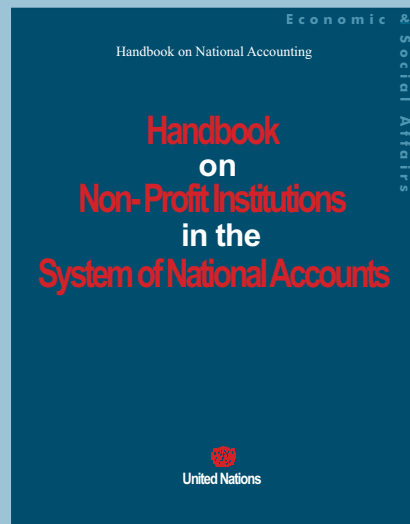


Measuring Civil Society *and Volunteering*

Initial Findings from Implementation
of the UN *Handbook on
Nonprofit Institutions*



JOHNS HOPKINS
UNIVERSITY
Center for Civil Society Studies

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Background

Recent years have witnessed a significant growth of interest in the role that nonprofit institutions (NPIs) and the volunteers they help to mobilize play in addressing social needs, promoting civic involvement, and improving the quality of life in countries throughout the world. However, efforts to understand this set of institutions and to fashion policies supportive of its development have long been impeded by a lack of basic information on its scope, finances, and role.

One important reason for this has been the way nonprofit institutions are treated in the System of National Accounts (SNA), which guides official economic data-gathering and reporting internationally. Although the SNA makes provision for a “Nonprofit Institutions Serving Households,” or NPISH, sector, the rules for allocating economic units among sectors leads to the assignment of many of the economically most significant nonprofit institutions not to this NPISH sector, but to the corporations or government sectors based largely on the source of their revenues (Figure 1). This means that only a relatively small fraction of all NPI economic activity is visible in the SNA’s NPISH sector. Partly as a result, few countries have bothered to report on NPISH at all.

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Figure 1. Allocation of Nonprofit Institutions Among Institutional Sectors in the 1993 SNA

Type of institutional unit	Sectors of the System of National Accounts (SNA)				
	Non-financial corporations sector (S.11)	Financial corporations sector (S.12)	General government sector (S.13)	Households sector (S.14)	NPISH sector (S.15)
Corporations	C ₁	C ₂			
Government units			G		
Households				H	
Non-profit institutions	N ₁	N ₂	N ₃	N ₄	N ₅

The UN NPI Handbook

When research work under the Johns Hopkins Comparative Nonprofit Sector Project revealed that nonprofit institutions constituted a much bigger economic force than the available NPISH statistics suggested, the UN Statistics Division (UNSD) enlisted a Consultative Group and researchers from the Johns Hopkins University Center for Civil Society Studies to produce a *Handbook on Non-Profit Institutions in the System of National Accounts* designed to provide a more comprehensive picture of the economic contribution of nonprofit institutions (NPIs).

The resulting *Handbook*, issued in December 2003, makes four major refinements to the 1993 SNA treatment of nonprofit institutions:

- It recommends that countries produce regular NPI “satellite accounts” that pull together data on all NPIs, including those assigned to the corporations or government sector;
- It provides a refined definition of an NPI to make it possible to identify these entities in the other sectors;
- It recommends the use of an International Classification of Non-Profit Organizations (ICNPO) that elaborates on the then-prevailing consensus system for classifying economic activities (ISIC Rev. 3) in order to differentiate NPIs more precisely; and
- It calls for inclusion of volunteer work in the NPI satellite account and provides a recommended way to value it.

Implementation of this *Handbook* will make it possible for policy-makers to take much more explicit account of NPIs in their policy deliberations and bring these important institutions into far better focus for the media, researchers, and the public at large.

