same time ensuring a long-term surplus of revenues over expenditures, thus preserving the value of dedicated assets.



Liquidity Risk

Liquidity risk is the risk of loss when a debtor is unable to meet all maturing obligations or is forced to provide the necessary resources at significantly higher than normal cost because of its inability to provide sufficient resources to meet its obligations as they fall due.

The SRDF manages liquidity risk by placing unrestricted assets, under the provisions of Articles 26 and 27 of the ZJS-1. The SRDF deposits the short-term part (liquidity surpluses) of the unrestricted assets dedicated to the implementation of financial incentives in the current budget year in the form of deposits placed with the Single Treasury Account System Operator under the regulations governing public finances. The long-term part of the unrestricted assets, the so-called portfolio investments, which are intended to provide resources for the implementation of the incentive calls in the following years, is invested per the provisions of Article 26 of the Financial Sector ZJS-1.



Operational Risk

It represents the risk of losses arising from inadequate or failed internal processes, people, systems, or external factors. Operational risk also includes IT risk (i.e. the risk of loss because of inadequate IT) and legal risk (i.e. the risk of loss arising from breaches of, or incorrect compliance with, laws, regulations, instructions, recommendations, etc.). Compliance risk is also part of legal risk, which is the risk of legal or regulatory sanctions, significant financial losses, or loss of reputation of the SRDF due to non-compliance of its operations with relevant regulations and good practice standards. The SRDF strives to automate processes as much as possible, thereby ensuring that the potential for errors is minimised, that the efficiency of client monitoring and the impact of incentives is maximised and that a complete audit trail is ensured throughout the information system.

From 2021, the SRDF will evaluate and measure operational risks. It assesses that it manages operational risk appropriately and is well placed to manage it, as based on the perceived events affecting operational risk, no material losses occurred in 2022, only potential losses and non-material losses.

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



Reputation Risk

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

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

- news in the media,
- judicial and extrajudicial events involving the SRDF,
- trends in key business indicators,
- the scope, status, and content of the complaints of the SRDF's applicants.

6.5 Participation in ETC Programmes



Certifying Authority 2014-2020

With its decision No. 30300-2/2014/5 of 17 December 2014, the Government of the Republic of Slovenia agreed on the organisational structure of the implementation of European Territorial Cooperation Programmes (ETC) in the financial perspective 2014-2020, within which the SRDF was appointed as the responsible institution for performing the tasks of the Certifying Authority for the following programmes:

- the INTERREG V-A Slovenia-Austria Cooperation Programme 2014-2020,
- the INTERREG V-A Slovenia-Hungary Cooperation Programme 2014-2020,
- the INTERREG V-A Slovenia-Croatia Cooperation Programme 2014-2020

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

- Article 126 of EU Regulation No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the ERDF, the ESF the Cohesion Fund, the EAFRD and the EMFF and repealing Council Regulation (EC) No. 1083/2006.

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

- drawing up and submitting payment applications to the Commission, and certifying that they result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verifications by the Managing authority,
- drawing up the accounts referred to in point (a) of Article 59(5) of the Financial Regulation,
- certifying the completeness, accuracy, and veracity of the accounts and that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding under the criteria applicable to the operational programme and complying with applicable law,
- Provide a system for the computerised recording and storage of financial statements for individual operations, which supports all the data required for the preparation of payment claims and financial statements, including records of amounts recoverable and recovered, as well as amounts withdrawn after the cancellation of the entire contribution to the operation or operation of the programme or a portion thereof,
- ensuring, to draw up and submit payment applications, that it has received adequate information from the managing authority on the procedures and verifications conducted concerning expenditure,
- considering, when drawing up and submitting payment applications, the results of all audits conducted by or under the responsibility of the audit authority,
- maintaining, in a computerised form, accounting records of expenditure declared to the Commission and of the corresponding public contribution paid to beneficiaries,
- keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the budget of the Union before the closure of the operational programme by deducting them from the subsequent statement of expenditure.

Activities related to the ETC Programmes 2014-2020

The Certifying Authority received in July 2023 from the EC the annual pre-financing for the individual Cohesion funds for the year 2023. At the same time, the annual pre-financing for the year 2022 was repaid and the accounting year 2022 was cleared.

In 2023, it conducted checks and disbursements of project reports in all three ETCs, and checks and recoveries of financial corrections in the context of the treatment of irregularities. It regularly sent payment requests to the European Commission and prepared the financial statements for the eighth accounting year (1 July 2021 – 30 June 2022) in February.

Table 13: Amount of Resources Transferred to Lead Partners in 2023 for ETC 14-20 (€)	
ETC	Amount of Transferred Resources (€)
INTERREG V-A Slovenia-Austria	4.860.641,00
INTERREG V-A Slovenia-Hungary	783.883,80
INTERREG V-A Slovenia-Croatia	613.169,06
Total	6.257.693,86

Table 4: Amount of Payment Requests Sent in 2023 for ETC 14-20 (€)		
ETC	Amount of Transferred SRDFs (in €) *	Total Requests**
INTERREG V-A Slovenia-Austria	3,637,714.62	5,491,963.21
INTERREG V-A Slovenia-Hungary	688,662.76	783,994.25
INTERREG V-A Slovenia-Croatia	956,775.98	903,740.13
Total	5,283,153.36	7,179,697.59

* No annual advance payment.

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

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

Activities Related to Cooperation Programmes for the Period 2007-2013

The SRDF has also been designated as the Certifying Authority for the 2007-2013 financial perspective. In 2019, the SRDF has already conducted all the necessary activities for the closure of the operational programmes for cross-border cooperation:

- Slovenia-Austria 2007-2013,
- Slovenia-Croatia 2007-2013
- Slovenia-Hungary 2007-2013.

Dedicated assets remain in all three cooperation programmes to prepare for the new Financial Perspective 2021-2027. The SRDF therefore continues to manage the transaction accounts and conduct financial monitoring for the 2007-2013 programming period.

For the Operational Programme Cross-border Cooperation Slovenia-Austria 2007-2013, the Monitoring Committee adopted a decision on the conditions for the disposition of the remaining resources. These resources are charged with the payment of the planning services for the Slovenia-Austria Programme in the financial perspective 2021-2027, following the decision of the 7th Monitoring Committee meeting. The available resources are intended to provide liquidity for the 2014-2020 programme.



The Accounting Function in the Period 2021-2027

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

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

In 2023, the SRDF participated in the preparation of the Description of the Management and Control System for all three programmes and monitored the development of the monitoring information system (Jems).

F INANCIAL REPORT

07 Financial Report

08 Assets and Investments



The SRDF makes the following statements in respect of events after the balance sheet date.

- that there have been no momentous events after the balance sheet date of 31 December 2023 and up to the adoption of the 2023 Annual Report that would have an impact on the SRDF's 2023 financial statements
- that the Annual Report 2023 of the SRDF was adopted by the College of Directors on 27 February 2024,
- that it is responsible for the preparation of the Annual Report and the fair presentation of the SRDF's assets and liabilities and financial position,
- that the Annual Report is drawn up by the Accounting Act and the Regulations on the preparation of annual reports for the budget, budget users and other public law bodies,
- that it is responsible for proper accounting, for responding appropriately to safeguard its assets and for the prevention and detection of fraud and other irregularities or illegalities.
- that the accounting estimates are made based on the principles of prudence and sound fiscal management
- that the SRDF's Annual Report for 2023 may be published.





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Slovenian Regional Development Fund, which include the balance sheet as at 31 December 2023 and the income statement for the year then ended, as well as the summary of material accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Slovenian Regional Development Fund as at 31 December 2023 and the income statement for the year then ended in accordance with Accounting Act.

Basis for Opinion

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

Other information

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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Report on Other Legal and Regulatory Requirements

We also audited the compliance of asset investments of Slovenian Regional Development Fund with Article 26, compliance of the granting of credit on favourable terms with Article 28, compliance of guarantees and commitments with Article 29, compliance of investments in capital of other legal entities with Article 32, compliance of provisioning for credit risk with Article 36, and debt compliance with Article 37 and the law on public funds and compliance with the rules of credit risk management as at 31. December 2023. We also audited the compliance of borrowing with the second paragraph of Article 10 of the Promotion of Balanced Regional Development Act. The management of Slovenian Regional Development Fund is responsible for compliance and implementation according to the rules. The auditor responsibility is to express an opinion on compliance and implementation of the rules.

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

In our opinion, asset investments, the loans granted, guarantees and commitments, and creation of provisions for credit risks as at 31. December 2023 by Slovenian Regional Development Fund and the rules on credit risk management as at 31. December 2023 are in compliance with Public Funds Act and borrowing is in compliance with Article 37 of Public Funds Act in connection with second paragraph of Article 10 of the Promotion of Balanced Regional Development Act.

Gregor Jelnikar
Certified auditor

PROSPERUS d.o.o.
revizijska družba

Ljubljana, April 24th, 2024



7.1 Financial Statements

Table 15: Balance Sheet as of 31 December 2023 (€)

Breakdown of the accounts	Title	Account as of 31 December 2023	Account as of 31 December 2021	BFP 2023	Index 3/4	Index 3/5
1	2	3	4	5	6	7
ASSETS						
LONG-TERM ASSETS AND ASSETS UNDER MANAGEMENT		113,626,470	110,637,464.50	134,189,475.00	102.70	84.68
00	INTANGIBLE ASSETS AND LONG-TERM PREPAYMENTS AND ACCRUED INCOME	455,304.16	375,558.91	518,027.00	121.23	87.89
01	ACCUMULATED AMORTISATION OF INTANGIBLE ASSETS	269,886.31	221,877.84	272,306.00	121.64	99.11
02	REAL ESTATE	508,719.65	508,719.65	538,720.00	100.00	94.43
03	VALUE ADJUSTMENT OF REAL ESTATE	319,001.98	303,740.38	319,002.00	105.02	100.00
04	EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	333,556.37	357,661.93	421,988.00	93.26	79.04
05	VALUE ADJUSTMENT OF EQUIPMENT AND OTHER TANGIBLE FIXED ASSETS	217,620.26	285,789.10	316,892.00	76.15	68.67
06	LONG-TERM INVESTMENTS	357,432.80	351,909.76	354,000.00	101.57	100.97
07	LONG-TERM GRANTED LOANS AND DEPOSITS	112,777,965.56	109,855,021.57	133,264,940.00	102.66	84.63
08	LONG-TERM OPERATING RECEIVABLES	0.00	0.00	0.00	0.00	0.00
09	RECEIVABLES FOR ASSETS GIVEN TO MANAGEMENT	0.00	0.00	0.00	0.00	0.00
SHORT-TERM ASSETS EXCEPT INVENTORIES AND PREPAYMENTS AND ACCRUED INCOME		140,126,280.87	97,980,137.43	102,325,149.00	143.01	136.94
10	CASH IN HAND AND HIGHLY LIQUID SECURITIES BALANCES HELD WITH BANKS AND OTHER FINANCIAL INSTITUTIONS	0.00	0.00	0.00	0.00	0.00
11	SHORT-TERM ACCOUNTS RECEIVABLES	2,680,027.54	1,654,691.33	2,307,945.00	162.57	116.56
12	PAID ADVANCES AND GUARANTEES	52,468.80	34,108.77	25,000.00	153.83	209.88
13	SHORT-TERM RECEIVABLES FOR USERS OF THE COMMON CHART OF ACCOUNTS	0.00	0.00	0.00	0.00	0.00
14	SHORT-TERM INVESTMENTS	100,773,319.99	65,686,048.22	65,699,740.00	153.42	153.38
15	SHORT-TERM RECEIVABLES FROM FINANCING	30,307,590.19	26,273,177.71	30,011,516.00	115.36	100.99
16	OTHER SHORT-TERM RECEIVABLES	1,525,425.88	1,468,901.56	1,583,000.00	103.85	96.36
17	UNPAID EXPENSES	4,594,263.56	2,741,047.47	2,500,000.00	167.61	183.77
18	PREPAYMENTS AND ACCRUED INCOME	183,184.91	122,162.37	197,948.00	149.95	92.54
19	INVENTORIES	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS		253,752,750.86	208,617,601.93	236,514,624.00	121.64	107.29
99	ASSETS ACCOUNTS OF OFF-BALANCE SHEET RECORDS	35,304,157.81	14,241,245.95	14,000,000.00	247.90	252.17
LIABILITIES TO ASSET SOURCES						
SHORT-TERM LIABILITIES AND ACCRUED COSTS AND DEFERRED REVENUES		17,711,834.93	12,790,021.73	8,511,373.00	138.48	208.10
20	SHORT-TERM LIABILITIES FOR RECEIVED ADVANCES AND GUARANTEES	0.00	0.00	0.00	0.00	0.00
21	SHORT-TERM LIABILITIES TO EMPLOYEES	71,197.31	72,393.17	72,000.00	98.35	98.89
22	SHORT-TERM LIABILITIES TO SUPPLIERS	60,177.48	14,321.11	25,000.00	420.20	240.71
23	OTHER SHORT-TERM OPERATING LIABILITIES	4,733,667.81	5,805,162.37	2,357,000.00	81.54	200.83
24	SHORT-TERM LIABILITIES TO USERS OF THE COMMON CHART OF ACCOUNTS	173,908.14	173,366.89	143,000.00	100.31	0.00
25	SHORT-TERM LIABILITIES FOR FINANCERS	6,203,552.41	3,177,236.64	3,177,237.00	195.25	195.25
26	SHORT-TERM LIABILITIES FROM FINANCING	38,241.07	26,007.24	37,136.00	0.00	73.00
28	UNPAID INCOME	6,431,090.71	3,520,546.31	2,700,000.00	182.67	238.19
29	ACCRUED COSTS AND DEFERRED REVENUES	0.00	988.00	0.00	0.00	0.00
EQUITY AND NON-CURRENT LIABILITIES		236,040,915.93	195,827,580.20	228,003,251.00	120.54	103.53
90	GENERAL FUND	0.00	0.00	0.00	0.00	0.00
91	RESERVE FUND	16,472,186.03	12,831,006.19	15,554,381.00	128.38	105.90
92	LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	0.00	0.00	0.00	0.00	0.00
93	LONG-TIME PROVISIONS	0.00	0.00	0.00	0.00	0.00
940	FUND OF APPROPRIATED ASSETS IN PUBLIC FUNDS	167,546,776.30	135,141,808.39	147,597,254.00	123.98	113.52
96	LONG-TERM FINANCIAL LIABILITIES	20,043,716.50	16,247,268.93	33,070,032.00	123.37	60.61
97	OTHER LONG-TERM LIABILITIES	31,978,237.10	31,607,496.69	31,781,584.00	101.17	100.62
980	LIABILITIES FOR TANGIBLE AND INTANGIBLE FIXED ASSETS	0.00	0.00	0.00	0.00	0.00
981	LIABILITIES FOR LONG-TERM INVESTMENTS	0.00	0.00	0.00	0.00	0.00
985	SURPLUS OF REVENUES OVER EXPENDITURES	0.00	0.00	0.00	0.00	0.00
986	SURPLUS OF EXPENDITURES OVER REVENUES	0.00	0.00	0.00	0.00	0.00
I. TOTAL LIABILITIES		253,752,750.86	208,617,601.93	236,514,624.00	121.64	107.29
99	LIABILITIES ACCOUNT OF OFF-BALANCE-SHEET RECORDS	35,304,157.81	14,241,245.95	14,000,000.00	247.90	252.17

