



EUROPEAN COMMISSION
EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality

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Greece

**Subject: Classification of entities guidance request
National Institute of Labour and Human Resources (EIEAD)**

Reference: Your letter F1-1479 of 30/12/2015

Dear Ms Stavropoulou,

Thank you for your letter requesting Eurostat's opinion on the sector classification of the National Institute of Labour and Human Resources (EIEAD). In accordance with Council Regulation (EC) No 479/2009 article 10, paragraph 1, after examining your request, please find below Eurostat's view on the sectorization of the above-mentioned unit in the light of ESA 2010.

1. THE ACCOUNTING ISSUE FOR WHICH A CLARIFICATION IS REQUESTED

The issue to be analysed is the sector classification of the National Institute of Labour and Human Resources (EIEAD), a legal entity under private Law which is providing various services of advisory nature, scientific support, also studies and publications in the policy area covered by the Ministry of Labour and Social Insurance.

Together with the request for advice, ELSTAT has provided a note with its analysis on this case concluding that the entity should be classified in the government sector in the framework of ESA 2010.

2. METHODOLOGICAL ANALYSIS

2.1. Accounting provisions

Institutional units and groupings of units are defined in ESA 2010 chapter 2. The market/non-market delineation and the market/non-market test are defined in ESA 2010 chapters 3 and 20 (20.19-20.31).

2.2. Description of the case

Background

The National Institute of Labour and Human Resources (EIEAD) is a legal entity of private Law, supervised by the Ministry of Labour and Social Insurance. The entity is engaged in providing scientific documentation to the Ministry, in providing action and policy support, developing of studies on its competence issues, collecting and processing statistical data and drafting and publication of national annual reports on the labour market, labour relations, employment policies and social inclusion, in promotion of professional training and the lifelong learning, as well as creation of special training programs for socially vulnerable groups.

2.3. Eurostat's analysis

a) *Institutional unit*

On the basis of the information contained in the ELSTAT's letter, we understand that, following the Legal provisions, EIEAD draws up a complete set of accounts and is entitled to own goods and assets in its own right; it is able to exchange the ownership of goods and assets in transactions with other institutional units.

From the above we conclude EIEAD has decision-making autonomy as it fulfils the required criteria to be considered an institutional unit, as defined in the ESA2010 para 2.12.

b) *Control*

As indicated in the above ELSTAT letter, according to the Art. 88 of the Law 3996/2011 of EIEAD, the entity is managed by a seven-member Board of Directors. The members and their deputies are appointed by the decree of Minister of Labour and Social Insurance.

Therefore, EIEAD should be considered as publicly controlled under ESA paragraphs 20.309 and 20.310 since all of the members of the management board are appointed by the supervising ministry.

c) *Market/ non-market nature*

As regards the nature of the EIEAD activity in the light of ESA10 para 20.25, Eurostat takes note that EIEAD provides its services mainly to government and is the sole supplier of such type services. It is not competing on the market.

Following ESA 2010 20.29, "*to be a market producer a public unit shall cover at least 50% of its costs by its sales over a sustained multi-year period*".

Eurostat notes that the majority of non-financial revenue of EIEAD consists of government grants. This explains the outcome of the 50% test. The sales to production cost ratio calculated by ELSTAT for EIEAD is far below the 50% threshold for the period 2011-2013.

Taking into account the results of the 50% test the entity should be considered a public non-market producer. It is therefore to be considered as a government entity.

3. CONCLUSION

- The National Institute of Labour and Human Resources (EIEAD) is considered to be controlled by Government (Ministry of Labour and Social Insurance).
- For a period of 2011-2013 the ratio of revenue from sales over the costs of production of these sales was well below the threshold of 50%.

In conclusion, EIEAD is a government controlled non-market unit which should be classified to the institutional sector S.13

Based on all the elements above, Eurostat considers that the National Institute of Labour and Human Resources (EIEAD) should be classified in the general government sector following ESA 2010 rules. The view of Eurostat is in agreement with the conclusion of ELSTAT's analysis.

4. PROCEDURE

This view of Eurostat is based on the information provided by the Greek authorities and on the understanding of Eurostat of certain legal documents available to Eurostat only in Greek. If this information turns out to be incomplete, or the implementation of the operation differs in some way from the information presented, or there may be inaccuracies in the assessment due to the translation risk, Eurostat reserves the right to reconsider its view.

In this context, we would like to remind you that Eurostat is committed to adopt a fully transparent framework for its decisions on debt and deficit matters in line with Council Regulation 479/2009 and the note on ex-ante advice. Eurostat therefore publishes all official methodological advice (ex-ante and ex-post) given to Member States on its website.

Yours sincerely,

(e-Signed)

Eduardo Barredo Capelot
Director