Implementation Progress

At the invitation of the UNSD, the Johns Hopkins Center for Civil Society Studies has launched a global effort to promote the implementation of this *Handbook* in countries around the world, with results that are quite encouraging. In particular:

- Partnerships have been forged with the UN Volunteers Programme, the European Commission, the UN’s regional Economic Commissions for Latin America, Africa, and Asia; and the International Labour Organization;
- An International Advisory Committee has been formed involving leading civil society, foundation, and statistical officials from around the world (see inside back cover);
- Financial support has been provided by the United National Volunteers, and by the Ford, W.K.Kellogg, Skoll, Sasakawa Peace, and Sasakawa USA foundations;
- Regional workshops to introduce national accountants to the *NPI Handbook* have been held in Europe, Latin America, Africa, and Asia, and follow-up meetings arranged with national statistical authorities in more than 20 countries;
- Twenty-eight countries have so far committed to implement the *NPI Handbook* (Table 1);
- Eight countries have produced the “NPI satellite accounts” called for in this *Handbook*, and at least three (Belgium, Canada and the United States) have already produced updates.

This report analyzes the initial findings from these eight reporting countries (Australia, Belgium, Canada, the Czech Republic, France, Japan, New Zealand, and the United States).

Table 1. Countries Committed to Handbook Implementation

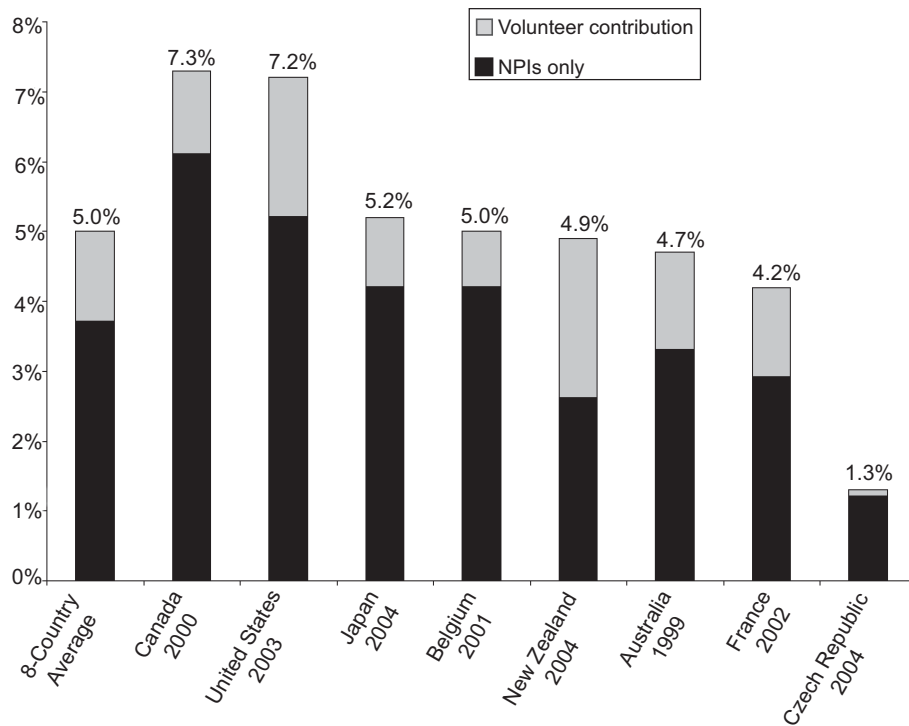
Argentina	France	Kyrgyz Republic	Peru
Australia	Ghana	Korea	Philippines
Belgium	India	Mali	Slovakia
Brazil	Israel	Morocco	South Africa
Cameroon	Italy	New Zealand	Uganda
Canada	Japan	Nigeria	United States
Czech Republic	Kenya	Norway	Vietnam

Key Findings

1. A sizable economic force

The nonprofit institutions sector that comes into focus in the NPI satellite accounts is a significant economic force. Including the value added by volunteers, these institutions account for an average of 5 percent of Gross Domestic Product in the eight countries for which satellite account data are available. This varies from a high of 7.3 percent in Canada to a low of 1.3 percent in the Czech Republic (Figure 2).

