



EUROPEAN COMMISSION  
EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality

Luxembourg,  
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Ms Maria Stavropoulou  
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Piraeus 46 & Eponiton street  
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Greece

**Subject: Classification of entities guidance request  
Hellenic Foundation for Research and Innovation (HFRI)**

**Reference: Your note dated 22/08/2017**

Dear Ms Stavropoulou,

We have received your email requesting Eurostat's opinion on the sector classification of the Hellenic Foundation for Research and Innovation (HFRI). 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 Hellenic Foundation for Research and Innovation (HFRI) an entity responsible for promoting research and innovation.

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*

The ESA 10 Manual on Government Deficit and Debt, notably Part I on delimitation of the general government sector.

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 Hellenic Foundation for Research and Innovation (HFRI) is a non-profit entity, which main objective is promoting research and innovation. HFRI is responsible for financing of research programmes, granting scholarships for doctoral and post-doctoral studies, facilitating access to financing for innovative research programmes and supporting the creation of start-ups.

### Eurostat's analysis

#### *a) Institutional unit*

On the basis of the information contained in ELSTAT's analysis, Eurostat understands that, HFRI should be considered an institutional unit. Following the legal provisions, the entity keeps a full set of accounts and exhibits decision-making as regards its principle function, i.e. financing of various projects/programmes aiming at promotion of research and innovation.

#### *b) Control*

As indicated by the Greek statistical authorities in their analysis, government is determining the general policy of the HFRI. The procedures for publication of notices for supported research projects, scholarships and other actions; the procedures and stages of evaluation of proposals, the criteria for selecting beneficiaries and the manner of establishing the evaluation committees as well as the procedures for the handling of complaints are regulated by Law.

As regards the degree of financing, the HFRI is a beneficiary of the EIB funding (EIB loan to Hellenic Republic). Funding from sources such as the Public Investment Programme, the State budget and EU funds is also foreseen in the legislation.

Considering the above, HFRI should be considered as publicly controlled under ESA paragraph 20.15.

#### *c) Market/non-market nature*

As regards the nature of the HFRI activity in the light of ESA10, Eurostat takes note that HFRI cannot be considered as a market producer since its revenues consist of grants from national resources and from EU funds.

Taking into account the above, the HFRI should be considered a publicly controlled non-profit institution, which is a non-market producer. It is therefore to be considered as a government entity.

## 3. CONCLUSION

- Hellenic Foundation for Research and Innovation (HFRI) is considered to be publicly controlled.
- HFRI does not have sales revenue, as it is financed by EU funds and State grants; it therefore fails the so called 50% test.

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

#### **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

