

International conference on International Outreach and Coordination in National Accounts for Sustainable Growth and Development

Session 7 – Developing a complete system of NA; quality of basic data – Statistical problems

Title: Handbook on Nonprofit Institutions in the System of National Accounts

Institution: Measuring Civil Society and Volunteering

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Dr. Salamon will discuss the work that is being done around the world to implement the *Handbook on Nonprofit Institutions in the System of National Accounts* issued by the UN Statistical Division following the approval of the UN Statistical Commission in 2003. Dr. Salamon will outline the rationale for its use by national statistical offices, describe strategies employed by national statistical offices to develop satellite accounts on nonprofit institutions and volunteering, and outline the challenges countries face in implementing the *NPI Handbook*, disseminating the resulting data, and ensuring it will be used.

Background

The development of the UN *Handbook on Nonprofit Institutions in the System of National Accounts* came out of the realization that efforts to cope with the world's problems of poverty, ill-health, environmental degradation, and injustice will not succeed if they rely solely on government action. Achieving the Millennium Development Goals and improving the life-chances of the billions in poverty throughout the world will require as well the ingenuity, creativity, and energy of the world's growing civil society sector and of the millions of ordinary people it can help to mobilize for effective social action. However, our ability to engage this sector effectively remains impeded in many places by a lack of clear understanding of this sector's true nature and potential.

One important reason for this has been the way nonprofit institutions are treated in the System of National Accounts. Although the SNA makes provision for a "Nonprofit Institutions Serving Households," or NPISH, sector, the rules 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 revenues. 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.

Fortunately, however, an historic opportunity has been created in recent years to achieve a quantum leap forward in the visibility and credibility of the third sector and philanthropy around the world. This opportunity arises from the recent acceptance by the United Nations Statistical Commission of the new UN *Handbook on Nonprofit Institutions in the System of National Accounts* developed by our Center in cooperation with the UN's Statistics Division. This *NPI Handbook* is designed to correct a problem that has left nonprofit institutions and volunteering essentially invisible in international economic statistics. It does so by calling on national statistical agencies, for the first time, to pull together information on nonprofit institutions and philanthropy now buried in other statistical records into a regular "satellite account" on nonprofit institutions, and to capture the value of volunteer effort as part of this process. It thus holds the promise of enlisting the world's statistical agencies to generate on a permanent basis the kind of data on nonprofit institutions and philanthropy that we have been assembling on a far more ad hoc basis around the world through our Johns Hopkins Comparative Nonprofit Sector Project.

Promising though this opportunity is, however, it is far from automatic. While countries are encouraged to adopt this *NPI Handbook*, they are not required to do so. To translate the opportunity into reality, therefore, the UN Statistics Division has invited the Johns Hopkins Center for Civil Studies to undertake a dissemination and technical assistance campaign to encourage the implementation of this *Handbook* by statistical agencies throughout the world and to make the results broadly available.

Progress to Date

31 countries have now agreed to implement the *NPI Handbook* and develop the satellite accounts on NPIs and volunteering it calls for. These countries, about half of which are developing, draw from all regions of the world.

Further, of these 31 countries, eight have so far completed the work and have produced reports on their nonprofit and volunteering sectors. The Johns Hopkins Center for Civil Society Studies recently produced a summary report drawing on these eight completed satellite accounts. Key results identified included the following:

- The civil society sector accounts on average for 5 percent of the GDP in the countries covered, and exceeds 7 percent in some countries, such as Canada and the United States. By comparison, the utilities industry — including gas, water, and electricity — in these same countries accounts on average for only 2.3 percent of GDP, the construction industry for 5.1 percent, and the financial intermediation industry embracing banks, insurance companies, and financial services firms, for 5.6 percent.
- For the five countries on which historical data are available (Belgium, Canada, the Czech Republic, Japan and the United States), nonprofit institutions (NPIs) have recently been growing at an average rate that is twice the growth rate of GDP (8.1 percent per year vs. 4.1 percent);

- Health and education account, on average, for 60 percent of the economic contribution of NPIs, though this varies widely by country;
- Philanthropy, including volunteering, generates at most only about one-third of nonprofit revenue. The balance comes from government and fees;
- Within philanthropy, gifts of time (i.e. volunteering) outdistance gifts of cash by almost two to one; and
- Volunteer work accounts, on average, for about one-quarter of the economic contribution of NPIs, though this reaches 50 percent in New Zealand.

Another recent development in the NPI Handbook project is the establishment of a new Memorandum of Understanding with the International Labor Organization to develop a *Manual* and accompanying model survey form that will make it possible to collect regular data on volunteer work for the first time around the world through official labor force surveys. These surveys offer the best chance for securing reliable and enduring volunteering data in the widest possible set of countries.

ILO has agreed to submit the *Manual* that emerges from this process to the 18th International Conference of Labour Force Statisticians scheduled to assemble in Geneva in December 2008 to set the guidelines for labor force surveys for the next decades. Acceptance of this *Manual* will put volunteer work on the economic map of the world for the first time, bringing it into empirical focus for the first time in most countries. As part of the implementation of this MOU a Technical Experts Group on the Measurement of Volunteer Work has been formed to provide advice on the development of this *Manual on Measuring Volunteer Work* and organization with the aid of ILO of the first meeting of this group.