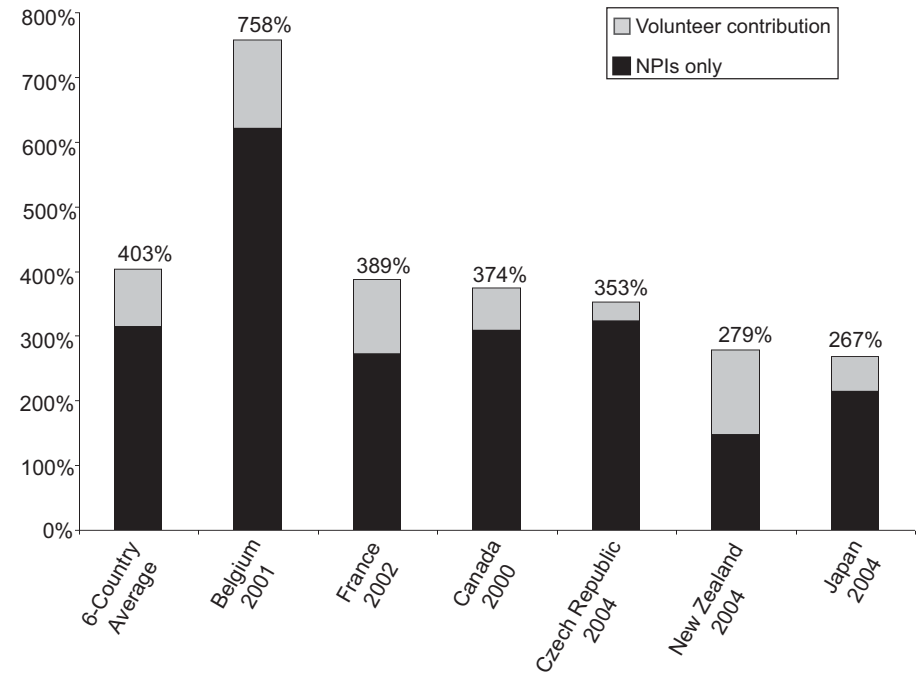
Figure 2. NPI Contribution to GDP, Including Volunteers, by Country and 8-Country Average



2. Much larger than previously understood

As expected, the nonprofit institutions sector that comes into focus through the NPI satellite accounts is much larger than the Nonprofit Institutions Serving Households (NPISH) sector that has long been the only component of nonprofit institutions visible through the System of National Accounts. As Figure 3 shows, once volunteer work plus the nonprofit institutions allocated to the other sectors under the SNA sectoring rules are included, the full NPI sector is anywhere from 267 to 758 percent larger than the portion that is captured in NPISH.

Figure 3. NPIs as a Percent of NPISH, by Country*



* Data not available on Australia and the United States

3. NPIs outdistance major industries

The economic scale of nonprofit institutions outdistances that of major industries. Even including the Czech Republic, where the scale of the NPI sector is well below the average of other countries, the NPI contribution to GDP, at an average of 5 percent for the eight countries covered, outdistances that of the utilities industry and is on a par with that of the construction and finance industries in these same countries (Figure 4).

As shown in Table 2, moreover, this pattern holds in most of the countries.