Table 5: Balance and Movement of Intangible and Tangible Fixed Assets

	Title	Value as of 1 January 2023	Value Adjustment as of 1 January 2023	Purchase Value increase	Value Adjustment increase	Purchase Value decrease	Value Adjustment decrease	Depreciation	Non-depreciable Value as of 31 December 2023	Upward Revaluation	Impairment Revaluation
1	2	3	4	5	6	7	8	9	10 (3-4+5-6-7+8-9)	11	12
	INTANGIBLE FIXED ASSETS AND TANGIBLE FIXED ASSETS UNDER MANAGEMENT	0	0	0	0	0	0	0	0	0	0
I.	INTANGIBLE ASSETS AND TANGIBLE ASSETS OWNED	1,241,940	811,407	155,263	0	99,824	99,517	94,618	491,072	0	0
A.	LONG-TERM DEFERRED COSTS	0	0	0	0	0	0	0	0	0	0
B.	LONG-TERM PROPERTY RIGHTS	375,559	221,878	80,519	0	774	774	48,783	185,418	0	0
C.	OTHER INTANGIBLE ASSETS	0	0	0	0	0	0	0	0	0	0
D.	LAND	0	0	0	0	0	0	0	0	0	0
E.	BUILDINGS	508,720	303,740	0	0	0	0	15,262	189,718	0	0
F.	EQUIPMENT	357,662	285,789	74,744	0	98,850	98,743	30,574	115,936	0	0
G.	OTHER TANGIBLE FIXED ASSETS	0	0	0	0	0	0	0	0	0	0
III.	INTANGIBLE ASSETS AND TANGIBLE ASSETS UNDER FINANCE LEASE	0	0	0	0	0	0	0	0	0	0

Table 6: The Balance and Movement of Long-term Investments and Loans

	Type of Investment	The amount of granted investments/loans as of 1 January 2023	The adjustment amount of granted investments/loans as of 1 January 2023	Increase in granted investments/loans	Increase in adjustments of granted investments/loans	Decrease in granted investments/loans	Amount of decrease in allowances for granted investments and loans	Amount of granted investments/loans as of 31 January 2023	The amount of granted investments/loans as of 31 December 2023	Book value of granted investments/loans as of 31 December 2023	The amount of written off granted investments/loans
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	351,910	0	5,523	0	0	0	357,433	0	357,433	0
A.	INVESTMENTS IN SHARES	0	0	0	0	0	0	0	0	0	0
B.	INVESTMENTS IN STAKES	351,910	0	5,523	0	0	0	357,433	0	357,433	0
1.	INVESTMENTS IN PUBLIC COMPANIES STAKES	331,910	0	5,523	0	0	0	337,433	0	337,433	0
2.	INVESTMENTS IN FINANCIAL INSTITUTIONS STAKES	0	0	0	0	0	0	0	0	0	0
3.	INVESTMENTS IN PRIVATE COMPANIES STAKES	20,000	0	0	0	0	0	20,000	0	20,000	0
4.	INVESTMENTS IN GOVERNMENT-OWNED COMPANIES ORGANISED AS PLC STAKES	0	0	0	0	0	0	0	0	0	0
5.	INVESTMENTS IN GOVERNMENT-OWNED COMPANIES ORGANISED AS LLC STAKES	0	0	0	0	0	0	0	0	0	0
6.	INVESTMENTS IN STAKES ABROAD	0	0	0	0	0	0	0	0	0	0
C.	INVESTMENTS IN PRECIOUS METALS AND STONES, WORKS OF ART, ETC.	0	0	0	0	0	0	0	0	0	0
D.	OTHER LONG-TERM EQUITY INVESTMENTS	0	0	0	0	0	0	0	0	0	0
II.	LONG-TERM GRANTED LOANS AND DEPOSITS	136,374,762	0	57,991,158	0	36,933,984	0	157,431,935	157,431,935	229,317	
A.	LONG-TERM GRANTED LOANS	109,123,643	0	44,757,043	0	32,661,211	0	121,219,475	121,219,475	229,317	
3.	LONG-TERM LOANS GRANTED TO PUBLIC COMPANIES	1,010,755	0	3,480,049	0	719,304	0	3,771,500	3,771,500	0	
4.	LONG-TERM LOANS GRANTED TO FINANCIAL INSTITUTIONS	493,056	0	0	0	493,056	0	0	0	0	
5.	LONG-TERM LOANS GRANTED TO PRIVATE COMPANIES	74,780,924	0	21,625,035	0	26,354,129	0	70,051,830	70,051,830	229,317	
6.	LONG-TERM LOANS GRANTED TO OTHER GOVERNMENT INSTITUTIONS	32,838,909	0	19,651,959	0	5,094,723	0	47,396,145	47,396,145	0	
B.	LONG-TERM LOANS GRANTED THROUGH REPURCHASING OF DEBT SECURITIES	4,948,454	0	0	0	0	0	4,948,454	4,948,454	0	
1.	DOMESTIC SECURITIES	4,948,454	0	0	0	0	0	4,948,454	4,948,454	0	
2.	FOREIGN DEBT SECURITIES	0	0	0	0	0	0	0	0	0	
C.	LONG-TERM GRANTED DEPOSITS	1,122,499	0	13,000,000	0	292,234	0	13,830,265	13,830,265	0	
1.	LONG-TERM DEPOSITS GRANTED TO COMMERCIAL BANKS	0	0	0	0	0	0	0	0	0	
2.	OTHER LONG-TERM DEPOSITS GRANTED	1,122,499	0	13,000,000	0	292,234	0	13,830,265	13,830,265	0	
D.	OTHER LONG-TERM LOANS GRANTED	21,180,166	0	234,114	0	3,980,539	0	17,433,741	17,433,741	0	
E.	TOTAL	136,726,672	0	57,996,681	0	36,933,984	0	157,789,368	157,789,368	229,317	

Table 7: Income and Expenditure Statement as of 31 December 2023 (€)

Breakdown of the Accounts	TITLE	IMPLEMENTATION N 2023	IMPLEMENTATION N 2022	BFP 2023	Index IMPL. 2023/ PLAN 2023	Index IMPL. 2023 IMPL. 2022
1.	2.	3.	4.	5.	6,(3/5)	7,(3/4)
	I, TOTAL REVENUE	7,905,524.17	1,539,683.79	7,536,255.00	104.90	513.45
	CURRENT REVENUE	7,717,592.77	1,347,981.27	7,350,652.00	104.99	572.53
70	TAX REVENUE	0.00	0.00	0.00	0.00	0.00
71	NON-TAX REVENUE	7,717,592.77	1,347,981.27	7,350,652.00	104.99	572.53
710	PARTICIPATION IN PROFIT AND INCOME FROM PROPERTY	4,522,483.72	1,162,692.86	4,180,503.00	108.18	388.97
7100	Revenue from profit-sharing, dividends and excess of revenue over expenditure			0.00	0.00	0.00
7102	Interest revenue	4,522,483.72	1,162,692.86	4,180,503.00	108.18	388.97
7103	Assets revenue	0.00	0.00	0.00	0.00	0.00
711	ADMINISTRATIVE FEES AND TAXES	0.00	0.00	0.00	0.00	0.00
712	FINES AND OTHER PENALTIES	0.00	0.00	0.00	0.00	0.00
713	REVENUE FROM THE SALE OF GOODS AND SERVICES	180,728.59	160,244.91	160,149.00	112.85	112.78
714	OTHER NON-TAX REVENUE	3,014,380.46	25,043.50	3,010,000.00	100.15	12,036.58
7140	Other voluntary social security contributions	0.00	0.00	0.00	0.00	0.00
7141	Other non-tax revenue	3,014,380.46	25,043.50	3,010,000.00	100.15	12,036.58
72	CAPITAL REVENUE	0.00	0.00	0.00	0.00	0.00
720	REVENUE FROM FIXED ASSETS SALES	0.00	0.00	0.00	0.00	0.00
7200	Revenue of building and premises sales	0.00	0.00	0.00	0.00	0.00
7201	Revenue from vehicle sales	0.00	0.00	0.00	0.00	0.00
7202	Revenue from equipment sales	0.00	0.00	0.00	0.00	0.00
7203	Revenue from other fixed assets sales	0.00	0.00	0.00	0.00	0.00
721	REVENUE FROM INVENTORIES SALES	0.00	0.00	0.00	0.00	0.00
722	REVENUE FROM THE SALE OF LAND AND INTANGIBLE ASSETS	0.00	0.00	0.00	0.00	0.00
73	RECEIVED DONATIONS	0.00	17,153.75	0.00	0.00	0.00
730	RECEIVED DONATIONS FROM DOMESTIC SOURCES	0.00	17,153.75	0.00	0.00	0.00
74	TRANSFER REVENUE	101,259.02	93,164.39	99,603.00	101.66	108.69
740	TRANSFER REVENUE FROM OTHER PUBLIC INSTITUTIONS	101,259.02	93,164.39	99,603.00	101.66	108.69
7400	Funds received from the State budget	101,259.02	93,164.39	99,603.00	101.66	108.69
741	FUNDS RECEIVED FROM THE STATE BUDGET REMITTED FROM OTHER COUNTRIES	0.00	0.00	0.00	0.00	0.00
78	FUNDS RECEIVED FROM THE EU AND OTHER COUNTRIES	86,672.38	81,384.38	86,000.00	100.78	106.50
782	FUNDS RECEIVED FROM THE STRUCTURAL FUNDS OF THE EU BUDGET	86,672.38	81,384.38	86,000.00	100.78	106.50
7821	EU budget received from the European Regional Development Fund (ERDF)	86,672.38	81,384.38	86,000.00	100.78	106.50
	II, TOTAL EXPENDITURE	5,820,153.93	1,311,838.51	5,703,287.00	102.05	443.66
40	CURRENT EXPENDITURE	5,675,336.49	1,206,003.30	5,376,448.00	105.56	470.59
400	SALARIES AND OTHER EMPLOYEE COSTS	904,706.47	762,304.04	1,041,889.00	86.83	118.68
4000	Salaries and allowances	800,353.17	676,189.63	889,622.00	89.97	118.36
4001	Annual leave bonus	29,733.02	28,669.26	38,250.00	77.73	103.71
4002	Reimbursement and allowances	55,839.02	41,965.53	68,140.00	81.95	133.06
4003	Performance bonus	14,616.46	12,853.11	27,713.00	52.74	113.72
4004	Overtime	1,691.08	0.00	10,000.00	16.91	0.00
4005	Payments to non-residents under contracts	0.00	0.00	0.00	0.00	0.00
4009	Other employee expenses	2,473.72	2,626.51	8,164.00	30.30	94.18
401	EMPLOYER'S SOCIAL SECURITY CONTRIBUTION	142,813.49	121,901.56	161,822.00	88.25	117.15
4010	Contributions for pension and disability insurance	72,317.39	61,355.36	82,103.00	88.08	117.87
4011	Contributions for health insurance	57,900.24	49,153.75	65,739.00	88.08	117.79
4012	Contributions for employment	744.83	719.41	1,052.00	70.80	103.53
4013	Contributions for parental protection	816.99	693.28	928.00	88.04	117.84
4015	Collective supplementary pension insurance premiums under ZKDPZJU	11,034.04	9,979.76	12,000.00	91.95	110.56

