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EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality

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Ms Maria Stavropoulou
Hellenic Statistical Authority
Piraeus 46 & Eponiton street
185 10 Piraeus
Greece

**Subject: Classification of entities guidance request
Mediterranean Agronomic Institute of Chania (MAICH)**

Reference: Your letter Γ1-73 of 02/02/2018

Dear Ms Stavropoulou,

Thank you for your letter requesting Eurostat's opinion on the sector classification of the Mediterranean Agronomic Institute of Chania (MAICH). 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 Mediterranean Agronomic Institute of Chania (MAICH), an entity primarily responsible for organisation of training courses and research programmes aimed at providing supplementary education and enhancing cooperation between the Mediterranean countries in the field of agriculture.

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 rest of the world sector (S.2) 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).

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

2.2. Description of the case

Background

MAICH was established in 1983 by the agreement between the Government of the Republic of Greece and the International Centre for advanced Mediterranean agronomic studies (CIHEAM). The main objective of MAICH is training of personnel for development of agricultural products, restructuring and conversion of the following categories of crops: Mediterranean crops, sub-tropical crops, horticultural and fruit crops, as well as aromatic and pharmaceutical crops; also training of personnel for development and implementation of agricultural policy and promotion of farming techniques.

Eurostat's analysis

a) Institutional unit

On the basis of the information contained in ELSTAT's letter, Eurostat understands that, following the legal provisions, buildings, including land, facilities and equipment required for the activities of the MAICH are provided to CIHEAM free of charge by the Republic of Greece. The latter is liable for the costs of maintenance, renovation and administration of the above assets.

MAICH could not be considered as an institutional unit under ESA 2010 paragraph 2.12, as it does not own assets in its own right and is not able to exchange the ownership of goods and assets in transactions with other institutional units.

b) Control

As indicated by the Greek statistical authorities in their analysis, the Institute is administered by the Director who is appointed by the CIHEAM Governing Board from a list prepared by the Government of the Republic of Greece. Eurostat understands that, as foreseen in the Agreement establishing CIHEAM, the Director of MAICH "*shall neither seek nor receive instruction from any of the contracting parties nor from any Government or authority external to the Centre*" (CIHEAM).

A Coordinating Committee whose composition is approved by the CIHEAM Governing Board, following the proposal of the Greek Authorities, advises the Director of the Institute in matters such as preparation of study and research programmes, and conditions for studies and teaching methods. The Committee's role is to coordinate the activities of the Institute with the Greek public bodies and administrations.

Considering the above, MAICH is considered as controlled by CIHEAM. As foreseen in ESA2010 Article 2.13, entities having no autonomy of decision are part of the units which control them. Therefore, MAICH being considered part of the controlling unit - CIHEAM should be classified in the sector S.2.

3. CONCLUSION

- The Mediterranean Agronomic Institute of Chania (MAICH) is not an institutional unit.
- MAICH is controlled by the International Centre for advanced Mediterranean agronomic studies (CIHEAM).

In conclusion, MAICH is not an institutional unit and should be classified together with the controlling unit (CIHEAM), in the institutional sector S.2.

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)

Luca Ascoli
Acting Director