Figure 4. Contribution to GDP, NPIs vs Other Industries, 8-Country Average

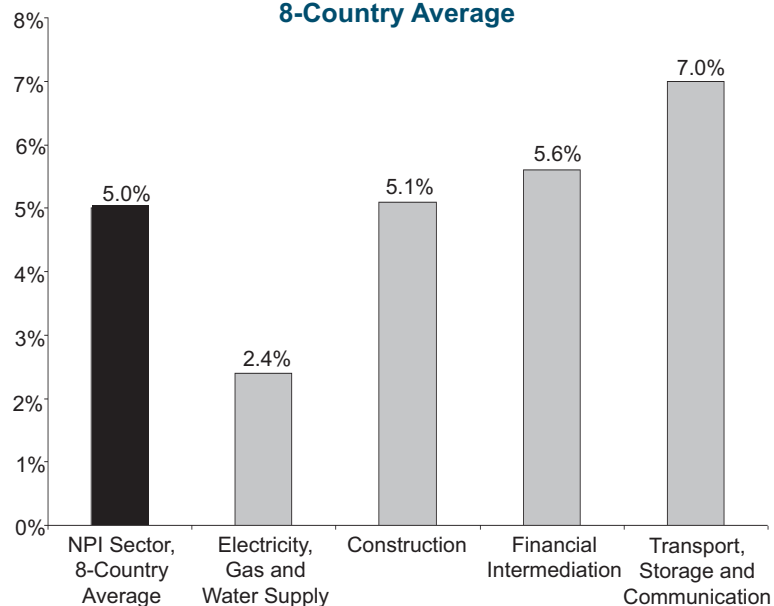


Table 2. Contribution to GDP, NPIs vs. Other Industries, by Country

	8 - Country Average	Australia 1999	Belgium 2001	Canada 2000	Czech Republic 2004	France 2002	Japan 2004	New Zealand 2004	United States 2003
NPI sector including volunteers	5.0%	4.7%	5.0%	7.3%	1.3%	4.2%	5.2%	4.9%	7.2%
Electricity, gas and water supply	2.4%	2.3%	2.2%	2.7%	3.4%	1.5%	2.5%	2.7%	2.0%
Construction	5.1%	6.1%	4.4%	4.6%	5.8%	4.7%	6.5%	4.6%	4.4%
Financial intermediation	5.6%	6.3%	5.0%	5.5%	3.1%	4.2%	6.7%	6.2%	7.7%
Transport, storage and communication	7.0%	7.7%	7.1%	6.4%	9.6%	5.7%	6.8%	7.0%	5.9%

4. A diverse sector

Nonprofit institutions are active in a wide variety of fields, but much of their activity is concentrated in the fields of health, education, and social services, all fields that are central to the achievement of the UN's Millennium Development Goals. On average, as shown in Figure 5, health, education, and social services account for 61 percent of the NPI contribution to GDP.

But the composition of the NPI sector also varies a great deal among countries. Thus, for example, in Japan, 45 percent of the NPI contribution to GDP is in health care whereas in Australia this figure is only 12 percent (Table 3).

Figure 5. Distribution of NPI Contribution to Value Added by Field, 7-Country Average

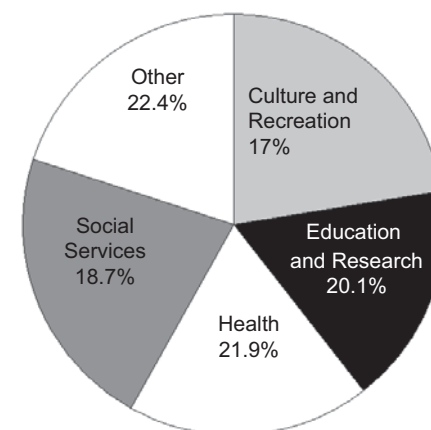


Table 3. Distribution of NPI Contribution to Value Added, by Country and Field*

	7-Country Average	Australia 1999	Belgium 2001	Canada 2000	Czech Republic 2004	France 2002	Japan 2004	New Zealand 2004
Culture and recreation	17.0%	23.1%	16.5%	8.1%	12.2%	29.6%	3.3%	25.9%
Education and research	20.1%	24.7%	1.9%	20.3%	50.9%	11.9%	16.5%	14.2%
Health	21.9%	12.0%	34.4%	38.4%	1.8%	10.9%	45.4%	10.3%
Social services	18.7%	21.6%	24.5%	11.7%	3.5%	35.7%	17.8%	15.8%
Other	22.4%	18.5%	22.7%	21.5%	31.6%	11.9%	16.9%	33.7%

* Data not available on United States

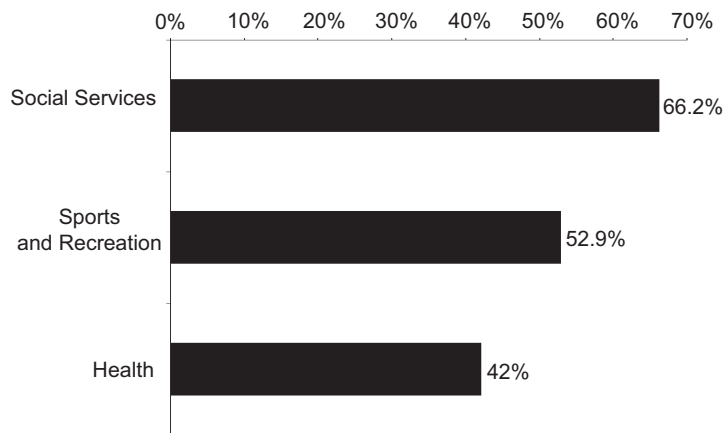
5. The dominant providers of health and social services

In many of the fields where they are especially active, nonprofit institutions often play an even greater role than their overall role in the economy might suggest.