Breakdown of the Accounts	TITLE	IMPLEMENTATION 2023	IMPLEMENTATION 2022	BFP 2023	Index IMPL, 2023/ PLAN 2023	Index IMPL, 2023 IMPL, 2022
1.	2.	3.	4.	5.	6.(3/5)	7.(3/4)
402	EXPENSES FOR GOODS AND SERVICES	360,652.93	272,700.84	479,704.00	75.18	132.25
4020	Stationer and general material and services	136,567.83	80,435.44	142,139.00	96.08	169.79
4021	Special material and services	679.66	798.97	3,700.00	18.37	85.07
4022	Energy, water, public utilities, and communications	34,779.72	30,975.09	40,748.00	85.35	112.28
4023	Transport costs and services	3,937.18	5,410.84	10,400.00	37.86	72.76
4024	Business travel expenses	10,113.45	4,540.88	16,000.00	63.21	222.72
4025	Regular maintenance	26,230.73	25,776.16	37,158.00	70.59	101.76
4026	Commercial rents and leases	29,645.73	25,876.14	30,622.00	96.81	114.57
4027	Fines and compensations	0.00	0.00	0.00	0.00	0.00
4029	Other operating expenses	118,698.63	98,887.32	198,937.00	59.67	120.03
403	DOMESTIC INTEREST PAYMENTS	0.00	0.00	0.00	0.00	0.00
404	FOREIGN INTEREST PAYMENTS	461,191.67	49,096.86	453,033.00	101.80	0.00
4040	Loan interest payments - international financial institutions	0.00	0.00	0.00	0.00	0.00
4041	Loan interest payments - foreign governments	0.00	0.00	0.00	0.00	0.00
4042	Loan interest payments - foreign commercial banks and financial institutions	461,191.67	49,096.86	453,033.00	101.80	939.35
4043	Loan interest payments - foreign lenders	0.00	0.00	0.00	0.00	0.00
4044	Interest payments on securities issued in foreign markets	0.00	0.00	0.00	0.00	0.00
405	Transfer of the budgeted part of the result of the EDF systems performance of the previous year	0.00	0.00	0.00	0.00	0.00
409	RESERVES	3,805,971.93	0.00	3,240,000.00	117.47	0.00
4090	General budget provision	0.00	0.00	0.00	0.00	0.00
4091	Budget reserves	0.00	0.00	0.00	0.00	0.00
4092	Other reserves	0.00	0.00	0.00	0.00	0.00
4093	Special-purpose funds	0.00	0.00	0.00	0.00	0.00
4098	Provision for credit risks in public funds	3,805,971.93	0.00	3,240,000.00	117.47	0.00
41	LIQUID TRANSFERS	0.00	0.00	0.00	0.00	0.00
410	SUBSIDIES	0.00	0.00	0.00	0.00	0.00
411	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	0.00	0.00	0.00	0.00	0.00
412	TRANSFERS TO INSTITUTIONS	0.00	0.00	0.00	0.00	0.00
413	OTHER LIQUID DOMESTIC TRANSFERS	0.00	0.00	0.00	0.00	0.00
4133	Liquid transfers to public institutions	0.00	0.00	0.00	0.00	0.00
4135	Liquid payments to other public service operators than indirect budget users	0.00	0.00	0.00	0.00	0.00
414	LIQUID TRANSFERS ABROAD	0.00	0.00	0.00	0.00	0.00
42	INVESTMENT EXPENDITURE	144,817.44	105,835.21	326,839.00	44.31	136.83
420	PURCHASE AND CONSTRUCTION OF FIXED ASSETS	144,817.44	105,835.21	326,839.00	44.31	136.83
4200	Purchase of buildings and premises	0.00	0.00	0.00	0.00	0.00
4201	Purchase of vehicles	0.00	0.00	0.00	0.00	0.00
4202	Purchase of equipment	46,162.66	14,356.01	57,339.00	80.51	321.56
4203	Purchase of other fixed assets	0.00	0.00	0.00	0.00	0.00
4204	New construction, reconstruction, and adaptation	0.00	0.00	30,000.00	0.00	0.00
4205	Replacement investments and renewals	13,908.00	6,229.20	119,500.00	11.64	223.27
4206	Purchase of land and natural resources	0.00	0.00	0.00	0.00	0.00
4207	Purchase of intangible assets	84,746.78	85,250.00	120,000.00	70.62	99.41
43	INVESTMENT TRANSFERS	0.00	0.00	0.00	0.00	0.00
431	INVESTMENT TRANSFERS TO LEGAL ENTITIES AND INDIVIDUALS OTHER THAN BIUDGET USERS	0.00	0.00	0.00	0.00	0.00
4313	Investment transfers to private companies	0.00	0.00	0.00	0.00	0.00
450	PAYMENTS TO THE EUROPEAN UNION BUDGET	0.00	0.00	0.00	0.00	0.00
	III/1 SURPLUS OF REVENUE OVER EXPENDITURE	2,085,370.24	227,845.28	1,832,968.00	113.77	915.26
	III/2 SURPLUS OF EXPENDITURE OVER REVENUE	0.00	0.00	0	0.00	0.00
	Average number of employees calculated based on working hours put in the accounting period (rounded to 1)	24	22	25	96.00	109.09
	No. Of months of operation	12	12	12	100.00	100.00

Table 8: Account of Financial Receivables and Investments as of 31 December 2023 (€)

Breakdown of the Accounts	TITLE	IMPLEMENTATION 2023	IMPLEMENTATION 2022	BFP 2023	Index IMPL, 2023/ PLAN 2023	Index IMPL, 2023 IMPL, 2022
1,	2,	3,	4,	5,	6,(3/5)	7,(3/4)
75	IV, REPAYMENTS OF LOANS RECEIVED AND SALE OF CAPITAL SHARES	32,153,497.04	25,653,165.65	24,563,817.00	130.90	125.34
750	REPAYMENTS OF LOANS RECEIVED	32,153,497.04	25,644,824.90	24,563,817.00	130.90	125.38
7500	Repayments of loans received from individuals and private individuals	13,929,965.24	8,864,301.13	8,286,128.00	168.11	157.15
7501	Received repayments of loans granted to public funds	0.00	0.00	0.00	0.00	0.00
7502	Received repayments of loans granted from public companies and companies owned by the State or municipalities	1,253,962.58	1,010,635.21	653,530.00	191.88	124.08
7503	Received repayments of loans granted to financial institutions	785,289.57	240,070.90	525,567.00	149.42	327.11
7504	Received repayments of loans granted by private companies	11,589,406.71	10,079,003.64	10,294,849.00	112.57	114.99
7505	Received repayments of loans from municipalities	4,594,872.94	5,450,814.02	4,803,743.00	95.65	84.30
751	SALES OF EQUITY STAKES	0.00	8,340.75	0.00	0.00	0.00
7510	Funds acquired through the sale of the capital shares in public companies and companies owned by the State or municipalities	0.00	8,340.75	0.00	0.00	0.00
7512	Funds acquired through the sale of the capital shares in private companies	0.00	0.00	0.00	0.00	0.00
752	PURCHASES FROM PRIVATISATION	0.00	0.00	0.00	0.00	0.00
753	REPAYMENTS OF LOANS RECEIVED TO ENTITIES INCLUDED IN THE SINGLE ASSET MANAGEMENT OF THE SINGLE TREASURY ACCOUNT SYSTEM	0.00	0.00	0.00	0.00	0.00
44	V, LOANS GRANTED AND CAPITAL INCREASE	43,989,063.93	30,993,563.15	45,000,000.00	97.75	141.93
440	LOANS GRANTED	43,989,063.93	30,993,563.15	45,000,000.00	97.75	141.93
4400	Loans granted to individuals and private individuals	12,594,974.12	13,772,613.81	12,000,000.00	104.96	91.45
4401	Loans granted to public funds	0.00	0.00	0.00	0.00	0.00
4402	Loans granted to public companies by the government and municipalities	4,322,907.67	804,044.00	4,000,000.00	108.07	537.65
4403	Loans granted to financial institutions	0.00	500,000.00	0.00	0.00	0.00
4404	Loans granted to private companies	8,452,155.84	8,386,052.00	14,000,000.00	60.37	100.79
4405	Loans granted to municipalities	18,619,026.30	7,530,853.34	15,000,000.00	124.13	247.24
441	INCREASE IN STAKES AND INVESTMENTS	0.00	0.00	0.00	0.00	0.00
4410	Increase in equity stakes in public companies and companies owned by the government of municipalities	0.00	0.00	0.00	0.00	0.00
4411	Increase in equity stakes in financial institutions	0.00	0.00	0.00	0.00	0.00
4412	Increase in equity stakes in private companies	0.00	0.00	0.00	0.00	0.00
4413	Joint ventures	0.00	0.00	0.00	0.00	0.00
4414	Increase in foreign equity stakes	0.00	0.00	0.00	0.00	0.00
4415	Increase in other financial investments	0.00	0.00	0.00	0.00	0.00
442	CONSUMPTION OF PURCHASE FUNDS FROM PRIVATISATION	0.00	0.00	0.00	0.00	0.00
443	INCREASE OF DEDICATED ASSETS IN PUBLIC FUNDS AND OTHER LEGAL ENTITIES UNDER PUBLIC LAW	0.00	0.00	0.00	0.00	0.00
444	LOANS GRANTED TO ENTITIES INVOLVED IN THE SINGLE ASSETS MANAGEMENT OF THE SINGLE TREASURY ACCOUNT SYSTEM	0.00	0.00	0.00	0.00	0.00
	VI/1 LOANS RECEIVED MINUS LOANS GRANTED AND CHANGE IN EQUITY HOLDINGS	0.00	0.00	0.00	0.00	0.00
	VI/2 LOANS GRANTED MINUS LOANS RECEIVED AND CHANGE IN EQUITY HOLDINGS	11,835,566.89	5,340,397.50	20,436,183.00	57.91	221.62

Table 9: Financing Account Statement as of 31 December 2023 (€)

Breakdown of the Accounts	TITLE	IMPLEMENTATION 2023	IMPLEMENTATION 2022	BFP 2023	Index IMPL, 2023 /PLAN 2023	Index IMPL, 2023 IMPL, 2022
1,	2,	3,	4,	5,	6,(3/5)	7,(3/4)
50	VII, BORROWING	10,000,000.00	0.00	20,000,000.00	50.00	0.00
500	DOMESTIC BORROWING	0.00	0.00	0.00	0.00	0.00
5000	Loans raised from the Bank of Slovenia	0.00	0.00	0.00	0.00	0.00
5001	Loans raised from commercial banks	0.00	0.00	0.00	0.00	0.00
5002	Loans raised from other financial institutions	0.00	0.00	0.00	0.00	0.00
5003	Loans raised from other domestic lenders	0.00	0.00	0.00	0.00	0.00
5004	Funds obtained through the issuance of securities on the domestic market	0.00	0.00	0.00	0.00	0.00
501	BORROWING ABROAD	10,000,000.00	0.00	20,000,000.00	50.00	0.00
5010	Loans raised from international financial institutions	0.00	0.00	0.00	0.00	0.00
5011	Loans raised from foreign governments	0.00	0.00	0.00	0.00	0.00
5012	Loans raised from foreign commercial banks and financial institutions	10,000,000.00	0.00	20,000,000.00	50.00	0.00
5013	Loans raised from other foreign lenders	0.00	0.00	0.00	0.00	0.00
5014	Funds obtained through the issuance of securities on the foreign market	0.00	0.00	0.00	0.00	0.00
55	VIII, DEBT PAYMENTS	3,177,236.66	3,177,236.65	3,177,237.00	100.00	100.00
550	DOMESTIC DEBT REPAYMENTS	0.00	0.00	0.00	0.00	0.00
5500	Repayments of loans to the Bank of Slovenia	0.00	0.00	0.00	0.00	0.00
5501	Repayments of loans to commercial banks	0.00	0.00	0.00	0.00	0.00
5502	Repayments of loans to other financial institutions	0.00	0.00	0.00	0.00	0.00
5503	Repayments of loans to other domestic lenders	0.00	0.00	0.00	0.00	0.00
5504	Repayments of principal of securities issued on the domestic market	0.00	0.00	0.00	0.00	0.00
551	LOAN REPAYMENT ABROAD	3,177,236.66	3,177,236.65	3,177,237.00	100.00	100.00
5510	Repayments of loans to international financial institutions	0.00	0.00	0.00	0.00	0.00
5511	Repayments of loans to foreign governments	0.00	0.00	0.00	0.00	0.00
5512	Repayments of loans to foreign commercial bank and financial institutions	3,177,236.66	3,177,236.65	3,177,237.00	100.00	100.00
5513	Repayment to other foreign lenders	0.00	0.00	0.00	0.00	0.00
5514	Repayments of principal securities issued on foreign markets	0.00	0.00	0.00	0.00	0.00
	IX/1 NET BORROWING	6,822,763.34	0.00	16,822,763.00	40.56	0.00
	IX/2 NET LOAN REPAYMENT	0.00	3,177,236.65	3,177,237.00	0.00	0.00
	X/1 INCREASE IN FUNDS ON ACCOUNTS	0.00	0.00	0.00	0.00	0.00
	X/2 DECREASE IN FUNDS ON ACCOUNTS	2,927,433.31	8,289,788.87	1,780,452.00	164.42	35.31

7.2 Notes to the Balance Sheet

The balance sheet shows the balance of assets and liabilities. Based on their maturity, assets are divided into non-current assets that are used for more than one year and current assets that are used for less than one year. Under current assets, the SRDF recognises balances on the SRDF's sub-accounts, amounts due from customers, users of the Uniform Chart of Accounts (hereafter referred to as the UCA), short-term investments, financing receivables, other current receivables, unpaid expenses, and accrued charges. We also distinguish between current and non-current sources of resources. Long-term resources have a maturity of more than one year. They may be own or foreign resources. The SRDF recognises its resources in the form of a special-purpose reserve fund and a reserve fund, as well as foreign resources for borrowings from the EIB and resources received from the State budget for the implementation of concessional development credits in problem areas and financial instruments in the agricultural sector. Current resources include payables to employees, suppliers, UCA users, financiers, accounts payable and other payables and unpaid revenue.



Long-term Assets

Long-term assets, which amounted to €113,626,469.99 on 31 December 2023, included:

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

a.) Intangible and Tangible Fixed Assets

Per Table 21, the value of intangible assets, real estate and equipment amounted to €430,491,071.63.

- Intangible assets amounting to €185,417.85 represent the value of computer software and the rights to the corporate identity of the SRDF. The acquisition value of intangible assets increased by €80,519.48 in 2023 due to the purchase and upgrade of existing computer software amounting to €79,055.48 and the upgrade of the website amounting to €1,464.00. Their value has been reduced by €48,782.70 due to the depreciation charged in 2023.
- The immovable property of €189,717.67 represents the premises of the SRDF. Their value is reduced by €15,261.60 in 2023 due to depreciation.
- Equipment and small inventories valued at €115,936.11. The acquisition value of equipment and other tangible fixed assets increased by €74,744.01 in 2023 due to new acquisitions, namely the purchase of computer equipment for €46,745.84, air-conditioning units for €2,247.61 and the construction of a new technical security system for €25,750.56. Their value is reduced by €30,574.03 in 2023 due to depreciation charges.
- Due to their uselessness, some fixed assets with a present value of €106.70 were scrapped in 2023.