In Belgium, for example, where NPIs account for 5.0 percent of the value added overall, they account for:

- 66.2 percent of the value added in the social services field, which includes day care, family counseling, and food and shelter assistance;
- 52.9 percent of the value added in sports and recreation activities; and
- 42 percent of the value added in health care (Figure 6).

Figure 6. NPI Share of Belgian Value Added, Selected Fields, 2001

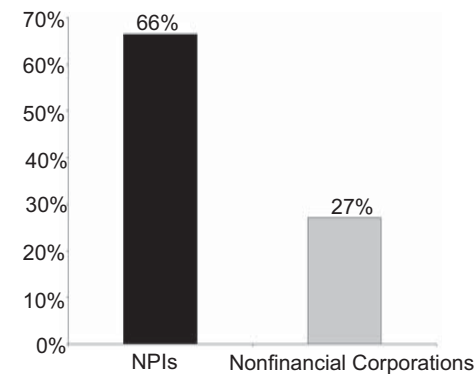


6. Distinctive economic structure: labor intensity and reliance on volunteers

Nonprofit organizations have a distinctive economic structure. One reflection of this is their generally labor-intensive character. Another is their mobilization of volunteer effort. Thus:

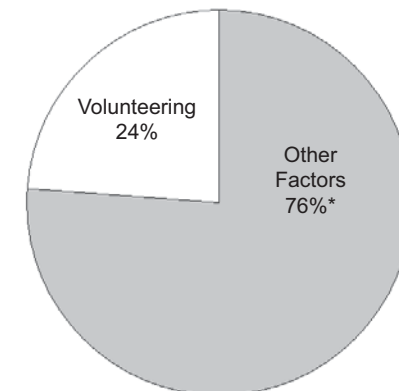
- 66 percent of the expenditures of NPIs goes for employee compensation vs. 27 percent for nonfinancial corporations (Figure 7);
- Even conservatively estimated, volunteer time accounts for more than a quarter of the NPI contribution to GDP (Figure 8).

Figure 7. Labor Costs as a Share of Expenditures, NPIs vs. Nonfinancial Corporations, 4 Countries*



* Data not available on Australia, Canada, Japan, and New Zealand
Does not include volunteer labor

Figure 8. Sources of NPI Contribution to GDP, Volunteers vs. Other Factors*, 7-Country Average

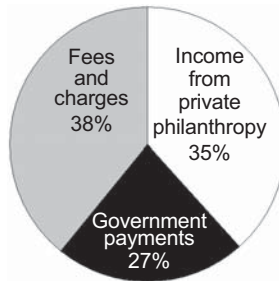


*Includes employee compensation, consumption of fixed capital, net taxes on production, and operating surplus

7. Limited reliance on philanthropic revenue

The revenue structure of the NPI sector differs markedly from what is often assumed. On average, fees, charges, and government support account for 65 percent of revenue and private philanthropy, and even with the value of volunteer time included, accounts for only 35 percent.*

Figure 9. Composition of NPI Revenue, 7-Country Average**



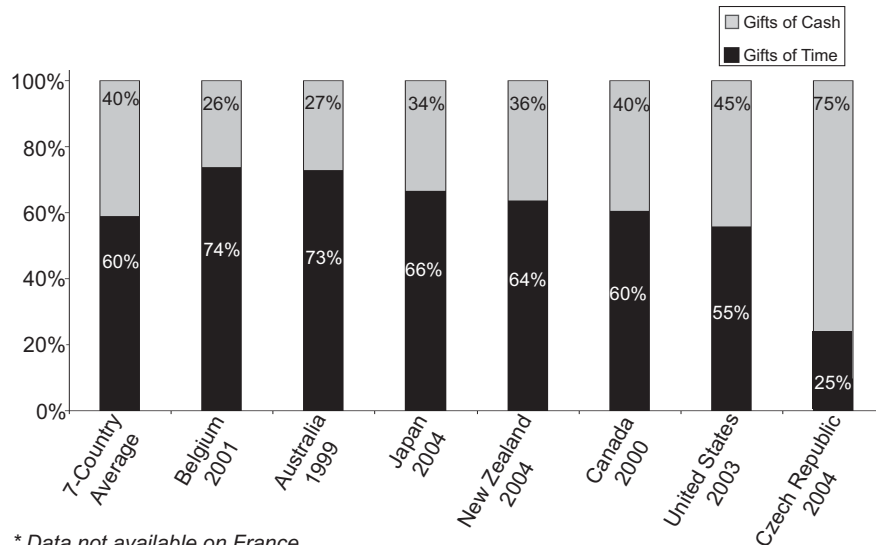
* The government share of NPI revenue reported here is understated because government purchases from NPIs are included in fees and cannot be separately identified.

** Data not available on France

8. Gifts of time outdistance gifts of cash

Of the sources of NPI revenue from philanthropy, gifts of time, even conservatively valued, outdistance gifts of cash in value by almost 1.5 to 1, and in some countries this reaches 3 to 1.

Figure 10. Composition of NPI Revenue from Philanthropy, Gifts of Time vs. Gifts of Cash, 7-Country Average*

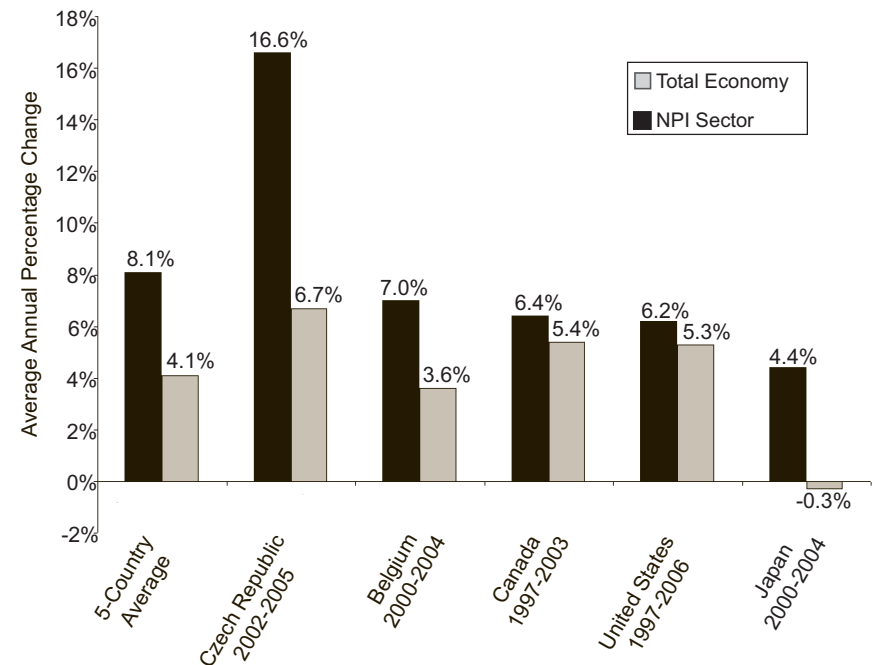


* Data not available on France

9. A growing sector

The NPI sector is growing at a rate that exceeds the growth rate of the general economy in most of the countries on which time series data are available. Thus, the GDP contribution of NPIs in these countries grew at an average annual rate of 8.1 percent while the overall GDP in these countries grew on average by only 4.1 percent per year.

Figure 11. Average Annual Growth of NPIs vs. Total Economy, 5 Countries*



* Data not available on Australia, France, and New Zealand
Does not include volunteer labor

TECHNICAL NOTES

Except as noted, data reported in the figures and tables include the imputed value of volunteer labor. The base year of data varies somewhat by country. Variations in the number of countries included in the figures and tables reflect data availability.

Data sources for each country are given below.

Australia: Australian Bureau of Statistics (2002). *Nonprofit Institutions Satellite Account*.

Catalog No. 5256.0, Canberra, available at <http://www.abs.gov.au/>.

The data used here do not reflect statistical revisions since publication.