Table 10: Movement of Intangible Assets, Real Estate and Equipment in 2023 (€)

Type	Balance on 1 January 2023	Increase	Decrease	Depreciation	Balance on 31 December 2023
Intangible Assets	153,681.07	80,519.48	0.00	48,782.70	185,417.85
Real Estate	204,979.27	0.00	0.00	15,261.60	189,717.67
Equipment	71,872.83	74,744.01	106.70	30,574.03	115,936.11
Total	430,533.17	155,263.49	106.70	94,618.33	491,071.63

Intangible assets, real estate and equipment are carried at cost. Assets are depreciated individually regularly using the straight-line method by the Regulation on the method and rates of amortisation of intangible assets, real estate, and equipment. The depreciation charge for 2023 amounts to €94,618.33.

The decrease in the carrying amount of intangible assets, real estate, equipment, and small inventories due to annualised depreciation and the write-down of the present value of fixed assets reduced the liability to the source of funds, i.e. the dedicated assets.

Fixed assets that have been fully depreciated and are still in use by the SRDF are small inventories, office equipment, computer equipment and computer software that do not have a significant impact on the operations of the SRDF.

For 2023, the value of intangible assets, real estate and equipment was planned at €570,535.00. For 2023, the SRDF has planned the purchase of office and computer equipment for €57,339.00, the adaptation of office premises for €30,000.00, investment maintenance costs for €119,500.00 and the upgrade and modernisation of existing software for €120,000.00. In 2023, the purchase of intangible and tangible fixed assets was lower than planned, as the upgrades of the existing computer software were not fully

implemented, and the adaptation of the premises did not take place. The present value of intangible assets, real estate, and equipment as of 31 December 2023 is €491,071.63, or 13.93% lower than planned.

b.) Long-term Financial Investments

Per Table 22, long-term investments amounted to €357,432.80. In 2023, their value increased by €5,523.04.

Per Article 13 of the Regulation on the Breakdown and Measurement of Income and Expenditure of Legal Entities governed by Public Law, an investment valued at cost is valued as a percentage of the total equity of the entity in which the State or local government has an investment. Based on the balance sheet, the SRDF has revalued the investments in RRA Koroška d.o.o. and RRA Zeleni kras d.o.o. accordingly in 2023. Following the Court of Auditors' Opinion No. 330-7/2014/36, the SRDF has, as of 31 December 2023, the SRDF has not revalued the acquired ownership interests in BSC d.o.o., RCR d.o.o. and RRA Mura d.o.o. - in bankruptcy from 2014, as these are investments acquired and recorded at their estimated value and not at cost. There has also been no change in the value of the investment in RRA Celje d.o.o., which is in bankruptcy proceedings and will need to be written down at the end of the bankruptcy proceedings.

For 2023, the SRDF planned a balance of long-term investments of €354,000.00, or €3,432.80 lower than the implemented balance. The increase in the value of long-term financial investments is due to the reconciliation of investments to the book value of capital as of 31 December 2022 at RRA Koroška d.o.o. and RRA Zeleni kras d.o.o.

Investment	Balance as of 1 January 2023	Increase	Decrease	Balance as of 31 December 2023	Share in the Company in %
BSC, poslovno podp. center, d.o.o.	43,000.00	0.00	0.00	43,000.00	28.45
Regionalni center za razvoj d.o.o.	20,000.00	0.00	0.00	20,000.00	11.61
RRA Celje d.o.o. - bankruptcy	178,882.45	0.00	0.00	178,882.45	9.71
RRA Koroška d.o.o.	33,144.51	1,858.45	0.00	35,002.96	33.54
RRA Mura d.o.o. - bankruptcy	1.00	0.00	0.00	1.00	39.00
RRA Zeleni kras d.o.o.	76,881.80	3,664.59	0.00	80,546.39	22.50
Total	351,909.76	5,523.04	0.00	357,432.80	-

c.) Long-term Loans, Deposits, and Investments in Securities

The amount of long-term loans, deposits and investments in securities recorded in the gross balance sheet amounted to €157,431,935.20. The loans and deposits are shown in the balance sheet by maturity, so that the corresponding part of the long-term loans and deposits maturing in 2024, amounting to €44,653,969.64, is shown in the balance sheet under short-term financial investments and short-term receivables from users of the single chart of accounts, according to their purpose. Loans receivables are already recorded during the year under short-term financial investments and short-term receivables from users of the single chart of accounts. Their balance on 31 December 2023 amounts to €4,388,848.71. The amount of long-term loans, dedicated deposits and investments in securities shown in the balance sheet is, therefore, €112,777,965.56.

Due to low interest rates, the SRDF did not place any free cash in long-term deposits in 2023, but only in deposits with the MF, which is reflected in short-term receivables from users of the Single Chart of Accounts. In 2023, the SRDF planned long-term loans and deposits amounting to €133,264,940.00. In 2023, it was foreseen to draw loans from the SRDF resources amounting to €45,000,000.00 and to repay them amounting to €24,563,817.00. Loans amounting to €43,989,063.93 were drawn down while repayments amounting to €32,153,497.04 were made, resulting in a lower balance of long-term loans. The balance of long-term loans, dedicated deposits, and investments in securities on 31 December 2023 amounts to €112,777,965.56, 15.37% lower than planned. The source of investment in long-term loans, dedicated deposits and securities is the unrestricted dedicated assets of the SRDF, the borrowed resources and the resources obtained for the implementation of the financial instruments of the MAFF. The

loans granted from the State budget are not recorded in the financial claims and investments account, but only in the balance sheet.

c1) Long-term Loans

The balance of long-term loans, excluding resources invested in guarantee schemes based on loan agreements under SRDF¹ calls for tenders, as of 31 December 2023 amounted to €143,042,065.09, of which €143,042,065.09 is in the gross balance sheet. €4,388,848.71 is already shown as current assets due to the accounting treatment. Current assets include cancelled contracts subject to legal proceedings and principal amounts due. As of 31 December 2023, the balance of long-term loans has increased by €8,139,499.43, which is the difference between the funds repaid and credited and the write-offs made. The corresponding part of the long-term loans shown in the gross balance sheet maturing in 2024, amounting to €31,261,289.07, is shown in the balance sheet under short-term financial investments and short-term receivables from users of the single chart of accounts, according to their purpose.

As of 31 December 2023, all loan contracts are managed by the SRDF, whereas in the past the management of loans under financial services contracts was delegated to commercial banks. An overview of the SRDF loan balance by purpose as of 31 December 2023 is presented in Table 23.

Budget Line	Purpose	€	%	No. of Contracts
115810, 231135, 231862, 924410	Investment resources	106,697,323.74	74.59	736
160224	BPA	18,062,208.75	12.63	107
200601, 924410	Liquidity Loans COVID-19	15,940,071.47	11.14	505
230183	Liquidity Loans floods, energy	1,575,000.00	1.10	27
116110, 231136	Investment resources ANC	717,462.13	0.50	10
190120	Liquidity resources FI	49,999.00	0.03	2
Total (principal)		143,042,065.09	100.00	1387

c2) Long-term Deposits

The long-term deposits of unrestricted cash amounting to €13,000,000.00 as of 31 December 2023 include unrestricted dedicated assets placed in deposits with the MF. As these are due for payment in 2024, they are shown in the balance sheet under short-term receivables from users of the single chart of accounts.

Long-term dedicated deposits amounted to €830,265.32 as of 31 December 2023 and are used to secure guarantees given by the SRDF. Part of the deposits, amounting to €392,680.57, which matured in 2024, is shown as short-term financial investments in the balance sheet. The balance of long-term dedicated deposits is shown in Table 24.

Banka	No. of Deposits	Balance of Deposits (€)	Bank Share (%)
Bank Intesa Sanpaolo d.d.	1	15,750.00	1.90
Bank Sparkasse d.d.	3	38,950.00	4.69
Delavska hranilnica d.d.	8	209,408.75	25.22
Lon d.d.	1	25,000.00	3.01
Nova KBM d.d.	12	303,309.82	36.53
Nova Ljubljanska banka d.d.	6	237,846.75	28.65
Total (principal)	31	830,265.32	100.00

3) Investments in Securities

Investments in long-term securities amounted to €4,948,453.50 on 31 December 2023 and consisted only of investments in bonds of the Republic of Slovenia. The holdings by individual bond, together with the related interest, are shown in Table 38.



Current Assets

Current assets on 31 December 2023 amounted to €140,126,280.87 and consisted of:

- Cash in accounts amounting to €2,690,027.54, which only includes the cash balance in the SRDF's sub-accounts.
- Trade receivables amounting to €52,468.80, mainly comprising receivables for the management of loans and guarantees given.
- Current receivables from users of the single chart of accounts amounting to €100,773,319.99, comprising:
 - short-term financial investments from deposits with the MF amounting to €76,315,000.00, accrued interest on bonds of the Republic of Slovenia, accrued interest on deposits with the MF and interest on funds in the SRDF's sub-accounts amounting to €985,344.93, of which €13,521,652.63 from the MCRD and €2,398,610.03 from the MAFF,
 - principal due, loan administration costs and accrued interest on loans granted, amounting to €274,947.78,
 - funding from the MCRD as the Certifying Authority for the ETC Programmes in the 2007-2013 financial perspective, amounting to €1,903,560.97,
 - funding from the MCRD as the Certifying Authority for the ETC Programmes in the 2014-2020 financial perspective, amounting to €2,709,238.04,
 - the part of long-term receivables due in 2024 from loans granted of €5,585,228.27 and long-term deposits of €13,000,000.00 to users of the single chart of accounts,
- Current investments amounting to €30,307,590.19, comprising:
 - Receivables from cancelled contracts and overdue loan principal amounting to €4,238,848.82,
 - Principal amounts due in 2024 on SRDF loans and repayment of dedicated RGS deposits amounting to €26,068,741.37.
- Current receivables from financing of €1,525,425.88, comprising:
 - short-term accrued interest receivable as of 31 December 2023 amounting to €751,753.08,
 - receivables from the principal amount of € 748,107.66,
 - receivables carried over, as of 31 December 2021, due to the liquidation of PIIC Murania d.o.o., amounting to €2,642.14,
 - a disputed claim for €22,923.00 from a grant paid out.
- Other current receivables amounting to €4,594,263.56, comprising receivables from the SRDF as Certifying Authority under all three ETC Programmes, namely:
 - receivables from the EC in the 2014-2020 financial perspective for the reimbursement of funds paid to the Lead Partners until 31 December 2023 amounting to €4,500,436,33,
 - receivables from managing partners for undue payments amounting to €1,826.71 due in 2024 or to be offset,
 - a claim for reimbursement of salary costs payable to the Health Insurance Fund amounting to €2,245.38,
 - claims for grants unduly paid under the contract concluded with a line ministry for the implementation of Strand A of the project 'Measures in BPA combined with a nationwide RGS measure' for the period 2011-2012 for an amount of €89,755.14,
- Unpaid expenditure of €183,184.91, representing payables to personnel, suppliers and managing partners, which were repaid in 2024.

For 2023, the SRDF has planned receivables from users of the single chart of accounts amounting to €65,699,740.00 and receivables in short-term investments of €30,011,516.00. The planned drawdown and repayment of loans granted amounted to €45,000,000.00 and €24,563,817.00 respectively, but in 2023, due to early repayments of loans, the repayment of loans granted amounted to €32,153,497.04, while loans were drawn down to €43,989,063.93 mainly because of early repayments of loans. In 2023, the SRDF obtained resources from the State budget to increase the dedicated assets for €10,283,026.28 for the promotion of regional development and the preservation of the Slovenian countryside and the creation of an economic base for the Indigenous national communities, which will be used in the following years. In 2023, funds were also received to increase the dedicated assets for the implementation of financial products aimed at assisting the economy to mitigate the effects of the energy crisis and natural disasters caused by floods, amounting to €20,000,000.00. In 2023, the MAFF received funds dedicated for the implementation of financial instruments in the agricultural sector amounting to €2,835,000,00, a major part of which will be spent in the following years, which is the reason why a major part of the funds as of 31 December 2023 is covered by the applications made by the MF. Due to the lack of interest of banks to tie

up free cash for more than one year and low interest rates, the SRDF has only placed free cash in 2023 in deposits from the MF, which is reflected in higher receivables from EAA users. Short-term receivables from EAA users are thus 53.42% higher than planned at € 100,773,319.99, while short-term investments amount to €30,307,590.19 and are within the planned level.

The source of investment in short-term receivables from users of the Unified Chart of Accounts and short-term financial investments is the unrestricted dedicated assets of the SRDF, and the State Budget funds received for the implementation of concessional development credits and the funds for the implementation of the cross-border operational programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia, which are accounted for separately from its other (dedicated) assets.



Unpaid Receivables

Unpaid overdue receivables are recovered following the Rules on the recovery of overdue unpaid receivables of 3 February 2014. The SRDF considers overdue unpaid receivables at the meetings of the Trust and Debt Committee and manages the procedures for their recovery. In 2023, 59 reminders were sent before the termination of the contract or before filing an enforcement action/complaint. 48 bills of exchange amounting to €324,373.72 were forwarded for encashment, the amount of successful encashment of bills of exchange amounted to €51,652.20, representing a 16% success rate. The SRDF monitors and recovers overdue unpaid claims in the same way as for its loans, as well as for financial incentives granted from the sources of funds managed by the MCRD and the MAFF.

Debtors over 90 Days, not yet Under Judicial Recovery

The balance of SRDF's overdue receivables from debtors as of 31 December 2023, which are more than 90 days in arrears and not yet in the process of judicial recovery, amounts to €445,091.36 under 39 contracts, representing 0.31% of the total loans' receivable, as follows:

- 25 contracts: for a total of €397,326.37 from dedicated assets,
- 14 contracts: for a total of €47,764.99 from the COVID liquidity facility for BPA,

Over the last two years, there has been an increase in the number of overdue receivables and the number of debtors, partly due to the growth of the portfolio and partly to the deterioration of the financial situation of the clients. This trend is expected to continue in the coming year due to the persistence of inflation, the energy crisis and economic uncertainty.

Table 12: Number of debtors and amount of SRDF receivables due to debtors over 90 days not yet in judicial recovery in the period 2016-2023 (€)

Year	Total No. of Debtors	Amount of Debt due	Share of total Claims (%)
2016	37	351,470.51	0.35 %
2017	27	422,290.18	0.45 %
2018	20	408,092.70	0.40 %
2019	20	357,031.57	0.32 %
2020	18	280,737.61	0.23 %
2021	22	253,670.79	0.19 %
2022	31	378,521.11	0.28 %
2023	39	445,091.36	0.31 %

Debtors over 90 Days Under Judicial Recovery

As of 31 December 2023, the SRDF has debtors under 48 contracts in judicial recovery, with a total amount receivable of €5.010.254,45. These debtors are subject to various legal recovery procedures, depending on the collateral securing the loans and other circumstances. The most generic form of recovery is execution on mortgaged immovable property and seizure of cash. Some debtors or pledgees are subject to insolvency proceedings and the SRDF is also actively involved in these proceedings to facilitate the successful implementation of the pledged assets. In 2023, due to non-payment of loan obligations, the SRDF terminated the loan agreement of seven debtors and started debt enforcement proceedings.

The number of debtors in insolvency proceedings in which the SRDF acts as a divorcee or only as an ordinary creditor is increasing. Recently, new financial products where incentives are secured only by bills of exchange have led to difficulties in recovery because debtors have no implementable assets. In these cases, the SRDF also files criminal charges against the responsible persons of the debtor when there is suspicion of fraud in obtaining or using the loan.

The statistics of the judicial recovery and insolvency proceedings of SRDF's debtors in 2023 are as follows: five new enforcement applications, one refiled enforcement application, one application for receivables/separation rights in insolvency proceedings and five applications for receivables/separation rights in personal insolvency proceedings. Five criminal charges were filed against the responsible persons of the debtors under eight loan agreements. Two mortgagees filed mortgage cancellation actions against the SRDF in 2023.

Per Table 26, the outstanding balance of SRDF receivables from debtors as of 31 December 2023, under judicial recovery, amounts to €5,010,254.45 under 48 contracts, representing 3.46% of the total loan receivables, namely:

- 32 contracts: for a total of €3,342,316.04 from dedicated funds,
- 5 contracts: for a total of €618,345.52 from ANC funds,
- 1 contract: €17,967.23 from a called guarantee,
- 2 contracts: for a total of €670,534.34 from the MCRD' Investment funds for BPA,
- 8 contracts: for a total amount of €361,091.32 from the COVID liquidity loans in BPA.

The decrease in the SRDF's overdue receivables is due to the successful collection and cancellation of debt based on the Regulation of 8 November 2016 on the criteria for modification of contractual clauses and cancellation of SRDF's debts of debtors.

In 2023, the SRDF recovered €942,628.86 (for payment of principal, interest, management, and enforcement costs) from contracts under judicial recovery, from the enforcement of cash €50.968,69, from execution on real estate/property €416.142,59, from bankruptcy proceedings €426.392,15, from insurance policy redemption €13.678,66, and some debtors partially paid the debt themselves; from this SRDF received €35.446,77.

In 2023, the SRDF wrote off a total of €254,957.08 of booked receivables and completed the recovery of unbooked receivables amounting to €370,562.72. All write-offs are reported annually by the SRDF to the SRDF Supervisory Board.

Year	Total No. of Debtors	Amount of Debt due	Share of Total Claims (%)
2016	78	10,690,679.30	10.71 %
2017	70	7,560,349.05	8.04 %
2018	58	6,929,147.90	6.82 %
2019	50	6,388,355.47	5.72 %
2020	46	6,808,956.21	5.49 %
2021	42	5,933,037.68	4.45 %
2022	47	5,516,973.77	4.05 %
2023	48	5,010,254.45	3.46 %

Grant Recovery Procedures

The SRDF monitors the achievement of the contractual objectives based on the Contract No. C1536-11B990001 on the implementation of the Strand A of the project "Measures in BPA in combination with the measure of RGS in the whole country" for the period 2011-2012, concluded with the line ministry. By 31 December 2016, the SRDF had terminated the contracts of 10 beneficiaries for non-achievement of the contractual objectives. Based on additional evidence or decisions by the MCRD, three beneficiaries did not have to repay the funds and six beneficiaries were fully or partially successful in their recovery. The SRDF is still recovering only one beneficiary, which, following the conclusion of the compulsory arrangement, is required to pay 36,75 % of the receivables to ordinary creditors in instalments, the last instalment being due by the confirmed compulsory arrangement. The SRDF recovered €17,086.45 in 2023.

Actions Against the SRDF and Administrative Disputes against SRDF's Negative Decisions

In 2022, SRDF was selected by the Slovenian Government Office for Digital Transformation, or now the Ministry for Digital Transformation (MDT), as the contractor for the implementation of a public call for tenders for co-financing the implementation of non-formal education programmes for adults aged 55 and over in the field of basic digital competences for 2022. Following a call by the MDT, SRDF subsequently had to cancel the call for tenders and terminate the contracts concluded with the eligible contractors. Following the cancellation of the contracts, the SRDF concluded appropriate agreements with most of the

eligible contractors for the reimbursement of eligible costs, except for two contractors who filed lawsuits against the SRDF in 2023 for the reimbursement of the full contractual amount. SRDF is represented in the litigation by the State Law Office in both cases, as they are cases of exceptional importance for SRDF and the Republic of Slovenia, and consequently for the budget of the Republic of Slovenia.

In 2023, one administrative dispute was lodged against the negative decision of the SRDF rejecting an application to the Call for Proposals for incentives to co-finance initial investments in BPA - BIZI NOO and BIZI NOO POSOJILO. The applicant seeks annulment of the decision of the MCRD and the award of a grant from EU resources under the Recovery and Resilience Fund.



Current Liabilities

Current liabilities as of 31 December 2023 amounted to €17,711,834.93 and consisted of:

- Payables to personnel amounting to €71,197.31, which were settled in January 2024.
- Payables to suppliers amounting to €60,177.48, which were settled as they fell due, the major part of which is for the upgrade of the technical security equipment for €26,848.56, construction of the integration of the GC document system with the mSign solution for €5,465.60 € purchase of computer equipment amounting to €2,830.79, cost of an employee through a recruitment agency amounting to €2,830.23, cost of the undrawn credit facility fee amounting to €2,611.11 and the cost of carrying out the optimisation experience for the e-Rsklad amounting to €2,427.80.
- Other current payables amounting to €4,733,667.81, comprising:
 - payroll contributions payable and supplementary pension insurance payable of €11,685.96,
 - the liability of the SRDF for corporation tax for 2023 amounting to €1,787.79,
 - the liabilities of the SRDF as Certifying Authority under the ETC programmes Slovenia-Austria, Slovenia-Hungary and Slovenia-Croatia for pre-financing received amounting to €1,913,873.81,
 - payables to the Tax Administration of the Republic of Slovenia for the financial services tax levied amounting to €1,582.00,
 - liabilities of the SRDF as Certifying Authority for funds received under the territorial cooperation programmes in the 2014-2020 financial perspective in the INTERREG V-A programmes, amounting to €2,804,738.16 €.
- Payables to users of the single chart of accounts amounting to €173,908.14, comprising:
 - payables to suppliers of €758.59, which were settled in 2024 per their due date,
 - payables to the MCRD of €173,149.55 for the reimbursement of grants unduly paid.
- Payables to financiers for the repayment of instalments on loans totalling €6,203,552.41 to the EIB, due in 2024.
- Short-term financial liabilities of €38,241.07 for deferred interest on EIB's borrowings due in 2024.
- Unpaid revenue of €6,431,090.71 representing interest and other receivables accrued up to 31 December 2023.

The SRDF settles its obligations by the agreed maturities and has no outstanding commitments due.



Own Resources and Long-term Liabilities

Own resources and long-term liabilities as of 31 December 2023 amounted to €236,040,915.93 and consisted of:

- a) Reserve Fund,
- b) Dedicated Assets Fund,
- c) Long-term financial liabilities,
- d) Other long-term liabilities.

a.) Reserve Fund

Per Table 27, the Reserve Fund as of 31 December 2023 amounts to €16,472,186.03 and contains provisions for credit risks amounting to €13,188,165.76, the assets of the Guarantee Fund amounting to 418,172.01 € and funds earmarked for the implementation of FI in agriculture amounting to €2,865,848.26. A methodology for classifying customers into rating classes and groups has been established based on the Regulation on the establishment of credit ratings. By the Credit Risk Management Regulation, the necessary provisions for credit risk management and the Guarantee Fund have been calculated as of 31 December 2023. The amount of provisions required for credit risks was calculated at €13,188,165.76 and for guarantee fund risks at €418,172.010. In 2023, the write-off of liabilities to borrowers led to a decrease in the reserve fund of €229,316.56. The increase in the provisioning for credit risks is due to the transfer of provisions from the Guarantee Fund amounting to €614,275.30.

The SRDF has a guarantee fund of €418,172,01 for guarantees issued, which is lower by €580,599,09 compared to the situation on 1 January 2023 and reflects the balance of the SRDF's guarantees issued as

of 31 December 2023. The decrease in the guarantee fund is due to the transfer of part of the provisions already made in previous years, amounting to €614.275,30, to the provision for credit risks. The increase in the Guarantee Fund was due to the repayment of guarantees called in, amounting to €33,676.21.

As a result of the "FI Contract in Agriculture" concluded between the SRDF and the MAFF for the implementation of financial instruments in agriculture, a separate fund has been created within the Reserve Fund as a resource for the implementation of FI in agriculture for the period 2023-2027. The SRDF has received funds for this purpose for €2.835.000,00 in 2023. The fund is increased by the accrued interest on loans and free cash. In 2023, interest amounting to €30,848.26 was accrued. The movement of the Reserve Fund in 2023 is shown in Table 27.

For information, the necessary provisions for credit risks have also been calculated based on the methodology of the SRDF, which, based on the contracts concluded with the ministries, will be covered in the event of losses by the capital injections received for the liquidity facilities or by the long-term liabilities of the SRDF to the MCRD and the MAFF and are shown in the off-balance-sheet accounts.

Payment Provisions	Balance as of 1 January 2023	Increase	Decrease	Balance as of 31 December 2023
For Credit Risks	11,832,235.09	1,585,247.23	229,316.56	13,188,165.76
RGS Guarantee Fund	998,771.10	33,676.21	614,275.30	418,172.01
Resources for FI	0.00	2,865,848.26	0.00	2,865,848.26
Total	12,831,006.19	4,484,771.70	843,591.86	16,472,186.03

b.) Dedicated Assets Fund

Per Table 28, the dedicated fund as of 31 December 2023 amounts to €167,546,776.30 and reflects the balance of the dedicated fund for investments, guarantees and others, as follows.

- The dedicated assets for financial investments fund, which increased by €30,444,108.78 to €162,700,446.76 in 2023 because of the capital injections received from the State Budget amounting to €30,283,026.28 and the carry-over of the surplus over expenditure from 2021 amounting to €161,082.50, will increase by €30,444,108.78 to €162,700,446.76 in 2023.
- Assets dedicated to the implementation of guarantees, amounting to €17,967.23. In 2023, the SRDF received reimbursements of €33,676.21 from the called guarantees.
- The Other Assets dedicated fund, which as of 31 December 2023 amounted to €4,828,362.31, is €1,994,535.34 higher than the balance on 1 January 2023. Accumulated depreciation in 2023 of €94,618.33, the write-down of the present value of fixed assets of €106.70, and the transfer of the unused surplus to earmarked assets of €161,082.50, have had the effect of reducing the earmarked fund for other. The increase in the other earmarked fund was due to the acquisition of intangible assets and property, plant and equipment in 2023 amounting to €155,263.49, the adjustment of long-term investments amounting to €5,523.04, the inflow of funds from loans written off amounting to €4,046.37, the addition of unpaid interest to the principal amount of the loan amounting to €139.73, and above all, the surplus of revenue over expenditure amounting to €2,085,370.24.

Account	Title	Balance on 1 January 2023	Increase	Decrease	Balance on 31 December 2023
	Deposits of dedicated assets	89,655,581.60	10,283,026.28	0.00	99,938,607.88
	Increase in dedicated assets fund	28,544,756.38	161,082.50	0.00	28,705,838.88
	Dedicated assets fund – liquidity funds	14,056,000.00	0.00	0.00	14,056,000.00
	Dedicated assets fund – ZPGOPEK	0.00	20,000,000.00	0.00	20,000,000.00
9401	Dedicated Investment Assets Fund	132,256,337.98	30,444,108.78	0.00	162,700,446.76
9402	Dedicated assets fund for redeemed guarantees	51,643.44	0.00	33,676.21	17,967.23
9403	Dedicated assets fund for other	2,833,826.97	56,235,550.99	54,241,015.65	4,828,362.31
	Financial Investment Fund	278,992.29	43,994,917.26	43,985,208.12	288,701.43
	Financing Account Fund	0.00	10,000,000.00	10,000,000.00	0.00
	Surplus of revenue over expenditure in 2021 and 2022	388,927.78	0.00	161,082.50	227,845.28

Surplus of revenue over expenditure in 2023	0.00	2,085,370.24	0.00	2,085,370.24
Dedicated assets fund - unallocated surplus of previous years	1,735,373.73	0.00	0.00	1,735,373.73
Dedicated assets fund for intangible assets and tangible fixed assets	430,533.17	155,263.49	94,725.03	491,071.63
Dedicated Assets Fund	135,141,808.39	86,679,659.77	54,274,691.86	167,546,776.30

c.) Long-term Financial Liabilities

Long-term financial liabilities amounted to €26,247,268.91 as of 31 December 2023. The debt of the SRDF is represented by borrowings from the EIB. The balance of long-term financial liabilities increased by €6,822,763.34 in 2023, representing the difference between the drawn down part of the credit facility of €10,000,000.00 and the principal repayments of €3,177,236.65. The corresponding part of the borrowings maturing in 2024, amounting to €6,203,552.41, is shown in the balance sheet as current liabilities to financiers, and therefore the value of long-term financial liabilities in the balance sheet is shown at €20,043,716.50.

d.) Other Long-term Financial Liabilities

In 2016, the SRDF concluded the Contract for BPA 2016-2017 with the MCRD whereby it received €20,000,000.00 for the management of dedicated funds for the implementation of concessional development credits. In 2018, an additional contract was concluded for the period 2018-2019, which provides for additional funds of €7,290,000.00 in 2018 and €4,280,000.00 in 2019. In 2021, the SRDF concluded an Addendum to the 2018-2019 Contract by which the Ministry authorised the continuation of the financing of the projects. The balance of other long-term liabilities as of 31 December 2023 amounts to €31,978,237.10. As of 31 December 2023, interest on loans and unrestricted cash amounting to €432,737.13 has been accrued and paid amounting to €408,048.29. In 2023, unpaid interest of €188.81 was added to the principal. The funds not placed in credits represent unrestricted funds and are placed in deposits from the MF and in the SRDF sub-account. The unpaid interest is recorded under short-term financing receivables. Table 29 shows the types of investments of long-term liabilities as of 31 December 2023.