Belgium: Institute des comptes nationaux, Banque Nationale de Belgique (2007). *Comptes nationaux: Le compte satellite des institutions sans but lucratif 2000-2004*. Bruxelles. "The difficulty of measuring volunteer labour in non-profit institutions." In National Accounts Institute—National Bank of Belgium and Centre d'économie sociale, University of Liège (2004). *Satellite Account of Non-profit Institutions 2000-2001*. Brussels. Source of volunteering data. National accounts data: <http://www.nbb.be/pub/Home.htm?l=en&t=ho>.

Canada: Statistics Canada (2006). *Satellite Account of Nonprofit Institutions and Volunteering: 1997 to 2003*. Catalog no. 13-015-XIE. Ottawa. National accounts data: <http://www.statcan.ca/menu-en.htm>. Data on NPISH are Center for Civil Society Studies (CCSS) estimates.

Czech Republic: NPI Satellite Account web site for data and methodology

http://dw.czso.cz/pls/rocenka/rocenka.indexnu_en_sat.

National accounts data: <http://www.czso.cz/eng/redakce.nsf/i/home>.

Volunteering data are Center for Civil Society Studies (CCSS) Comparative Nonprofit Sector Project (CNP) estimates.

France: Kaminski, Philippe (2006). *Les associations en France et leur contribution au PIB: Le Compte Satellite des Institutions Sans But Lucratif en France*. Association pour le Développement de la Documentation sur l'Économie Sociale (ADDES).

National accounts data: http://www.insee.fr/en/home/home_page.asp.

The data used here do not reflect statistical revisions since publication.

Volunteering data are CCSS CNP estimates.

Japan: Yamauchi, Naoto (2006). "Making Nonprofit Satellite Account: Japanese Experience." OECD Statistics Directorate, Committee on Statistics, Working Party on National Accounts, 10-12 October 2006. STD/CSTAT/WPNA(2006)13. Available at <http://www.oecd.org/dataoecd/50/17/37478585.pdf>. Data updated to 2004 were provided to CCSS. National accounts data: <http://www.esri.cao.go.jp/en/sna/menu.html>.

New Zealand: Statistics New Zealand (2007). *Non-profit Institutions Satellite Account: 2004*.

Statistics New Zealand, Wellington. National accounts data: <http://www.stats.govt.nz/default.htm>.

United States: Mead, Charles Ian, McCully, Clinton P., and Reinsdorf, Marshall B. (2003). *Income and Outlays of Households and of Nonprofit Institutions Serving Households. Survey of Current Business*, April 2003. Data are updated annually in NIPA tables 2.9 and 7.20 at www.bea.gov. National accounts and industry data: www.bea.gov. Volunteering data are CCSS CNP estimates. The estimate of intermediate consumption for nonfinancial corporations is a CCSS estimate.

OECD Data on Gross Value Added and Compensation by Industry:

OECD Annual National Accounts, Volume 2 Detailed Aggregates, Table 7, Gross Value Added at Basic Prices by Industry, and Table 8, Components of Value Added by Industry: <http://fiordiliji.sourceoecd.org/vl=1646635/cl=17/nw=1/rpsv/home.htm>.

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The Johns Hopkins Center for Civil Society Studies

The Johns Hopkins Center for Civil Society Studies seeks to improve understanding and the effective functioning of not-for-profit, philanthropic, or “civil society” organizations in the United States and throughout the world in order to enhance the contribution these organizations can make to democracy and the quality of human life. The Center is part of the Johns Hopkins Institute for Policy Studies and carries out its work through a combination of research, training, and information-sharing both domestically and internationally.

For information about the UN Nonprofit Handbook Project or to download a full-text version of the *United Nations Handbook on Nonprofit Institutions in the System of National Accounts*, please visit: www.jhu.edu/ccss/unhandbook

Center for Civil Society Studies
Institute for Policy Studies
The Johns Hopkins University
3400 North Charles Street
Wyman Park Bldg., 5th Floor
Baltimore, Maryland 21218-2688, U.S.A.

Phone 410-516-5463

Fax 410-516-7818

Email: ccss@jhu.edu

Website: www.jhu.edu/ccss