Investment Type	Investment Value (€)	Share (%)
Funds on the SRDF' sub-account	416,665.70	1.30
Deposits with the MF	13,521,015.28	42.25
Assets in loans	18,065,056.15	56.45
Total (principal and interest)	32,002,737.13	100.00



Off-balance Sheet Accounts

In the off-balance-sheet accounts, the SRDF records potential liabilities arising from guarantees issued, namely for guarantees issued under RGS amounting to €381.347,64, the balance of loans granted but not yet drawn down as of 31 December 2009, and the balance of loans granted but not yet drawn down as at 31 December 2009. 2023 for loans granted from the SRDF funds amounting to €29,189,575.04 and from the agricultural financial instruments' funds amounting to €246,596.00 to be drawn down in 2024 and the balance of small inventories carried off-balance sheet amounting to €7,294.13.

Provisions are also recognised for unreimbursed loans of financial products from dedicated assets (COVID-19, BIZI LIKVIDNOST) amounting to €2,825,914.32, which according to the contract may reduce the SRDF' dedicated assets, and for financial products from long-term liabilities and the reserve fund amounting to €2,653,430.68, where possible non-reimbursement of loans reduces the value of the paid-in funds.



Post-balance Sheet Events

According to the balance sheet as of 31 December 2023, there were no events that had a significant impact on the balance sheet items.

7.3 Notes to the Revenue and Expenditure Account

The recognition and recording of income and expenditure is carried out in accordance with the Regulation on the breakdown and measurement of income and expenditure of legal persons governed by public law, which requires that income and expenditure of other users is recognised on the cash flow basis, which means that income or expenditure is recognised when two conditions are met, namely that the event giving rise to the recognition of the income or expenditure has occurred and that cash or its equivalent has been received or paid.

Income or expense is also recognised when a receivable or payable is settled by set-off. Advances received or made that relate to income or expenditure shall be recognised as income or expenditure when the money is received or paid. The cash flow principle is not applied to the expenditure of provisions made for credit risks in public funds.



Revenue

Revenue is broken down into tax revenue, non-tax revenue, capital revenue, donations received, transfer revenue and EU funds received. In 2023, the SRDF generated the following from its activities:

- non-tax revenue, namely interest, revenue from the sale of goods and services and other non-tax revenue, for the implementation of financial instruments in agriculture,
- transfer revenue from the state budget for the performance of tasks under a contract for the implementation of incentives for the co-financing of initial investments in border problem areas in the framework of investments under the NOO.

The SRDF also generated transfer revenue from the State budget and received funding from the EU budget under the ERDF for the performance of its tasks as a Certifying Authority in 2023.

Per Table 30, the SRDF' revenue in 2023 amounted to €7,905,524.17 and consisted of:

- Income from property, comprising income from real and interest on loans advanced to the SRDF amounting to €3,584,333.58, interest on unrestricted cash in the SRDF sub-account, funds placed in deposits and bonds amounting to €930,940.33 and other interest amounting to €7,209.81. In 2023, interest income was implemented at €4,522,483.72, or €341,980.72 higher than planned, while in 2022 it was implemented at €1,162,692.86.
- Revenue from the sale of goods and services, which includes payments received from contracting costs and loan administration fees paid. Revenue was budgeted at €160,149.00 and implemented at €180,728.59, or 12.85% more than budgeted. Revenue from the sale of goods and services was realised at €160,244.91 in 2022.
- Other non-tax revenue of €3,014,380.46. In 2023, the SRDF concluded with the MAFF a "FI Contract in Agriculture" for the period 2023-2027, based on which funds amounting to €3,000,000.00 were transferred to the SRDF. A part of the funds amounting to €165,000.00 is dedicated to management fees, while the bulk of the funds amounting to €2.835.000.00 has been used to create a reserve fund dedicated to portfolio guarantees with interest rate subsidy and capital reduction.
- Transfer revenue from other public financial institutions, comprising inflows from the State budget for the reimbursement of costs incurred for the performance of the tasks of the Certifying Authority for ETC Programmes from technical assistance funds amounting to €51,259.02 and reimbursement of costs by the MCRD under the "NOO Contract" for the implementation of the call for tenders for incentives for the co-financing of initial investments in BPA. The revenue was planned at €99,603.00 in 2023 and implemented at €101,259.02.
- EU structural policy budget received, including reimbursement of costs incurred by the Certifying Authority in conducting its tasks under ETC Programmes, from technical assistance funds. The EC transferred funds within the planned amount of €86.672,38.

Per Table 30, revenue was planned at €7,536,255.00 and implemented at €7,905,524.17, or 4.90% higher than planned. In 2022, revenue of €1,539,683.79 was implemented. The significant increase in revenue compared to 2022 is due to the revenue from the State budget dedicated to the implementation of FI in the agricultural sector and the interest rates on the variable-rate loans and interest on the free cash deposits made with the MF.

Account sub-group	Title	Plan 2023	Implementation 2023	Index IMP23/PLA23	Implementation 2022	Index IMPL22/PLA21
710	Property income	4,180,503.00	4,522,483.72	108.18	1,162,692.86	388.97
713	Revenue from sales of goods and services	160,149.00	180,728.59	112.85	160,244.91	112.78
714	Other non-tax revenue	3,010,000.00	3,014,380.46	100.15	25,043.50	12,036.58
730	Grant received from domestic sources	0.00	0.00	-	17,153.7	-
740	Transfer revenue from general government	99,603.00	101,259.02	101.56	93,164.39	108.69
782	EU budget received for structural policy	86,000.00	86,672.38	100.78	81,384.38	106.50
Total		7,536,255.00	7,905,524.17	104.90	1,539,683.79	513.45

Expenditure

Expenditure is broken down into current expenditure, current transfer expenditure, capital expenditure, investment transfer expenditure and payments of funds to the EU budget. Current expenditure is expenditure comprising payments made for labour costs, material costs, interest payments, provisions for credit risks and other expenditure on goods and services. There were no current and capital transfers to the SRDF in 2023. Capital expenditure consists of payments for the acquisition of property, plant and equipment and intangible assets and payments for capital maintenance and renovation of buildings and major items of property, plant, and equipment. Per Table 31, the expenditure of the SRDF in 2023 amounts to €5,820,153.93 and includes both current and capital expenditure.

Account sub-group	Title	Plan 2023	Implementation 2023	Index IMPL23/PLA23	Implementation 2022	Index IMP23/PLA22
400	Salaries and other personnel expenditure	1,041,889.00	904,706.47	86.83	762,304.04	118.68
401	Employers' social security contributions	161,822.00	142,813.49	88.25	121,901.56	117.15
402	Expenditure on goods and services	479,704.00	360,652.93	75.18	272,700.84	132.25
404	Payments of interest abroad	453,033.00	461,191.67	101.80	49,096.86	939.35
409	Reservations	3,240,000.00	3,805,971.93	117.47	0.00	-
420	Acquisition and construction of fixed assets	326,839.00	144,817.44	44.31	105,835.21	136.83
Total		5,703,287.00	5,820,153.93	102.05	1,311,838.51	443.66

a.) Current Expenditure

a1) Salaries and other Personnel Expenses and Employers' Social Security Contributions

Salaries and other employee expenses and employer's social security contributions amounting to €1,047,519.96 were calculated and paid to SRDF's personnel in accordance with the Regulation on Amendments and Additions to the Regulation on Internal Organisation, Systematisation and Evaluation of Jobs and the Collective Agreement for the Non-Economic Sector.

Wages, salaries, employer's contributions, and other personnel' expenses were 12.98% lower than planned and 18.47% higher than the 2022 outturn. Lower than planned personnel numbers and sickness absenteeism contributed to lower than planned labour costs.

a2) Expenditure on Goods and Services

Expenditure on goods and services in 2023 amounted to €360,652.93 and included:

- expenditure on office supplies and services, cleaning supplies and services, security services for buildings and premises, printing services, information support services for users, newspapers, magazines, books and professional literature, advertising services, publication of calls for tenders, audit and consultancy services, representation and other general supplies and services, totalling €136,567.83,
- special materials and services amounting to €679.66,
- electricity, utilities and heating, telephone and postage costs amounting to €34,779.72,
- costs of €3,937.18 for fuel and lubricants, purchase of vignettes, transport services and vehicle maintenance and insurance,
- subsistence, transport, and other mission expenses amounting to €10,113.45,
- €26,230.73 for the current maintenance of business premises and equipment,
- rental costs for computer software, building land use allowance and other rental charges amounting to €29,645.73,
- payment of student fees, Supervisory Board members' sitting fees, expenditure on personnel training, litigation costs, lawyers' and notaries' fees, payroll costs, brokerage and bank charges, commissions, and other operating expenses, amounting to €118,698.63.

Expenditure on goods and services was budgeted at €479,704.00 and implemented at €360,652.93, or 24.82% lower than planned. The largest part of the costs is accounted for by consultancy and auditing services, which were implemented at €65,335.41, expenditure on the rental of computer software at €28,357.15, expenditure on personnel training at €25,990.00, advertising costs at €21,127.06 and lawyers' and notaries' fees at €20,341.90.

a3) Foreign Interest Payments

Foreign interest payments were planned at €453,033.00 in 2023 and were implemented at €461,191.67 or 1.80% higher than planned.

a4) Provisions for Credit Risk

The provisioning for SRDF' credit risks for 2023 was planned at €3,240,00.00 and implemented at €3,805,971.93. Due to the amendment of the Regulation on credit ratings in the part of the rating of public sector entities, in 2023 there was a reclassification of public sector clients where the credit rating is derived from the RS rating to a lower rating class. By the Rating Regulation, the required provisions for the credit portfolio amounting to €13,188,165.76 and the required provisions for the Guarantee Fund amounting to €418,172.01 were calculated. The Guarantee Fund had already been established at €1,032,447.31, or €614,275.30 higher than the calculated amount, and it was therefore decided to reduce it and to reallocate €614,275.30 to the provisions for credit risks. In addition, a further provision for credit risks of €970,971.93 was then entered, a major part of which amounted to €891,522.87 due to the change in the credit rating of the municipalities.

In 2023, the SRDF received funding from the MAFF for the implementation of financial instruments in agriculture for the period 2023-2027 for €3,000,000.00. A part of the funds amounting to €2,835,000.00 has been provisioned for credit risks in accordance with the contract concluded.

b.) Capital Expenditure

Capital expenditure represents the value of payments in 2023 for tangible and intangible fixed assets amounting to €144,817.44, namely for the upgrade of computer software amounting to €84,746.78, the purchase of computer equipment amounting to €43,115.85, the capital maintenance of premises and equipment amounting to €13,908.00, air-conditioning equipment amounting to €2,247.61 and the purchase of telecommunications equipment amounting to €799.20.

The SRDF planned for the acquisition and construction of fixed assets for 2023 for €326,839.00, but the implementation was lower by €182,021.56. In 2023, the adaptation of the premises did not take place in the planned amount €30,000.00 and the replacement of roofing in the planned amount of €100,000.00 was not conducted. The implementation of the work on the upgrades of the computer programmes has been postponed to 2024 and the commitments for the technical security implementation have not yet been settled.



The Operating Result

The economic outturn shows a surplus of revenue over expenditure of €2,085,370.24. The reported profit/loss in the accounts of the SRDF increases the Other Assets dedicated fund. For 2023, the SRDF has planned a surplus of revenue over expenditure of €1,832,968.00. The favourable operating result of the SRDF in 2023 was driven by higher income from loans and free cash. Revenue was budgeted at €7,536,255.00 and implemented at €7,905,524.17. Revenue from the sale of goods and services is 12.85% higher than planned, while interest revenue is 8.18% higher than planned. The expenditure of the SRDF was planned at €5,703,287.00 and implemented at €5,820,153.93 or 2.05% higher than planned. Capital expenditure, expenditure on goods and services, wage costs were lower due to unrealised tasks. Provisions for credit risks were higher than planned by €565,971.93 or 17.47%.

7.4 Notes to the Statement of Financial Assets and Investments

The Statement of Financial Receivables and Investments shows the repayments received on loans and sales of equity participations and loans and increases in equity participations. In 2023, the statement only shows the movement of loans granted and repaid.

Per Table 32, the Statement of Financial Assets, and Investments for 2023, shows:

- Repayments of loans received amounting to €32,153,497.04 from the implementation of the purpose of the SRDF, which are €7,589,680.04 higher than planned.
- Loans drawn down amounting to €43,989,063.93, which does not include loans drawn down from the MAFF amounting to €49,999.00, the transfers of which are not recorded in the accounts receivable and investments.

The Statement of Financial Assets and Investments as of 31 December 2023 shows a difference between the repayments made and the repayments received on loans of €11,835,566.89. Loans granted are lower than planned by €1,010,936.07. The departures from the 2022 and 2023 allocations and the delayed drawdown of the allocated loans have had an impact on the lower than planned level of loans disbursed.

Account sub-group	Title	Plan	Implementation	Index IMP/PLA
750	Repayments of loans received	24,563,817.00	32,153,497.04	130.90
440	Loans granted	45,000,000.00	43,989,063.93	97.75
	Difference (loan repayments given-received)	20,436,183.00	11,835,566.89	57.91

Table 33 shows the funds transferred under the loan agreements concluded, by purpose, in 2023. The funds transferred amounted to €43,989,063.93. In terms of value, the largest share of the loans disbursed was for **Local Authorities and Other Parts of the Public Sector Programme** (50.02%), **Agriculture and Forestry** (24.89%), **Entrepreneurship** (24.01%) and **Non-profit Organisations** (at least 1.08%). In 2023, loans from the MAFF amounting to €49,999.00 were also disbursed, which are not recorded in the financial assets and investments account but are shown in Table 47.

Incentives	Approved Funding		Drawdown in 2023	Transfer In 2024
	Before 2023	During 2023		
Agriculture and Forestry	2,348,455.00	11,452,478.00	10,949,678.12	2,718,376.88
Entrepreneurship	300,000.00	29,661,018.00	10,562,040.84	19,399,007.16
Local Authorities and Other Parts of the Public Sector Programme	4,232,806.97	26,559,700.00	22,004,483.97	6,901,119.00
Non-profit Organisations	0.00	643,933.00	472,861.00	171,072.00
Total	6,881,261.97	68,317,159.00	43,989,063.93	29,189,575.04

7.5 Notes to the Financing Account Statement

The financing account statement shows borrowings and principal repayments. In 2023, the SRDF drew down the second part of the borrowings from the EIB amounting to €10,000,000.00 and repaid €3,177,236.66 of the principal of the loans. The repayments of the credit were in line with the planned amounts, while the drawdown of the credit was planned at €20.000.000,00, but the SRDF did not need the funds for the incentives, so the drawdown will be implemented in the following year Table 34 shows the financing account statement reflecting the evolution of the borrowings and repayments from the EIB in 2023.

Account sub-group	Title	Plan	Implementation	Index IMP/PLA
501	Borrowings abroad	20,000,000.00	10,000,000.00	50.00
551	Repayment of foreign debt	3,177,237.00	3,177,236.665	100.00
Net Borrowing		16,822,763.00	6,822,763.34	40.56

In 2023, there is a decrease of €2,927,433.31 in the account, reflecting the difference between the excess of revenue over expenditure and net borrowing, less the difference between loans granted and loans repaid. In 2023, the SRDF generated a surplus of revenue over expenditure of €2,085,370.24, disbursed. €11,835,566.89 more loans than it received in repayments and had a net borrowing of €6,822,763.34.

7.6 Fiscal Rule Surplus

Article 9.i of the Law on Public Finance (OG RS, No. 11/11 – UPB, 14/13 – amen., 101/13, 55/15 – ZFisP, 96/15 – ZIPRS1617, 13/18 in 195/20 – odl. US, 18/23 – ZDU-10 in 76/23) states that institutional units of the general government classified in sector S.13, The surplus under the fiscal rule is the cash-flow surplus fewer accounting items representing outstanding liabilities, except for outstanding debt principal obligations and unspent dedicated funds. The SRDF does not show a surplus calculated according to the fiscal rule as of 31 December 2023, as it has a negative cash flow, i.e. a decrease in the funds in the accounts of €2,927,433.31.

Surplus of revenue over expenditure	2,085,370.24
Difference between received and given funds from financial investments	-11,835,566.89
Net borrowing	6,822,763.34
=Cash flow deficit on 31 December 2023	2,927,433.31
(reduced by) outstanding liabilities on 31 December 2023	185,163.53
(reduced by) unspent dedicated assets on 31 December 2023	80,124,400.50
Fiscal rule deficit on 31 December 2023	83,236,997.34

8.1 SRDF' Funding and Investments



SRDF' Funding

The only systemic financial resource is the purchase consideration acquired by the SRDF based on Article 7 of the ZUKLP, amounting to:

- 11.5% of the funds received for regional development and the preservation of the Slovenian countryside,
- 2.5% of the funds received to create an economic base for Indigenous communities

In addition to the purchase price funds of €283,026.28 received, the SRDF has also obtained additional dedicated assets of €30,000,000.00 from the State Budget in 2023, namely €10,000,000.00 for the granting of soft loans in the fields of entrepreneurship, agriculture and forestry, local authorities, and other parts of the public sector, and €20,000.00 for the granting of loans. The SRDF has concluded a credit agreement with the EIB for the purpose of drawing down a credit facility of €30,000,000.00 in 2021 for the amount of €30,000,000.00 for the purpose of implementing a financial product to provide liquidity to economic operators to mitigate and remedy the effects of the energy crisis, in accordance with the Energy Crisis Management Act and to remedy the effects of the floods in August 2023 in the economy, in accordance with the Economic Recovery and Development Act-F. The SRDF has concluded a credit agreement with the EIB to draw down a credit facility of €30,000,000.00 in 2021. In 2023, the second part of the credit facility of €10,000,000.00 was drawn down, which is intended to finance loans in the field of entrepreneurship and local communities.

For the allocation of incentives in 2023, the SRDF used dedicated assets, borrowed funds and funds received for the implementation of financial instruments in agriculture.

The work was funded by the SRDF from its own resources. The largest source is income from property, both interest on free cash received in 2023 amounting to €930,940.33 and interest on loans and dedicated deposits received in 2023 amounting to €3,591,543.39. This is followed by the funds received for reimbursement of the costs of concluding and managing the loans granted, amounting to €180,728.59, the funds received for reimbursement of the management fee for the implementation of financial instruments in agriculture, amounting to €165,000.00, and the transfer revenue from the State budget for reimbursement of the costs of technical assistance for the performance of the tasks of the SRDF as a Certifying Authority and reimbursement of the costs from the MCRD, amounting to €101,259.02. From the EC, funds amounting to €86.672,38 were received for the reimbursement of technical assistance costs for the performance of the tasks of the SRDF as Certifying Authority. The smallest part, amounting to €14,380.00, is represented by other non-tax revenue and consists of reimbursements of costs paid in previous years.



Dedicated Assets

The SRDF shall manage dedicated assets in accordance with the purpose for which they were established and with the objective of preserving or enhancing their value.

Per Table 36, the dedicated assets of the SRDF for financial investments as of 31 December 2023 amount to €162,700,446.76. It consists of the payments made to date from the purchase price and the funds received for the implementation of financial products aimed at providing liquidity to economic operators, from the budget of the Republic of Slovenia, the PHARE funds carried over, the surplus of revenue over expenditure carried over from previous years, receivables transferred in 2002 on the basis of a gratuitous cession concluded with METS, receivables transferred in 2011 on the basis of a decision of the Government of the Republic of Slovenia from long-term deposits of the Republic of Slovenia in regional

guarantee schemes and, in 2014, the transfer of business holdings which the SRDF carries at their estimated value.

Account	Title	Balance on 1 January 2023	Increase	Decrease	Balance on 31 December 2023
9401	Dedicated Assets Fund for financial investments	132,256,337.98	30,444,108.78	0.00	162,700,446.76
9402	Dedicated Assets Fund for guarantees redeemed	51,643.44	0.00	33,676.21	17,967.23
9403	Dedicated Assets Fund for other purposes	2,833,826.97	56,235,550.99	54,241,015.65	4,828,362.31
94	Dedicated Assets Fund	135,141,808.39	86,679,659.77	54,274,691.86	167,546,776.30

The Dedicated Assets Fund, as of 31 December 2023, was €32,404,967.91 higher than the opening balance on 1 January 2023. The Dedicated Assets Fund for financial investments increased by €30,444,108.78 in 2023, due to the receipt of a capital increase of €30,283,026.28 and the carry-forward of the surplus of income over expenditure from 2021 of €161,082.50. As a result of the calls on the guarantees given, a dedicated fund has been created in 2020 for the calls on the guarantees, which amounts to €17.967,23 as of 31 December 2023. The other dedicated fund as of 31 December 2023 was for the increase in the Other Assets dedicated fund was mainly due to the surplus of revenue over expenditure of €2,085,370.24. The increase in the dedicated fund was also due to the acquisition of intangible fixed assets and real estate for an amount of €155,263.49, the adjustment of financial investments for an amount of €5,523.04, the repayment of loans written from €4,046.37 and the addition of unpaid interest of €139.73. to the loan principal. The decrease in the other dedicated fund was due to the accrued depreciation of €94,618.33, the write-down of the present value of fixed assets of €106.70 and the transfer of the unused surplus of revenue over expenditure from 2021 of €161,082.50 to the dedicated fund of the SRDF.

The Assigned Assets Fund has increased compared to the situation on 31 December 2022, as it is €32,404,967.91 higher on 31 December 2023 than on 1 January 2023. The surplus of revenue over expenditure in 2023 of €2,085,370.24 has had a favourable impact on the Assigned Assets Fund for the second year. As the dedicated fund as of 31 December 2023 is higher than the dedicated fund as of 1 January 2023, it follows that the SRDF has operated by Article 25 of the FRA-1.



Investments of Unrestricted Dedicated Assets

Per Article 26 of the JRSG-1 and Articles 27 and 28 of the Constitutive Act, the SRDF had unrestricted dedicated funds in the form of long-term securities and deposits with the MF and a small part in the sub-accounts of the SRDF. Table 37 shows the types of investments of unrestricted funds as of 31 December 2023 and does not include funds received by the SRDF for the implementation of concessional development credits in problem areas, funds received for the implementation of financial instruments in agriculture and funds for the performance of the tasks of the certifying authority, which are also placed in accordance with the LAS-1.

Type of Investment	Investment Value	Share (%)	Share in Dedicated Assets Fund (%)
Deposits with commercial banks	0.00	0.00	0.00
Deposits with the EDF system's asset manager	74,331,501.90	91.68	45.69
Securities (RS issuer)	4,989,715.45	6.15	3.07
Cash in Hand	0.00	0.00	0.00
Transaction Account Balance	1,758,265.42	2.17	1.08
Total (principal and interest)	81,079,482.77	100.00	49.83

Table 38 shows the types of investments in securities as of 31 December 2023, which are in accordance with Article 26(3) of the SBS-1.

Bank	Balance of Bonds	Bond share (v %)	Share in the Dedicated assets of the SRDF (%)
Bonds RS 79	2,004,010.71	40.16	1.23
Bonds RS 80	976,834.04	19.58	0.60
Bonds RS 81	1,007,356.49	20.19	0.62
Bonds RS 84	1,001,514.21	20.07	0.62
Total (principal and interest)	4,989,715.45	100.00	3.07

8.2 Performance of Tasks under Contract



Certifying Authority's Accounting Report 2007-2013

By Government Decision No. 30300-4/2007/74 of 19 April 2007, the SRDF was designated as the responsible institution for the tasks of the Certifying Authority for the period 2007-2013, for which it was provided with adequate human and financial resources.

To carry out the tasks of the Certifying Authority, the SRDF obtained European pre-financing for ETC for the OP Slovenia-Austria, OP Slovenia-Hungary and OP Slovenia- Croatia in the years 2009 to 2017.

As shown in Table 39, the value of these assets on 31 December 2023 is €1,855,673.10. In 2023, following the decision of the Monitoring Committee of the IP Slovenia-Austria 2021-2027, a financial correction of €7,187.60 was made from the OP Slovenia-Austria to INTERREG V-A SI-AT.

Title	Balance on 1 January 2023	Resources spent	Balance 31 December 2023
OP Slovenia-Austria	1,644,932.53	7,187.60	1,637,744.93
OP Slovenia-Hungary	2,602.07	0.00	2,602.07
OP Slovenia-Croatia	215,326.10	0.00	215,326.10
Total (principal)	1,862,860.70	7,187.60	1,855,673.10

The SRDF has unrestricted Certifying Authority funds of €1.900.000,00 invested in deposits from the MF and funds of €10.312,84 in the sub-accounts of the individual Operational Programmes. In addition to the liabilities for funds received, the SRDF also has a liability for accrued interest of €58.200,71 as of 31 December 2023. The balance of funds and sources of funds for the 2007-2013 programming period is shown in Table 40.

Overview of resources and sources of funds	OP Slovenia-Austria	OP Slovenia-Hungary	OP Slovenia-Croatia	Total
Short-term funds	1.688.491,88	2.813,62	222.568,31	1.913.873,81
Transaction Account	5.353,72	2.804,99	2.154,13	10.312,84
Balance				
Assets in MF deposits	1.680.000,00	0,00	220.000,00	1.900.000,00
Interest Receivables	3.138,16	8,63	414,18	3.560,97
Current Liabilities	1.688.491,88	2.813,62	222.568,31	1.913.873,81
EU commitments for FPs	1.637.744,93	2.602,07	215.326,10	1.855.673,10
Interest Liabilities	50.746,95	211,55	7.242,21	58.200,71



Certifying Authority's Accounting Report 2014-2020

The SRDF also performs the tasks of the Certifying Authority in the 2014-2020 period based on Government Decision No. 30300-2/2014/5 of 17.12.2014 in INTERREG V-A cooperation programmes.

Resources and Sources

The SRDF has already obtained upfront funding from the European budget for the 2015-2023 period to carry out the tasks of the Certifying Authority. In 2023, additional funding of €4,985,669.89 was received from the EC. Undue payments of €26,570.27 were recovered from the managing partners. Funds amounting to €6,257,693.86 were paid to the Lead Partners. As shown in Table 41, the following amounts on 31 December 2023, the value of these funds is €2,678,414.25.

Title	Balance on 1 January 2023	Increase	Decrease	Balance on 31 December 2023
INTERREG V-A Slovenia-Austria	1,768,120.07	3,608,979.90	4,860,295.95	516,804.02
INTERREG V-A Slovenia-Hungary	383,479.96	686,186.07	781,409.46	288,256.57
INTERREG V-A Slovenia-Croatia	1,762,260.93	724,261.79	613,169.06	1,873,353.66
Total (principle)	3,913,860.96	5,019,427.76	6,254,874.47	2,678,414.25

The SRDF had available Certifying Authority funds of €2,700,000.00 placed in deposits with the MF and a smaller part of €95,500.12 in the sub-account of each operational programme.

As of 31 December 2023, the SRDF has receivables from the EC for reimbursement of claims paid to the Lead Partners amounting to €4,500,436.33, while the receivables for undue payments to the Lead Partners amount to €1,826.71. As of 31 December 2023, the Fund has payables for pre-financing received amounting to €2,678,414.25, payables for accrued interest amounting to €126,323.91, payables to suppliers amounting to €4.70 and unpaid receivables amounting to €4,502,263.04. An overview of the assets and sources of funds as of 31 December 2023 is shown in Table 42.

Overview of assets and sources of funds	CP Slovenia-Austria	CP Slovenia-Hungary	CP Slovenia-Croatia	Total
Current assets	3,604,842.84	913,801.59	2,788,361.47	7,307,005.90
Transaction account balance	60,973.39	4,536.57	29,990.16	95,500.12
Assets in deposits made to the MF	500,000.00	300,000.00	1,900,000.00	4,500,436.33
Payment claims to the EC	3,039,795.14	606,994.10	853,647.09	4,500,436.33
Receivables for funds paid to LP	735.10	1,091.61	0.00	1,826.71
Interest receivables	3,336.21	1,177.66	4,724.17	9,238.04
Unpaid liabilities	3.00	1.65	0.05	4.70
Current liabilities	3,604,842.84	913,801.59	2,788,361.47	7,307,005.90
Payables to the EU for received funds	516,804.02	288,256.57	1,873,353.66	2,678,414.25
Liabilities arising from interest received	47,505.58	17,457.66	61,360.67	126,323.91
Payables to suppliers	3.00	3.15	0.05	4.70
Unpaid receivables	3,040,530.24	608,085.71	853,647.09	4,502,263.04

Revenue and Expenditure

The expenditure of the Certifying Authority in 2023 was implemented at €119,585.77, while the revenue was implemented at €137,931.40. In February 2023, the SRDF forwarded to the MCRD for review a request for reimbursement of technical assistance costs for the period 1 July – 31 December 2023 for an amount of €51.429,43. The claim will be booked after the audit in 2024.



Accounting Follow-up of the Call for Tenders "Border Areas" Financed by the METS (now MCRD)

The SRDF concluded Contract No. C1536-11B990001 with the Ministry for the implementation of Strand A of the project "Measures in BPA in combination with the measure of RGS in the whole country" for the

period 2011-2012 for the purpose of carrying out a public call for proposals for the award of grants for the co-financing of initial investments and the creation of new jobs in border problem areas. For this purpose, funds amounting to €13,640,029.04 were transferred to the beneficiaries in the years 2011 and 2012.

In accordance with the contract, the SRDF carried out a review of the projects that had received grants and identified certain irregularities, which led it to request the companies to reimburse the funds unduly paid, with interest on late payments. Some of the companies have settled their liabilities, while some have been subject to legal proceedings. For the unduly paid funds, the SRDF has established a liability to the METS, whereby the outstanding liability is reduced by the costs incurred by the SRDF in bringing the legal and other proceedings necessary for the recovery of the funds. In 2021, the SRDF repaid the funds received, amounting to €670.000,00, to the MEDT. As at 31.12.2023, SRDF has a receivable from the company amounting to €89.755,14. The liability of the SRDF to the MCRD amounts to €173,149.55 as at 31.12.2023. In 2020, a compulsory settlement order was issued for the receivable, which is expected to be repaid by 31.12.2024, amounting to 36,75% of the receivable. If the creditor fulfils its obligation, part of the receivable amounting to €55.611,72 will have to be written off. From the funds received for the BPA from the MGTF, the SRDF has unrestricted funds of €83,394.41 as of 31 December 2023.

Accounting Monitoring of the Tender for “Border Problem Areas” from METS (now MCRD)



In 2016, the SRDF concluded the Contract for the BPA 2016-2017 with the line ministry and obtained €20,000,000.00 of resources, which are recorded as other long-term liabilities. In 2018, the SRDF concluded an additional Contract with the line ministry for the BPA 2018-2019 for an amount of €11,570,000.00, of which part of the funds amounting to €7,290,000.00 was received in 2018 and part of the funds amounting to €4,280,000.00 was received in 2019. As part of the funds were not distributed, in 2021, the SRDF concluded an Addendum to the 2018-2019 Contract with the METS, whereby the Ministry allowed the continuation of funding in the border problem areas until 31 December 2022. The SRDF separately accounts for the receivables and payables from the resources received from the METS. Loans granted and their repayments are not recorded in the financial receivables and investments account, but only as receivables from the recipients of the funds and repayment liabilities to the METS. The balances are shown in Table 35.

Table 21: Balance of Resources and Sources of METS' Resources as of 31 December 2023 (€)

Title	Implementation (€)
Resources	32,002,737.13
Loans Granted	18,065,056.15
Resources in the Sub-accounts of the SRDF	416,665.70
Applications submitted to the MF	13,521,015.28
Sources of the Resources	32,002,737.13
Unpaid Interest	24,500.03
Dedicated Investment Assets Fund	31,978,237.10

In the period 2017-2022, loans amounting to €30,331,837.37 were disbursed, of which €12,269,817.43 were repaid. Interest on the loans granted amounted to € 23,844.64. By 31 December 2023, interest payments of €20.808,43 have been made on the loans granted. In 2023, in accordance with the Act amending the Disaster Relief Act, the Disaster Relief Act-F, unpaid interest amounting to €188.81 was added to the principal of the loan. In 2017, the SRDF placed part of its unrestricted funds in a long-term deposit with a commercial bank, generating receipts of €509.77. No receipts were generated from unrestricted funds in 2018-2021. In 2022 and 2023, receipts of €386,730.09 were generated from interest on free cash. Accrued interest on loans and unrestricted cash of €432,548.32 increases the amount of the METS funds received. As of 31 December 2023, the SRDF has the bulk of its unrestricted cash of €13,500,000.00 placed in deposits from the MF. In 2021, non-payment led to the initiation of legal proceedings under two loan agreements. An overview of the evolution of the loans by individual contract with the METS is shown in Table 44.

Table 22: Movement of Loans Granted from MCRD resources in 2023 (€)

Loans under Contract	Balance as of 1 January 2023	Interest Attribution	Repayment	Balance as of 31 December 2023
C2130-16-90001 (2016-2017)	15,565,547.99	188.81	2,605,296.85	12,960,439.95
C2130-18-90001 (2018-2019)	6,309,830.77	0.00	1,208,061.97	5,101,768.80
Total (principal)	21,875,378.76	188.81	3,813,358.82	18,062,208.75

For information, the necessary provisions for credit risks of the loans granted from the MCRD funds for soft development loans to start-up business projects in problem areas, where possible non-repayment by the borrowers will reduce the SRDF's liabilities to the MCRD, have also been calculated based on the methodology of the SRDF. The expected potential loss on these loans is up to a maximum of 30 % of the funds tendered. Based on the methodology, a provision of €2,649,430.83 is currently required for these funds, representing 8.74% of the funds committed and drawn down.



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

In 2021, the Government of the Republic of Slovenia decided to increase the dedicated assets and SRDF's capital by the contribution of additional dedicated assets in the amount of €14,056,000.00, to provide liquidity through financial products for companies, as a measure to mitigate and remedy the consequences of the COVID-19 epidemic. Based on the decision, Contract No. The contract C2130-20G410000 committed the Ministry to provide resources for the increase of the SRDF' dedicated assets and capital and the SRDF to provide additional resources from the dedicated assets in the amount of €12.600.000,00. In 2021, the measure was continued as the Government of the Republic of Slovenia provided additional resources to increase the dedicated assets dedicated for granting liquidity loans to SMEs in BPAs. Loan funds amounting to €29,335,755.96 were transferred in 2020-2022. By 31 December 2023, resources amounting to €13.395.824,22 have been repaid.

Loans are interest-free. However, default interest amounting to €15,315.70 was accrued in 2023. In accordance with the Act on Amendments and Additions to the Act on the Remediating of the Consequences of Natural Disasters -ZOPNN-F, a reprogramming of the loan was granted to the borrower, whereby the outstanding interest amounting to €139.73 was added to the principal. As of 31 December 2023, the outstanding default interest amounts to €4,232.60. Table 37 shows the outstanding balance of loans as of 31 December 2023.

It is agreed in Contract No. C2130-20G410000 that the SRDF's dedicated assets are paid under this Contract may be reduced to cover losses on outstanding loans, up to a maximum of 80% of the dedicated capital paid in. As of 31 December 2023, provisions amounting to €2,769,378.99 have been calculated on an indicative basis.

Source	Loans drawn	Resource' Share (%)	Loan repaid	Interest Attribution	Balance of Loans as of 31 December 2023
Dedicated Capital Increase	14,056,000.00	47.91	6,418,505.30	66.95	7,637,561.65
Other SRDF resources	15,279,755.96	52.09	6,977,318.92	72.78	8,302,509.82
Total (principal)	29,335,755.96	100.00	13,395,824.22	139.73	15,940,071.47



Financial Report on the Implementation of BIZI LIKVIDNOST

In 2023, the Government of the Republic of Slovenia decided to increase the dedicated assets and capital of the SRDF by contributing additional dedicated assets of €20,000,000.00, to mitigate the energy crisis and to address the consequences of the August 2023 floods on the economy. Pursuant to the decision, a "Contract ZPGOPEK" was concluded between the SRDF and the MCRD, on the basis of which the transfer of resources was carried out to increase the dedicated assets of the SRDF for the implementation of financial products, in accordance with Article 49 of the Act on Assistance to the Economy to Mitigate the Consequences of the Energy Crisis ("ZGOPEK") and the first paragraph of Article 54 of the Act on the Amendment and Supplementation of the Act on the Elimination of the Consequences of Disasters ("ZOPNN-F"). Under the contract, the MCRD undertook to provide resources to increase the dedicated assets and SRDF's capital, and the SRDF undertook to use these funds for the purpose of implementing a financial product to ensure the liquidity of economic operators to mitigate and recover from the energy crisis, in accordance with the ZPGOPEK, and to recover from the effects of the August 2023 floods on the economy, in accordance with the ZOPNN-F. Under the contract, the SRDF has launched a financial product, BIZI LIKVIDNOST – floods and BIZI LIKVIDNOST - energy, aimed at restoring the productive potential after the floods and coping with the energy crisis. The contract value of €15,287,911.00 for investments around energy consumption/loss management and €4,712,089.00 for flood recovery has been approved. In 2023, €1.575.000,00 was drawn down. The available funds of €18.425.000,00 are placed in each application from the MF. In 2023, interest of €398.90 was accrued on the loans granted and

management fees of €24,804.00 were charged. Table 46 shows the evolution of the dedicated assets for energy crisis mitigation and disaster recovery in 2023.

It is agreed in the "ZGOPEK Contract" that the dedicated assets of the SRDF paid under this contract may be reduced to cover losses on outstanding loans of the financial product, up to a maximum of the minimum dedicated assets of the SRDF set out in the ZJS-1. As of 31 December 2023, provisions amounting to €56.535,33 have been calculated on an indicative basis.

Table 46: Balance and sources of MCRD resources as of 31 December 2023 (€)	
Title	Implementation (€)
Resources	20,023,202.90
Granted Loans	1,575,000.00
Applications submitted to MF	18,425,000.00
Interest receivable and costs of concluding and administering contracts	23,202.90
Sources of Resources	20,023,202.90
Unpaid interest	23,202.90
Dedicated Investment Assets Fund	20,000,000.00



Financial Report on the SRDF's Potential Liabilities in the Coming Years


In 2023, the SRDF concluded with the MAFF the "FI Contract in Agriculture" for the period 2023-2027. The subject of the contract is the transfer of resources from the budget of the Republic of Slovenia to a special sub-account in the group amounting to €20,000,000.00. The resources amounting to €18,900,000.00 are dedicated for the implementation of the financial instruments and are intended for soft loans, guarantees, interest subsidies and capital reductions, while a part of €1,100,000.00 is a management fee. The funds will be transferred to the SRDF over four years. In 2023, the SRDF has obtained funding from the MAFF of €3,000,000.00, of which €165,000.00 is for the management fee, €945,000.00 for the implementation of micro-loans, €1,323,000.00 for guarantees and €567,000.00 for interest rate subsidies and capital reductions. The funds received were recorded as revenue by the SRDF. For the resources dedicated for the implementation of the financial instruments, the SRDF has set up a reserve fund, because of which the drawdown and repayment of the funds dedicated for FIs in agriculture are not recorded in the financial assets and investments account, but only as receivables in the balance sheet.

In 2023, the SRDF granted interest-free loan funds amounting to €296,595.00 based on a call for tenders for the financial product-AGRO FI Mikro. In 2023, resources amounting to €49,999.00 were drawn down. The available resources are invested in accordance with Article 24(2) of the Regulation on the procedure, criteria, and methods for the allocation of funds to promote development programmes. The bulk of the available resources are in deposits with the MF. The balance and sources of resources are shown in Table 47.

Contract No. 2330-23-000071 provides for an expected financial risk assessment of micro-loans granted from the FI funds of 15% or €1.417.500,00, assuming that at the time of loan approval the farmer's creditworthiness is above 1 or the beneficiary's credit rating under the Ebonitete is at least 5. As of 31 December 2023, a provision of €3.999,85 has been calculated for information purposes.

Table 47: Balance and sources of MAFF resources as of 31 December 2023 (€)	
Title	Implementation (€)
Resources	2,865,848.26
Granted loans	49,999.00
Resources Sub-accounts of the SRDF	420,802.54
Applications submitted to MF	2,395,046.72
Sources of Resources	2,865,848.26
Unpaid interest on unrestricted assets	8,610.03
Paid interest on unrestricted assets	22,238.23
Resources for micro-loans	945,000.00
Resources for portfolio guarantees	1,323,000.00
Resources for interest rate subsidy and capital reduction	567,000.00



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